



**CaSPA**Care

**Claremont and South Port** Aged Care Ltd

**2016** Annual Report



# About CaSPA Care

CaSPA Care was formed in 2010 through the merger of two independent community organisations – Claremont Home and South Port Community Residential Home.

Both have been providing care and services to the frail elderly in the city of Port Phillip for decades.

CaSPA Care have now completed the building of a new purpose built 146 bed residential care home in South Melbourne.

It remains one of a few secular community organisations providing care to the frail elderly in Melbourne.

## Vision and Mission

### Our Vision

Older people living in a compassionate community that sustains and reinforces independence, social relationships and community interaction.

### Our Mission

To deliver a range of services and care to older frail adults and their families in the City of Port Phillip which:

- Upholds the independence and quality of life of residents.
- Provides wellbeing and dignity by recognising each person's social, health, emotional, intellectual and cultural needs.
- Provides a welcoming, friendly, pleasant, safe and secure environment.
- Excels through learning, continuous improvement and fostering the skills of staff.

## Values

### RESPECT

We treat every person with dignity and courtesy, we are polite and we listen.

### COMMUNICATION

We share information appropriately, promptly and openly.

### TEAMWORK

We are reliable, friendly and we help each other.

### ACCOUNTABILITY

We are responsible for our decisions and work professionally.

### HONESTY

We trust each other and are trustworthy.

### COMPASSION

We provide care with kindness and empathy that considers and meets each individual's needs.



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**CaSPA Care**

Claremont & South Port Aged Care Ltd  
ACN 142 425 527

203 Napier Street South Melbourne VIC 3205

Phone: 03 9633 9200

Fax: 03 9633 9301

Email: [info@caspacare.org.au](mailto:info@caspacare.org.au)

Website: [www.caspacare.org.au](http://www.caspacare.org.au)



## Chairperson's Report



This last year was again very productive for Claremont & South Port Aged Care with many milestones to celebrate and challenges to work through.

It is fair to say that Emerald Hill Residence continues to receive overwhelming praise from residents and their families as a very good home in which to live. South Port too, with places reduced from 60 to just 30 now, means greatly improved amenity, more space and privacy for residents. More importantly, what people tell me is that our residents receive exceptional care and kindness from our staff. That they can do this whilst also complying with the most stringent government oversight is a great credit to the whole organisation and the leadership of Stephanie Clark, our CEO.

On the Board's behalf I thank all our staff for the marvellous effort and commitment shown this year – we are very grateful to you.

Emerald Hill Residence was a major undertaking for our relatively small, community-based organisation but we are encouraged by the result and confident that we can continue to grow in innovative ways.

Next year the Board's focus will be on future directions and our redevelopment options for South Port and the Claremont building. We have started the process of identifying what support services are needed and can be made sustainable. We will engage the City of Port Phillip, other service providers and members of the community in the policy dialogue.

In the meantime, Claremont is being utilised for administrative and training purposes. In June we purchased the house alongside Claremont on the corner of Clarendon Street to increase the size and scope of the site for redevelopment.

A delay of a month in moving to Emerald Hill Residence and difficulty in predicting the time needed for new resident intake resulted in a higher than planned deficit for the year but full occupancy is likely to be achieved sooner than predicted meaning that for 2016/17 we are able to budget for a return to a healthy surplus. We also anticipate paying off the bank loan for Emerald Hill Residence build some months earlier than expected.

That said, budgets beyond next year will be constrained by reductions in ACFI funding unless the Commonwealth Government can be persuaded to change this policy.

This year we funded minor capital works to bring an open 'household' kitchen into South Port living spaces, created smaller dining areas and configured four-bed into two and two-bed into one bed rooms.

In our coming budget we plan to refurbish South Port bathrooms, to replace our finance system in IT hardware and to purchase artwork for Emerald Hill Residence interior spaces.

To a great extent we have been able to rely on word of mouth and our good reputation in the community but this year we decided a new website and greater focus on marketing will be necessary into the future if we are able to realise our aim of engaging with older citizens sooner with a 'wellness' approach. We also set out to increase the number of volunteers engaged with residents and already we have more than doubled the number to 42. We have school and pre-school groups playing games, painting and singing with residents. We match volunteers to individual residents for excursions, shopping or just a regular conversation. Elizabeth and Jennifer have been doing this valuable work for 4 or 5 years. We have young mums and their babies, people with dogs, gardeners getting people outdoors in the dirt, artists passing on their skills and singers entertaining for free. Our volunteers are priceless and we sincerely thank them for being such good friends to us and our residents.

**Lynette Allison**  
Chair

## Treasurer's Report



CaSPA Care is in a strong financial position reflected by our holding \$8.1m in cash at financial year end.

Also bank borrowings, which funded Emerald Hill's construction costs, have reduced during the year from \$16.6m to \$5.9m at year end. We are confident that by 31 December 2016 all remaining bank debt will be repaid.

Our strong position is principally a result of the very strong level of accommodation bond sales achieved at our exciting new Emerald Hill facility - reflecting both the excellent physical amenity and its reputation for outstanding quality care.

The operating loss of \$2.416m in the financial year or a loss of \$1.351m after excluding depreciation was

in line with our budget and is due to high staff levels being consistently maintained during the year ahead of new resident admissions at Emerald Hill. This additional staffing cost ensured that at all times, residents received the highest level of care during the facility's opening and occupancy ramp up.

Emerald Hill is now near fully occupancy and is achieving a strong operating surplus.

**Richard Gates**  
*Treasurer*



# Audit, Finance and Risk Committee Report



The Audit, Finance committee meets monthly and consists of the following members: Richard Gates (Chair), Stephanie Clark, Tony Hill, David Gorman, Julie Prideaux, Neil Cathels and Richard Roberts.

Throughout the year the subcommittee monitored the financial performance of the new Emerald Hill facility upon its opening in August 2015 and its progressive trade up to strong occupancy levels achieved by financial year end. Pay down of the bank debt which funded the construction costs of Emerald Hill has been a strong focus of the committee.

Also the adoption of the new household model of care both at Emerald Hill and Southport which involves a different staffing model has been a particular area of focus for the committee.

It is pleasing to see the financial results now being achieved by the Household model.

I would like to thank all the members of the committee for their time.

