

# ANNUAL REPORT 2017

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2017



**CaSPACare**  
*Living well. Living locally.*

## 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, ACCOMMODATION AND CARE TO OLDER ADULTS AND THEIR FAMILIES IN THE CITY OF 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.

## OUR VALUES

### COMPASSION

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

### 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

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# CHAIRPERSON'S REPORT

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*The 2017 financial year was extremely rewarding for CaSPA Care with our Emerald Hill residence establishing itself as a standout residential care facility in the City of Port Phillip.*



We are proud and excited by the continuing community feedback from residents, families and healthcare professionals that Emerald Hill is widely regarded as providing the highest standards of care and lifestyle in a beautiful and homely built form.

During the year at Emerald Hill we have consistently maintained full occupancy supported by a strong waitlist and continuing enquiries.

Our lifestyle programs including music and art therapy have grown from strength to strength. Our staff are rightfully proud of what has been achieved. In the year ahead we intend to take this to a higher level again.

As a result of full occupancy and strong management, we have delivered an excellent financial result in the year – we have a strong balance sheet, no debt and a healthy cash position which underwrites our capacity to keep investing more resources in care services and activity programs for the benefit of residents.

Also, Emerald Hill achieved its first three-year accreditation which involved an enormous amount of compliance and regulatory work by CEO Stephanie Clark and her team.

Our priority focus on South Port saw us commence a significant refurbishment of bedrooms and bathrooms which will much better meet the needs of residents. To achieve this we have had to reduce resident numbers temporarily and look forward to this work being completed towards the end of 2017.

Our Albert Road property which is currently vacant may shortly be leased on a 18 month term to a community housing association with the specific purpose of providing short term transitional accommodation to vulnerable women over the age of 55 years. This is part of a priority program sponsored by the City of Port Phillip.

We have engaged consultants to advise on the most suitable long-term use of our Albert Road property. A number of options are under consideration including the “apartments for life” concept which will allow older independent retirees to acquire an interest for life and age in place with home care services (nursing and daily activities) being delivered as required and preferred by the resident.

We see both South Port and our Albert Road property as integral to how CaSPA Care will continue to provide for the care needs of the elderly in the City of Port Phillip for many years to come.

During the year ahead we plan to continue our focus to actively work with other community groups including schools and our volunteer program.

Many thanks to Stephanie and her team for their successes during the year including their support to the Board.

Also, we are enormously indebted to the contributions of outstanding board members who stood down during the year after many years of service – Lyn Allison as chair, Beris Campbell and Liz Robson. Their contributions around the board table and to our business will be greatly missed.

We are most fortunate with our new board members who joined during year – Anita Horvath, Neil Cathels and Ellie Schwab, all who have demonstrated capability and commitment.

Can I also thank the other ongoing board members – Tony Hill, Henry Blatman, Julie Prideaux and Heather Witham – for their continuing commitment.

Many thanks to all committee members as well for their work in ensuring the success of the organisation.

**Richard Gates**  
Chair

# TREASURER'S REPORT

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***CaSPA Care is in a strong financial position holding in excess of \$12.5 million in cash reserves at year end with no bank debt.***



During the year we generated revenue of \$15.8 million and incurred operational expenses of \$14.4 million resulting in a net surplus before depreciation of \$1.436 million. After depreciation of \$1.1 million the financial statements record a surplus of \$288,564.

It is important that we maintain a surplus to ensure there is sufficient funding to allow for essential refurbishments and redevelopments within the CaSPA care group.

Emerald Hill had an occupancy of 97% while South Port had an occupancy of 94% at year end. So it is fair to conclude that our facilities are for all intents and purposes full at present with a reasonable waiting list.

Our major operating cost during the year was salaries and wages which exceeded budget due in part by staffing Emerald

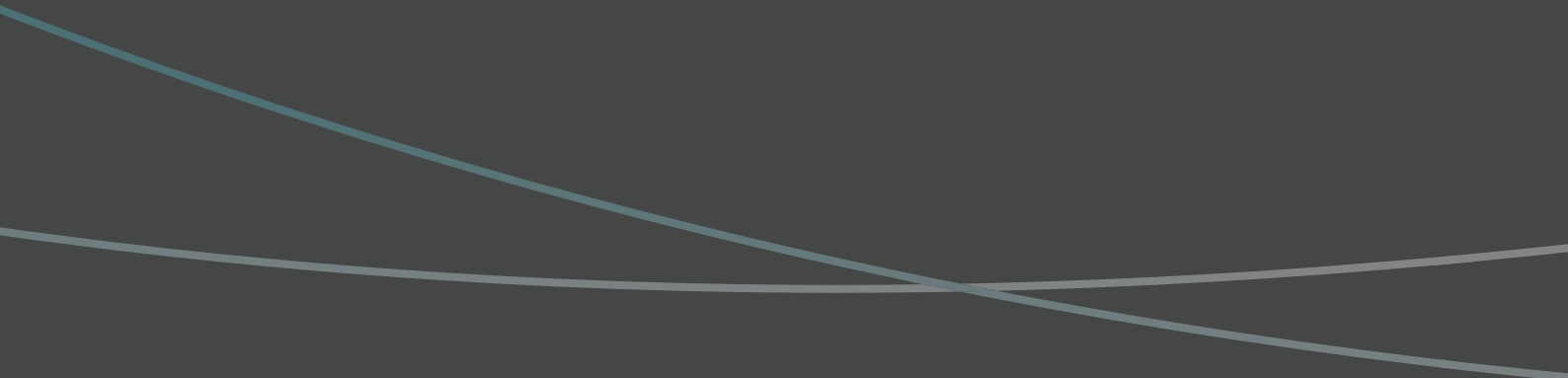
Hill while residents moved it to the new facility. This additional staffing also ensured residents received the best care possible.