**Richard Gates**

*Chair – Audit, Finance and Risk Sub Committee*

# Communications and Fundraising Sub-Committee Report



This year has involved settling residents into the new Emerald Hill Residence and making sure those in the local community know about the wonderful services we offer.

There have been a number of Federal Government aged care reforms underway, and one of those was making sure we had a great presence on the MyAgedCare Gateway, the portal through which people now will access aged care services locally and across Australia.

Because we need to have a strong presence on The Gateway it was decided we needed to update our Website to incorporate both South Port and Emerald Hill Residence and ensure a fresh and vibrant look.

It also provides the opportunity to showcase our uniqueness – such as the Household model of care and the coffee shop – Lionshare (which was sponsored by the local Port Melbourne Lions group).

We are being ably assisted in this task by Brett de Hoedt of Hootville Communications.

We were able to get some wonderful residents to agree to be our models for photographs to promote Emerald Hill and we thank them very much for this. This material also includes a brand new brochure that we can distribute in the local community.

There have been a number of well attended member events throughout the year, including a presentation on the Household Model by CEO Stephanie Clark and a session on paying for your aged care with Linda Murray.

Many thanks go to Rebecca Housden who ably organises the Communications and Fundraising Committee meetings, acts on the action items, as well as organising all the functions.

**Heather Witham**

*Chair – Communications and Fundraising Sub Committee*

# CaSPA Care Clinical Governance Committee



What an amazing year to report on! It was a huge year in every way but particularly challenging from the point of view of providing and maintaining a high level of care and quality of life for our residents.

The first half was focussed on completing Emerald Hill Residence and making sure it would be a fantastic place in which to live and work. The attention to detail required in a project of this scale is enormous. A great amount of time and effort went into ensuring the highest quality environment for the comfort and care of our residents. The end product is testimony to the quality and amount of the work put in by Stephanie together with the members of the Project Control Group and Clinical Governance.

And then came the moment we had all been waiting for: moving residents in from Claremont and South Port. A seriously huge undertaking and logistical challenge! It is a credit to Stephanie and ALL the staff that this was achieved so smoothly and went so well.

The second half of the year was equally challenging as new residents moved in and the next two floors of the building gradually filled up. Throughout all this upheaval, both the 'old' and the new residents were learning to live in their new 'households'. This period of change was the ideal time to introduce the new model of care that CaSPA Care has adopted - the household model of care. It was pleasing to learn in November that the assessors at the unannounced visits to both Emerald Hill Residence and South Port had spent time with residents, staff and families and received very positive feedback and were excited about the household model of care.

The pressure of the first half of the year was such that Clinical Governance met just in August, and then not until November and then again in December. In the following six months we met in February, March and May.

All meetings were great opportunities for clinical and care staff to report on the achievements and challenges, to discuss the implementation of the household model and for us to learn about the reporting capabilities of the Health Metrics system, the introduction of which was another big change for the year. These reports will be invaluable for allowing us to fulfill our Clinical Governance role effectively.

The committee has reviewed and adjusted its terms of reference to focus on clinical oversight including clinical indicators, incidents, comments and complaints. We have also introduced an agenda item - Care and Lifestyle - to ensure that we remain mindful of the 'quality of life' of our residents. This item allows the committee to meet with a variety of staff including household coordinators, the volunteer coordinator, the catering manager and others to gain a good understanding of what life is like at Emerald Hill and South Port and to hear some of the moving stories and some of the gratifying feedback.

Thanks to all committee members and staff for valuable contributions to the meetings.

Perhaps one of the most rewarding experiences is to visit the LionShare café and witness the enjoyment of residents using their 'local' café and having a coffee or a meal with visiting family and friends. A successful new addition to the local community!

**Beris Campbell** OAM

*Chair - Clinical Governance Sub Committee*

## Governance Sub Committee Report



Once again this year we have had productive meetings, which continued to be held bi-monthly.

We have looked at matters like CEO Performance, board training and board evaluation. This work has benefited greatly from the extensive and broad experience of the members of the committee.

I thank my fellow members of the committee for their valuable contribution namely long standing members Lyn Alison, Peter Penry-Williams and Stephanie Clark (CEO), Damian Ferrie, Ian Gould and Ellie Schwab. We also welcomed new member Sue McGowan.

Finally, I would like to thank Rebecca Housden (EA to CEO) for her valuable work with agendas and minutes.

**Henry Blatman**

*Chair - Governance Sub Committee*





## Chief Executive Officer's Report

The 2015-2016 year has been an exciting and challenging year for CaSPA Care as we worked hard to ensure our new home – Emerald Hill Residence – was completed on time and on budget.

The year also saw the consolidation of the reforms made by Government in 2014-2015.

From 1st July 2015 the distinction between high and low level care was removed as a classification – it is now up to individual homes as to whether they can meet care needs of potential residents or not.

People are becoming more familiar with the changed payment system. Our experience has shown us that most people have researched and understood the new terminology of Refundable Accommodation Deposit (RAD), Daily Accommodation Payment (DAP) and so forth. These are now required to be listed publicly on My Aged Care website as well as our website so people are better informed and have more choice.

Throughout the year CaSPA Care again hosted a number of member luncheons which were well attended.

Emerald Hill Members Tour	13th July 2015
Members Christmas Drinks	8th December 2015
The Household Model Discussion	30th March 2016
Costs associated with entry to residential Aged Care and Power of Attorney	7th June 2016

### Emerald Hill Residence

We received the Certificate of Practical Completion in July 2015. On 11th July 2015 an Open Day was held so the local community could walk through the home and learn more about both the new home and the new model of care. Over 300 people visited Emerald Hill on this cold and rainy day and all were impressed.

Luv-a-Duck, a great supporter of CaSPA Care, had a duck tasting in household 6 and our catering department had a 'kitchen café' in another household, serving scones jam and cream. Smooth FM provided a much needed massage service to anyone who wanted to sit and relax for a while. It was a great day and I would like to thank Theresa Sfetkidis and Kim Shoppee-Lynch and their families from Luv-a-Duck and Smooth FM for hosting a relaxation station. I would also like to thank all staff at CaSPA Care who were involved in the organisation of the day. It was a great success.

The first residents moved into Emerald Hill Residence in late August 2015. Whilst there was sadness to be leaving Claremont Home all were excited to be moving into such a beautiful new home.

Throughout 2015-16 we have continued to admit new residents and have now opened all levels and are at 88% occupancy.

In early December 15 we opened the Lionshare Café to the public. It is a fully commercial café with street access from Napier Street and over the months has built up a reputation for great food and coffee.

It is worth a visit simply to view the collection of old aluminium items beautifully displayed on the shelves. These were collected over many months by Lyn Allison, Chair of CaSPA Care. The café has been further enhanced by two paintings kindly donated by Les Peach.

It is lovely to see residents with their families enjoying the café as well.

The Wellness Centre was opened in June 2016 with a massage therapist and beautician engaged to provide services to the residents. It is hoped to expand these services to the general community over the coming year.

### South Port

South Port Residence has undergone a minor refurbishment with the larger rooms reduced to two beds and more single rooms created for added privacy.

It now operates on two households of 15 residents per household. Each household has separate dining and sitting areas with a central kitchenette.

The surrounding gardens have been gradually enhanced and are a beautiful and restful area for residents and families.

Jacqui Saunders who has been at South port for almost 35 years has led the team over this period of change to households. Sadly, Jacqui has announced her retirement at the end of June 2016.

I would like to thank Jacqui very much for all her years at South Port; for her total commitment to the welfare and care of residents during these years; for mentoring of staff; for her wisdom and support throughout my association with South Port. Enjoy your retirement Jacqui – you have earned it.





## First Anniversary of Emerald Hill Residence

On Tuesday 23rd August 2016 a small gathering was held to celebrate the 1st anniversary of residents moving into Emerald Hill Residence.

A delicious afternoon tea, provided by Caspa Care's wonderful catering department, was enjoyed by all present.

*Resident Kathleen Nelson, the first resident to walk through the doors of Emerald Hill in August 2015, cut the cake with the Mayor of City of Port Phillip, Bernadene Voss.*

### Claremont Home

Claremont Home has provided much needed training and office space throughout the year. Now that Emerald Hill is fully established a full review of potential uses for Claremont Home will be explored in the coming year.

### Our Staff

As we grow as an organisation the staffing structure has been reviewed to ensure we can meet the increasing demands of the organisation.

A new position – Director Finance and Property was created to support the finance team. Gillian Meakin commenced in this role in January 2016. Gillian has extensive experience in the aged care sector and will be a great resource for the organisation.

Fiona Elms joined CaSPA Care in the position of Director Quality and Care left vacant by the resignation of Sue Bowditch. Sue was a great support in helping to establish Emerald Hill Residence but left to take up a role in the I.T. industry.

I would like to welcome all new staff to the CaSPA Care team.

In June 2016 the staffing structure was refined to incorporate a floor supervisor for each level at Emerald Hill Residence and South Port.

### Our award winners for 2015 were:

<b>Harold Alexander Team Work Award</b>	Nirmala Thapaliya
<b>Marie Fitzpatrick Leadership Award</b>	Jacqui Saunders
<b>Bruce Leahey Encouragement Award</b>	Elly Woolford
<b>Mary Kehoe Residents Choice Award</b>	Helen Ryan

The following staff also reached significant milestones throughout the year: **Jacqui Saunders – 35 years**

To all staff, thank you for your dedication and commitment to the residents living at Emerald Hill Residence and South Port Residence.

### Volunteers

Our volunteers provide great support to CaSPA Care in many ways.

Community volunteers sit on the Board subcommittees and provide valuable expertise. Thank you to Richard Roberts and Neil Cathels (Audit, Finance and Risk), Adair Bunnnett and Anne Ferguson (Clinical Governance), Jacki Burgess and Maureen Smith (Communications & Fundraising) and Peter Penry-Williams, Ellie Schwab, Ian Gould, Damian Ferrie and Sue McGowan (Governance) for their time and support.

To our volunteers who give their time in many ways to enhance our resident's life and lifestyle – thank you.

The community involvement with CaSPA Care, through our volunteers, is of great benefit to all.

### Donors

Over the past year we have had great support from many donors including the Edwards Foundation who kindly donated \$5000. We would like to thank all of our donors for giving generously to help us enrich the lives of our residents. The ongoing support we receive from the Elderly Citizens Help Organisation is truly appreciated.

We received two grants, one from the Lord Mayors Charitable Foundation to assist with exploring new concepts of care and one from The Marian & E.H. Flack Trust which was used to purchase new outdoor furniture at our South Port Home. We are very grateful for the support of these trusts.

### CaSPA Care Board and Subcommittees

Again I am very grateful for all the help and support provided to me in my role by the Board and Board subcommittees. To Lyn Allison, Chairperson and all Board members thank you for all your advice and assistance throughout a milestone year for CaSPA Care.

**Stephanie Clark**  
Chief Executive Officer



## Household Model of Care

Changing how modern society views elders and transforming their care from attending to their needs to helping them achieve lifelong opportunities for growth has become an urgent focus because we know there are better ways of caring.

It is a fundamental reality that people, regardless of age or condition want to remain who they are. They want to remain in the driver's seat of their own lives and to remain in the safety and sanctuary of our home wherever possible.

The Household model of care was adopted at both the Emerald Hill and South Port Residences following extensive research into how we as an organisation could help to improve the lives of residents living in their homes.

Whilst the concept of person or resident centred care was often used it was apparent that the resident was still required to fit into the routines and systems within care facilities.

In the mid to late 1990's the household model was generally unheard of in the residential aged care sector. In the United States at this time there was only a handful of providers struggling to create more 'home-like' neighbourhoods within institutional buildings.

### The framework for the household model is based on nine essential elements:

- 1 The household is each resident's home.
- 2 The people who live here direct their own lives, individually and collectively.
- 3 The boundaries of the person and his or her home are clear and respected as a matter of course.
- 4 Grace, a shared sense of what is sacred about the household and its people is deeply valued and preserved. Ritual, spontaneity, friendship, spirituality, celebration, recreation, choice, art and humour are all manifestations of a culture of grace.
- 5 The people who live here are loved and served by a responsive, highly valued, self-led service team that has responsibility, authority and accountability.
- 6 All systems, including treatments exist to support and serve the person within the context of his or her life choices.
- 7 The households build strong community with one another, families and neighbours. Each household is part of a neighbourhood of households.
- 8 The physical buildings and all its amenities are designed to be a true home.
- 9 The establishment of a healthy and sustainable home comes through the integrated balance of resident-directed life, leadership, organisational structure, physical environment and financial sustainability.





The model is based on a home of between 10-20 residents with each home having living and dining rooms and a central kitchen which is the heart of the home. Staff are dedicated to a household.

Nurses make 'house calls' (like RDNS) and usually provide no direct leadership of a household. The homemakers are universal workers who assist with care and lifestyle as well as cook and clean the home.

Following on from the operating philosophy of the model is the core value of risk – that there is dignity in risk.

Institutional care has emphasised practices that are designed to keep residents safe from all risk which can be stultifying and can contribute to mental and physical decline. Allowing for dignity in risk is possible even in a regulated facility environment as it is the core of allowing residents rights.

It is in line with choice, freedom of expression and reduction of restraints of all kinds wherever possible. There has to be a balance between maintaining safety and affecting choice but it lies in establishing reasonable limits and open and direct communication.

Whilst the physical layout of Emerald Hill does not allow for separate houses with individual entrances (except for two houses) many of the principles still have been incorporated in the design.

- There are 10 households of 14-15 residents per household.
- Each household has its own lounge and dining room which is served by a lovely kitchen.
- Each household has a number of quiet sitting areas.
- Dedicated staff per household who will assist residents with all aspects of their lives – care, cleaning and lifestyle.
- A small laundry (on alternate floors) for staff to assist residents with their personal washing.

Each household has, over time, a high degree of decision-making autonomy. Staff provide assistance to residents in line with individual resident's needs and wishes. This involves staff providing personal care, assisting residents in cleaning their rooms, involvement in leisure activities and assisting residents in preparing meals where possible.

Each household have Homemakers led by a Floor Supervisor.

The Homemakers perform an enhanced role encompassing all facets of the resident's life in the home. The minimum qualification for this role is Certificate III in Aged Care – a qualification all our Homemakers currently hold.

All households are supported by Nurse Mentors – the Registered Nurses. The Nurse Mentor's work is in essence, similar to RDNS. They perform all resident assessments, provide advice to the Floor Supervisors and homemakers, provide required clinical care and review residents when requested for clinical input; they also hold an allocated portfolio for the organisation i.e. infection control, education, wound management.

One year on we are seeing the households still in transition. Breaking the institutional chains for both residents and staff has been a challenge however we continue to challenge with our mantra "Would you do it in your own home?" If not, then we should not do it here.

# Board of Directors Report

Your Board Members present their report on the consolidated entity, being Claremont and South Port Aged Care Limited and South Port Community Residential Home Inc. for the financial year ended 30 June 2016.

## Board Members

The names of board members for the whole of the financial year and up to the date of this report unless otherwise stated are:

Board Members	
<b>Lynette Allison</b>	(Appointed 22/10/15)
<b>Henry Blatman</b>	(Appointed 23/10/2014)
<b>Beris Campbell</b>	(Appointed 23/10/2014)
<b>Richard Gates</b>	(Appointed 22/10/15)
<b>David Gorman</b>	(Appointed 21/11/2013)
<b>Antony Hill</b>	(Appointed 21/11/2013)
<b>Anita Horvath</b>	(Appointed 23/10/2014)- Resigned
<b>Julie Prideaux</b>	(Appointed 21/11/2013)
<b>Elizabeth Robson</b>	(Appointed 23/10/2014)
<b>Cr Bernadene Voss</b>	(Appointed 12/4/2016)
<b>Heather Witham</b>	(Appointed 22/10/15)

## Objectives

The short-term and long-term objectives of the Group are to provide permanent and respite accommodation to the frail elderly assessed as being eligible for residential aged care.

## Strategy for Achieving the Objectives

The Group's strategy for achieving these objectives includes:

- To continue to research and implement contemporary and best practice models of care for residents; and
- To provide high quality professional development and training for all staff.

## Principal Activities

The principal activities of the Group during the financial year were to provide permanent and respite accommodation and associated services to elderly citizens generally assessed as requiring care.

## Performance Measures

The Group measures performance through the use of both quantitative and qualitative measures. These are used by the Board and Management to assess whether the Group has achieved its short and long term objectives.

## Significant Changes in Activities

No significant change in the nature of these activities occurred during the year.

## Significant Changes in the State of Affairs

In the opinion of the directors, other than the Emerald Hill Residence coming online, there were no significant changes in the state of affairs of the Group that occurred during the financial year.

## Events Subsequent to Reporting Period

There has not arisen in the interval between the end of the financial year and the date of this report, any additional item, transaction or event of material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

## Indemnification of Officers and Auditors

Since the end of the previous financial year, the Group has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Group.



## Operating Result

The operating deficit amounted to \$2,416,162 (2015: surplus of \$365,544).

The total comprehensive income for the year amounts to \$6,150,404 (2015: \$5,984,751) after the recognition of the revaluation gain on buildings of \$8,566,566 (2015: \$5,619,207).

The Group has experienced a loss in the 2016 financial year. This loss was expected and budgeted for at the beginning of the financial year in anticipation of the opening of the Emerald Hill Residence. The new Home was opened in August 2015 with only 40% occupancy and while the occupancy has risen steadily throughout the year, it has been necessary for the infrastructure to be in place prior to residents arrival. This means that, throughout the year, the expenses were in excess of the income. This ramp up created the operating loss at 30 June 2016

## Auditor's Independence Declaration

A copy of the auditor's independence declaration as required in terms of Section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is set out on the following page and forms part of this Board of Directors report.

Signed in accordance with a resolution of the Members of the Board:

On behalf of the directors:



**President**



**Treasurer**

**Dated: 29 September 2016**



## Auditor Independence Declaration under Section 60-40 of the *Australian Charities and Not-for-Profits Commission Act 2012* to the Directors of Claremont and South Port Aged Care Limited.

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015, there have been:

- 1) No contraventions of the auditor independence requirements as set out in Section 60-40 of the Australian Charities and Not for Profits Commission Act 2012 in relation to the audit; and
- 2) No contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads "Crowe Horwath Melbourne".

**CROWE HORWATH MELBOURNE**

A handwritten signature in blue ink that reads "David Mundy".

**David Mundy**

Partner

Melbourne Victoria

**Dated: 29 September 2016**



## Claremont & South Port Aged Care Limited

ABN: 53 142 425 527

# Statement by Members of the Board

In the opinion of the Board:

1. The consolidated financial statements and notes thereto are in accordance with Division 60 of the Australian Charities and Not-for-Profits Commission Act 2012 and:
  - a. comply with the Australian Accounting Standards - Reduced Disclosure Requirements, Division 60 of the Australian Charities and Not-for-Profits Commission Regulation 2013 and other mandatory reporting requirements in Australia; and
  - b. give a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date.
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

On behalf of the directors



**President**



**Treasurer**

**Dated: 29 September 2016**

# Consolidated Statement of Profit or Loss and other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
<b>Operating income</b>			
Revenue	2	11,083,080	9,110,112
Total operating income		11,083,080	9,110,112
Residential services	3	(1,980,848)	(1,340,840)
Depreciation expense	3	(1,064,873)	(486,443)
Employee benefits expenses	3	(8,345,922)	(5,979,750)
Repairs and maintenance expense		(201,271)	(201,336)
Interest expense		(505,475)	-
Other expenses		(1,400,853)	(736,198)
<b>Operating surplus (deficit) for the year</b>		<b>(2,416,162)</b>	<b>365,544</b>
<b>Surplus (deficit) for the year before income tax expense</b>		<b>(2,416,162)</b>	<b>365,544</b>
Income tax expense	1(c)	-	-
Surplus (deficit) after income tax expense for the year attributable to the members of the Group		<b>(2,416,162)</b>	<b>365,544</b>
<b>Other comprehensive income/(loss)</b>			
Other Comprehensive Income that will not be reclassified to profit and loss in subsequent periods:			
Net gain on revaluation of land and buildings		8,566,566	5,619,207
<b>Total comprehensive income attributable to members of the Group.</b>		<b>6,150,404</b>	<b>5,984,751</b>

The accompanying notes form part of these financial statements.



# Consolidated Statement of Financial Position

AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	8,061,353	5,830,675
Trade and other receivables	5	213,561	112,799
Other current assets	6	202,875	121,087
<b>TOTAL CURRENT ASSETS</b>		<b>8,477,789</b>	<b>6,064,561</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	51,863,776	13,405,780
Project developments	7	-	30,165,511
<b>TOTAL NON-CURRENT ASSETS</b>		<b>51,863,776</b>	<b>43,571,291</b>
<b>TOTAL ASSETS</b>		<b>60,341,565</b>	<b>49,635,852</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	763,061	1,196,539
Other current liabilities	9	21,797,469	6,350,373
Borrowings	10	123,577	3,315,304
Employee provisions	11	545,822	343,789
<b>TOTAL CURRENT LIABILITIES</b>		<b>23,229,929</b>	<b>11,206,005</b>
<b>NON-CURRENT LIABILITIES</b>			
Construction loan	10	5,770,789	13,261,218
Employee provisions	11	108,973	87,159
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>5,879,762</b>	<b>13,348,377</b>
<b>TOTAL LIABILITIES</b>		<b>29,109,691</b>	<b>24,554,382</b>
<b>NET ASSETS</b>		<b>31,231,874</b>	<b>25,081,470</b>
<b>EQUITY</b>			
Reserves		17,839,920	9,273,354
Retained Earnings		13,391,954	15,808,116
<b>TOTAL EQUITY</b>		<b>31,231,874</b>	<b>25,081,470</b>

The accompanying notes form part of these financial statements.

# Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2016

	Retained Earnings \$	Reserves \$	Total \$
<b>Balance at 1 July 2014</b>	<b>15,442,572</b>	<b>3,654,147</b>	<b>19,096,719</b>
Total Comprehensive Income for the year attributable to members	365,544	-	365,544
Other Comprehensive Income for the year, net of tax	-	5,619,207	5,619,207
<b>Balance at 1 July 2015</b>	<b>15,808,116</b>	<b>9,273,354</b>	<b>25,081,470</b>
Total Comprehensive Income for the year attributable to members	(2,416,162)	-	(2,416,162)
Other Comprehensive Income for the year, net of tax	-	8,566,566	8,566,566
<b>Balance at 30 June 2016</b>	<b>13,391,954</b>	<b>17,839,920</b>	<b>31,231,874</b>

# Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Commonwealth Department of Health		7,997,516	6,635,771
Receipts from residents		2,578,150	2,191,119
Interest received		235,470	211,399
Other sundry receipts		209,030	74,372
Interest paid		(505,475)	-
Payments to suppliers and employees		(11,938,975)	(8,039,518)
<b>Net cash (used in)/from operating activities</b>	13	<b>(1,424,284)</b>	<b>1,073,143</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(1,101,551)	(221,788)
Payment for project development costs		-	(22,149,648)
<b>Net cash used in investing activities</b>		<b>(1,101,551)</b>	<b>(22,371,436)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from loan received		-	16,576,522
Repayment of loans		(10,805,733)	-
Increase in resident bonds		15,438,669	2,273,813
<b>Net cash from financing activities</b>		<b>4,632,936</b>	<b>18,850,335</b>
Net decrease in cash held		2,107,101	(2,447,958)
Cash and cash equivalents at beginning of year		5,830,675	8,278,633
Cash and cash equivalents at end of year	13	<b>7,939,776</b>	<b>5,830,675</b>

The accompanying notes form part of these financial statements.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### General information

The financial report includes the consolidated financial statements and notes of the consolidated entity, being Claremont and South Port Aged Care Limited and South Port Community Residential Home Inc. ('the Group'). The operations of these entities have been conducted at the locations of Emerald Hill Residence and South Port Community Residential Home. Claremont and South Port Aged Care Limited is a not-for-profit unlisted public company limited by guarantee and South Port Community Residential Home Inc. is an Incorporated Association. The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

The consolidated financial statements for the year ended 30 June 2016 were approved and authorized for issue by the Board of Directors on 29th September 2016.

### Basis of preparation

The consolidated financial statements are general purpose financial statements, prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the Australian Charities and Not-for-Profits Commission Act 2012 and associated regulations as appropriate for not-for-profit oriented entities.

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Certain prior year balance sheet amounts have been reclassified in order to conform with the current year presentation. The reclassifications have no effect on income and are purely for presentation purposes.

### Significant accounting policies

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in consolidated financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these consolidated financial statements are presented below and have been consistently applied unless otherwise stated.

### New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The following Accounting Standards and Interpretations are most relevant to the Group:

- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part C: Financial Instruments)

- AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality

The following Accounting Standards have been issued but are not yet effective:

- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 2015-1 Annual Improvements
- AASB 2015-2 Presentation of financial statements
- AASB 2016-2 Statement of Cash Flows disclosures

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### Accounting Policies

#### a. Basis of consolidation

The Group financial statements consolidate those of Claremont and South Port Aged Care Limited and South Port Community Residential Home Inc. as at 30 June 2016. All transactions and balances between Group entities are eliminated on consolidation. There are no non-controlling interests in these entities.

#### Subsidiaries

The consolidated financial statements include the parent company and its subsidiaries.

Entities under the control of Claremont and South Port Aged Care Limited are:

- South Port Community Residential Home Inc.

Subsidiaries are all entities over which the Group has management control. Claremont and South Port Aged Care Limited is governed by a Board of Directors. South Port Community Residential Home Inc. has a Committee of Management. Both the Board of Directors and Committee of Management share common members for continuity. Accordingly Claremont and South Port Aged Care Limited is able to govern the financial and operating policies by virtue of control. As management deem that Claremont and South Port Aged Care Limited has control of South Port Community Residential Home Inc., this entity has been included in the consolidated financial statements.

#### b. Revenue

##### Grants

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

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

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### Accounting Policies

#### b. Revenue (continued)

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

##### *Contributions*

Claremont and South Port Aged Care Limited may receive non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets would be recognised at fair value on the date of acquisition in the consolidated Statement of Financial Position, with a corresponding amount of income recognised in profit or loss.

##### *Donations and bequests*

Donations and bequests are recognised as revenue when received.

##### *Resident fees*

Residents may be liable to pay basic daily fees, means tested care fees and accommodation payments under the relevant act. These fees are recognised as revenue when services are provided.

##### *Retention fees*

Monthly retention fees are deducted from accounts according to statutory requirements and recognised as revenue.

##### *Interest*

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

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

#### c. Income tax

No provision for income tax has been raised as the Group is exempt from income tax under Div. 50 of the Income Tax Assessment Act 1997.

#### d. Property, plant and equipment

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

##### *Property*

Land and buildings are shown at their fair value based on valuations by external independent valuers.

Increases in the carrying amount not arising on revaluation of land and buildings are in periods when the freehold land and buildings have not been subject to an independent valuation. The directors review the carrying value to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Revaluation increases are recognised in other comprehensive income and accumulated in the revaluation reserve in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation reserve. All other decreases are recognised in profit or loss.

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

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

##### *Capital Work in Progress / Project Developments*

Project developments are shown at cost and are not depreciated until such time as work is completed and the Project development is fit for use. When capital work is complete the asset is transferred to Property, Plant and Equipment.

##### *Leased Property*

Property subject to lease arrangements is not considered to be Property, Plant and Equipment and is not capitalised. Leasehold improvements are capitalised and depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

##### *Plant and equipment*

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

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

##### *Depreciation*

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Furniture and fittings	10%
Plant and equipment	10% – 20%
Computer equipment	10% – 33%
Motor vehicles	8.33%



# Notes to the Financial Statements

## FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

#### e. Leases

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

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

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

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

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

#### f. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

#### *Employee benefits*

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the net present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the entity to employee superannuation funds and are charged as expenses when incurred. Annual leave that is not expected to be wholly settled within 12 months is discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

#### g. Cash and cash equivalents

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

#### h. Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the consolidated Statement of Financial Position.

Cash flows are presented on a gross basis in the consolidated Statement of Cash Flows. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

#### i. Comparative figures

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

#### j. Trade and other payables

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

#### k. Loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings. Borrowings are classified as current liabilities unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### l. 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 principle market; or in the absence of a principal market, in the most advantageous market.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### **l. Fair value measurement (continued)**

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.

### **m. Economic dependence**

Claremont and South Port Aged Care Limited is dependent on the Department of Health and Ageing for the majority of its revenue used to operate the business. At the date of this report, the Board of Directors has no reason to believe the Department will not continue to support Claremont and South Port Aged Care Limited.

### **n. Critical accounting estimates and judgments**

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the consolidated financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events; management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### *Estimate of fair value of property*

The entity has completed development of 203 Napier Street, South Melbourne known as the Emerald Hill residence with a building carrying value of approximately \$36.9 million, representing the fair value at the reporting date.

Fair value has been determined by an independent external valuation of the property at 30 June 2016. The value of the property at 30 June 2016 has been assessed by taking into account factors and market conditions evident at reporting date. The current valuation has been performed on the highest and best value basis in accordance with AASB 13 Fair value measurement.

Changes in market conditions in the future may impact the fair value in the future.

#### *Estimation of useful lives of assets*

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives or non-strategic assets that have been abandoned or sold will be written off or written down.

### *Impairment of non-financial assets*

The Group assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

### *Employee benefits provision*

As discussed in note 1(f), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

### **o. Current and Non-current classification**

Assets and liabilities are presented in the consolidated Statement of Financial Position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

### **p. Working Capital Deficiency**

The consolidated Statement of Financial Position shows a deficit in working capital at 30 June 2016 of \$14,752,140. Current liabilities include resident funded loans in the form of resident bonds totalling \$21,753,762, which are repayable at call, subject to applicable conditions.

Historical turnover statistics indicate that only a small percentage of resident funded loans are likely to be required to be repaid within the next twelve months.

Directors believe that operational resources and cash reserves are sufficient to meet all financial commitments as and when they fall due for the coming twelve month period.



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
<b>NOTE 2: REVENUE</b>		
<b>Operating revenue</b>		
Operating grants from Department of Health	8,038,202	6,635,772
Resident fees	2,578,150	2,191,119
Donations	73,652	19,953
Interest and dividends received	235,470	211,399
Rent	56,276	44,930
Sundry income	101,330	6,939
<b>Total revenue</b>	<b>11,083,080</b>	<b>9,110,112</b>
<b>NOTE 3: EXPENSES</b>		
<b>Residential Services</b>		
Cleaning and housekeeping supplies	98,019	52,433
Crockery and cutlery	13,650	6,121
Dietary	420,907	312,262
Excursion and activities	23,394	24,496
Linen service	24,259	97,658
Physiotherapist and other consultant	100,471	113,118
Resident expenses and medical supplies	532,906	428,025
Rubbish removal	64,937	33,494
Security	345,561	15,566
Bus expenses	4,793	4,863
Utilities and services	351,951	252,803
<b>Total residential services</b>	<b>1,980,848</b>	<b>1,340,840</b>
<b>Employee benefits expenses</b>		
Wages and salaries	6,811,908	5,009,638
Superannuation	673,771	495,788
Workcover	193,057	134,894
Other employee expenses	667,186	339,430
<b>Total staff expenses</b>	<b>8,345,922</b>	<b>5,979,750</b>
<b>Depreciation</b>		
Plant and equipment	100,139	45,820
Buildings	710,123	320,616
Furniture and fittings	210,939	95,350
Motor vehicles	1,146	-
Computer equipment	42,526	24,657
<b>Total depreciation</b>	<b>1,064,873</b>	<b>486,443</b>
<b>NOTE 4: CASH AND CASH EQUIVALENTS</b>		
Total cash at bank	8,061,353	5,830,675
	<b>8,061,353</b>	<b>5,830,675</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
<b>NOTE 5: TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	19,286	(2,942)
Prepayments	120,874	83,026
Commonwealth funding clearing account	77,749	37,063
Provision for bad debts	(4,348)	(4,348)
	<b>213,561</b>	<b>112,799</b>
<b>NOTE 6: OTHER CURRENT ASSETS</b>		
GST Receivable	20,375	121,087
Deposit paid on property	182,500	-
	<b>202,875</b>	<b>121,087</b>
<b>NOTE 7: PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Land and Buildings</b>		
Land at fair value at:		
286–294 Albert Road, South Melbourne	10,800,000	10,800,000
Buildings at fair value at:		
203 Napier Street, South Melbourne (a)	36,900,000	-
Buildings at fair value at:		
286–294 Albert Road, South Melbourne (a)	1,200,000	1,200,000
Less: Accumulated Depreciation	(72,403)	-
	<b>48,827,597</b>	<b>12,000,000</b>
Leasehold improvements at		
South Port 18–30 Richardson Street, Albert Park (b)	1,087,004	1,017,088
Less: Accumulated Depreciation (b)	(287,773)	(237,455)
	799,231	779,633
<b>Total land and buildings</b>	<b>49,626,828</b>	<b>12,779,633</b>
Plant and equipment	749,307	717,147
Less: Accumulated depreciation	(275,272)	(626,451)
	474,035	90,696
Computer equipment and software	231,984	163,716
Less: Accumulated depreciation	(76,056)	(43,174)
	155,928	120,542
Furniture and fittings	2,707,859	1,642,142
Less: Accumulated depreciation	(1,147,661)	(1,227,234)
	1,560,198	414,908
Motor Vehicles	47,933	-
Less: Accumulated depreciation	(1,146)	-
	46,787	-
<b>Total plant and equipment</b>	<b>2,236,948</b>	<b>626,147</b>
<b>Total property, plant and equipment</b>	<b>51,863,776</b>	<b>13,405,780</b>



# Notes to the Financial Statements

## FOR THE YEAR ENDED 30 JUNE 2016

### NOTE 7: PROPERTY, PLANT AND EQUIPMENT (continued)

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

2016	Freehold land \$	Buildings \$	Computer equipment \$	Motor vehicles \$	Furniture & fittings \$	Plant and equipment \$	Total \$
<b>Balance at 1 July 2015</b>	<b>10,800,000</b>	<b>1,979,633</b>	<b>120,543</b>	<b>-</b>	<b>414,908</b>	<b>90,696</b>	<b>13,405,780</b>
Additions	-	28,990,752	82,494	47,933	1,477,918	485,465	31,084,562
Disposals	-	-	(4,583)	-	(121,689)	(1,987)	(128,259)
Depreciation expense	-	(710,123)	(42,526)	(1,146)	(210,939)	(100,139)	(1,064,873)
Revaluation recognised in equity	-	8,566,566	-	-	-	-	8,566,566
<b>Balance at 30 June 2016</b>	<b>10,800,000</b>	<b>38,826,828</b>	<b>155,928</b>	<b>46,787</b>	<b>1,560,198</b>	<b>474,035</b>	<b>51,863,776</b>
<b>Balance at 1 July 2015</b>	<b>10,800,000</b>	<b>1,979,633</b>	<b>120,543</b>	<b>-</b>	<b>414,908</b>	<b>90,696</b>	<b>13,405,780</b>

- a. Construction on the Emerald Hill Residence at 203 Napier Street, South Melbourne was completed during the fiscal year ending 30 June 2016. The carrying value of \$36.9 million for buildings represents the fair value at reporting date. Fair value has been determined by an independent external valuation of the property at 30 June 2016 by Nelson Partners Australia. The current valuation has been performed on the highest and best value basis in accordance with AASB 13 *Fair value measurement*.
- b. Leasehold improvements relate to amounts which have been capitalized in respect of improvements made to the property under lease at 18-30 Richardson Street, Albert Park. Improvements have been recognized at cost and amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.
- c. Project development costs of \$30,165,511 have been transferred to Buildings and Fittings and Fixtures upon the completion of the Emerald Hill construction during the financial year.

	2016 \$	2015 \$
<b>NOTE 8: TRADE AND OTHER PAYABLES</b>		
Trade payables	320,496	333,656
Accruals	70,514	648,221
PAYG tax payable	84,819	63,436
Payroll accruals	287,232	151,226
	<b>763,061</b>	<b>1,196,539</b>

# Notes to the Financial Statements

## FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
<b>NOTE 9: OTHER CURRENT LIABILITIES</b>		
Other liabilities	43,707	35,280
Resident bonds	21,753,762	6,315,093
<b>Total other current liabilities</b>	<b>21,797,469</b>	<b>6,350,373</b>
<b>NOTE 10: BORROWINGS</b>		
Current	123,577	3,315,304
Non-current	5,770,789	13,261,218
	<b>5,894,366</b>	<b>16,576,522</b>

During the fiscal year ended 30 June 2016, the Group refinanced with the Bank of Melbourne a construction loan in relation to the construction of the Emerald Hill residence at 203 Napier Street, South Melbourne, for a business variable loan. The facility has a term of 3 years from the draw down date of December 2015.

The security for the facility is:

- First registered real property mortgage by Claremont and South Port Aged Care Limited over the Aged Care Property located at 286-294 Albert Road, South Melbourne, 3205;
- First registered real property mortgage by Claremont and South Port Aged Care Limited over the leasehold interest in the Aged Care Property located at 203 Napier Street, South Melbourne, 3205;
- Flawed asset arrangement over any cash deposits held with the Bank given by Claremont & Southport Aged Care Limited.
- First registered general security agreement over the assets and undertaking of Claremont & Southport Aged Care Limited.

The loan requires the Group to meet certain financial and reporting covenants.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

		2016 \$	2015 \$
<b>NOTE 11: EMPLOYEE BENEFITS</b>			
<b>Current</b>			
Annual leave entitlements	12	453,034	334,105
Long service leave entitlements		92,788	9,684
<b>Total current employee provisions</b>		<b>545,822</b>	<b>343,789</b>
<b>Non-current</b>			
Long service leave entitlements		108,973	87,159
<b>Total provisions</b>		<b>654,795</b>	<b>430,948</b>
<b>NOTE 12: KEY MANAGEMENT PERSONNEL DISCLOSURES</b>			
<b>Compensation</b>			
The aggregate compensation made to members of key management personnel of the Group is set out below.			
<b>Aggregate compensation</b>		<b>367,552</b>	<b>452,242</b>



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
<b>NOTE 13: CASH FLOW INFORMATION</b>		
Operating surplus/(deficit)	(2,416,162)	365,544
<i>Non-cash Flows in Operating Surplus</i>		
Depreciation	1,064,873	486,443
Loss on disposal of fixed assets	128,259	-
<i>Changes In Assets and Liabilities</i>		
Trade payables and accruals	(433,478)	288,573
Receivables and prepayments	(100,762)	2,550
Other assets	100,712	12,835
Provisions	223,847	(82,802)
Other liabilities	8,427	-
<b>Net cash from operating activities</b>	<b>(1,424,284)</b>	<b>1,073,143</b>
Cash as at balance date comprises:		
Cash at bank	8,061,353	5,830,675
Overdrafts	(123,577)	-
	<b>7,937,776</b>	<b>5,830,675</b>

## NOTE 14: CONTINGENT LIABILITIES

During the year ending 30 June 2015, a potential over payment of funding amounting to approximately \$650,000 from a funding body was identified. This continues to be investigated with the funding body, however it is not possible to put a contingent liability for the obligation to repay as at the date of this report as advice is being sought regarding an appropriate outcome.

The Group had no other contingent liabilities as at 30 June 2016 and 30 June 2015.

## NOTE 15: COMMITMENTS

The Group have an ongoing lease commitment in relation to the property at 203 Napier Street, South Melbourne VIC 3205. The rent is an annual ground rent being 2% of the market value of the land as assessed having regard to the permitted use, this obligation will commence from 3 years following the date of completion of the development.

The Group has an ongoing lease commitment in relation to the property at 18-30 Richardson Street, Albert Park Vic 3206 for \$1 per annum.

# Notes to the Financial Statements

**FOR THE YEAR ENDED 30 JUNE 2016**

## NOTE 16: RELATED PARTY TRANSACTIONS

### *Key management personnel*

Disclosures relating to key management personnel are set out in note 12.

### *Transactions with related parties*

There were no transactions with related parties during the current and previous financial year.

### *Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

### *Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

## NOTE 17: EVENTS AFTER REPORTING DATE

Subsequent to reporting date the Group acquired a property located at 296 Albert Road, South Melbourne, Victoria, consisting of buildings and land for a purchase price of \$1,825,000 (\$182,500 was paid prior to reporting date).

No further matters or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## NOTE 18: GROUP DETAILS

The registered office of the Group and principal place of business is:

### **Claremont Home**

286–294 Albert Road  
South Melbourne Vic 3205

### **South Port Community Residential Home**

18–30 Richardson Street  
Albert Park Vic 3206

### **Emerald Hill Residence**

203 Napier Street  
South Melbourne Vic 3205

## NOTE 19: SEGMENT REPORTING

The approved provider, Claremont and South Port Aged Care Limited, delivers only residential aged care services and this General Purpose Financial Report therefore relates only to such operations.



## Independent Auditor's Report to the Members of Claremont and South Port Aged Care Limited.

### **Report on the financial report**

We have audited the accompanying financial report of the Claremont and South Port Aged Care Limited and its controlled entities ('the Group'), which comprises the consolidated Statement of Financial Position as at 30 June 2016, the consolidated Statement of Profit or Loss and Other Comprehensive Income, consolidated Statement of Changes in Equity, and consolidated Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### **Directors' responsibility for the financial report**

The directors of the Group are responsible for the preparation of the consolidated financial report that gives a true and fair view in accordance with Australian Accounting Standards (Reduced Disclosure Requirements) and the Australian Charities and Not for Profits Commission Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial report.

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

### **Independence**

In conducting our audit, we have complied with the independence requirements of the Australian Charities and Not for Profits Commission Act 2012. We confirm that the independence declaration required by Section 60-40 of the Australian Charities and Not for Profits Commission Act 2012, has been given to the directors of Claremont and South Port Aged Care Limited, and a copy of that declaration is attached to the consolidated annual financial report.



**Auditor's Opinion**

In our opinion, the consolidated financial report of Claremont and South Port Aged Care Limited and its controlled entities is in accordance with the Australian Charities and Not for Profits Commission Act 2012 including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- ii) complying with Australian Accounting Standards and the *Australian Charities and Not for Profits Commission Act 2012*.

A handwritten signature in blue ink that reads "Crowe Horwath Melbourne".

**CROWE HORWATH MELBOURNE**

A handwritten signature in blue ink that reads "David Mundy".

**David Mundy**

Partner

Melbourne Victoria

**Dated: 29 September 2016**



**Claremont and South Port Aged Care Ltd** ABN: 53 142 425 527

**Corporate Office**

203 Napier Street South Melbourne VIC 3205

Phone: 03 9633 9200 Fax: 03 9633 9301

**Emerald Hill Residence**

203 Napier Street South Melbourne VIC 3205

Phone: 03 9633 9200 Fax: 03 9633 9301

**South Port Community Residential Home**

18-30 Richardson Street Albert Park VIC 3206

Phone: 03 9690 3166 Fax: 03 9696 7370

Email: [info@caspacare.org.au](mailto:info@caspacare.org.au) [www.caspacare.org.au](http://www.caspacare.org.au)