We continue to support the community by providing over 60 residents, with limited financial resources, an exemption from the requirement to pay an Refundable Accommodation Deposit.

This all goes well for the future with next year's budget estimated to slightly exceed the result for 2017.

I would like to take this opportunity to personally thank the outgoing Treasurer, Richard Gates, for handing over to me an organisation in a very sound financial position.

Neil Cathels  
Treasurer

Two thin, light blue lines cross the upper half of the image. One line slopes downwards from left to right, while the other slopes upwards from left to right.

**WE PROVIDE**  
**CARE WITH KINDNESS**  
**AND EMPATHY IN A**  
**WELCOMING, FRIENDLY,**  
**PLEASANT, SAFE AND**  
**SECURE ENVIRONMENT**  
**FOR ALL OF OUR RESIDENTS.**

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# CEO REPORT

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*The 2016-2017 year has been one of consolidation as the organisation emerges from its building program. It was very satisfying to note that Emerald Hill residence achieved maximum occupancy within 12 months of receiving its first residents.*



The government reforms in aged care referred to in the last annual report were also more targeted to the home care sector so we were able to spend time bedding down the residential aged care reforms.

The CaSPA Care Board of Directors continue to give their time and expertise in their stewardship of the organisation. Throughout the year a number of directors retired with new directors appointed to fill casual vacancies. Richard Gates was elected to the Chairperson role in November 2016.

Beris Campbell and Liz Robson both retired from the Board in November 2016. Beris has been associated with first South Port Community Residential Home and then CaSPA Care for over 30 years in various capacities. Beris continues in her role on the Clinical Governance Committee.

Liz Robson has been associated first with Claremont Home and then CaSPA Care for over 10 years. Liz also continues her association with the organisation on the Clinical Governance committee.

In May 2017 Lyn Allison retired from the Board. Lyn has

been associated with first South Port Community Residential Home and then CaSPA Care for the past eight years and was instrumental in the development of CaSPA Care and the subsequent building of Emerald Hill Residence. I personally would like to thank Lyn for her guidance and support over the past years. I would also like to thank Beris and Liz for their commitment to the welfare of the elderly in our local community.

Throughout the year the Board also undertook a number of training sessions run by an external facilitator. These centred around succession planning and risk management.

July 2016 saw the purchase of 296 Albert Road, South Melbourne by CaSPA Care. It was felt this could be a strategic acquisition to potentially increase the footprint of the Claremont Home site.

In January 2017, we were all saddened by the sudden death of Maureen Smith. Maureen was a long-time member of the Port Phillip Lions Club and was a member of CaSPA Care's Communications and Fundraising Committee. She was a great supporter of the organisation both privately and in her capacity as President with the Lions Club. A memorial function for Maureen in one of our beautiful courtyards was held in September with Maureen's family and colleagues.



## EMERALD HILL

Emerald Hill Residence achieved maximum occupancy by August 2016 and continues to maintain strong community interest. It is home to 143 permanent residents with the remaining three rooms being utilised for respite residents.

In August 2016, we held a function to celebrate the first year of Emerald Hill Residence. A celebration cake was cut by the Mayor of City of Port Phillip, Bernadene Voss, and the first person to enter the residence – Kathleen Nelson.

The Lifestyle Program, particularly the art and music programs have been wonderful additions throughout the year. You will read more about these programs further in the annual report.

The Lionshare café has become a central meeting point not only for our residents and their families/friends but also for the local community.

In April 2017 Emerald Hill Residence went through the full site Accreditation carried out by the Australian Aged Care Quality Agency. We had three quality assessors on site for two days reviewing our processes, observing and talking with residents, families and staff. We received some wonderful feedback and full Accreditation.

I would like to acknowledge the hard work and team effort put in by the Management team and staff during this period.

## SOUTH PORT

South Port has continued to be home to 30 residents throughout the year. A major refurbishment of the bathrooms is to be carried out early 2017-2018 year. Whilst this will create some disruption during the works it will be a great improvement for the home.

Throughout the year the beautiful gardens have been used by residents, families and friends. The gardens have been further enhanced by the construction on a small putting green for resident use.

## CLAREMONT HOME

During the year the organisation's Future Directions Committee has been looking at future options for the Claremont Home site.

As this will take an extended period of time it is proposed to lease the site to a registered housing authority for short term accommodation for women 55+ who are waiting for social housing. This initiative is being supported by the City of Port Phillip. The proposed lease would be for 12-18 months during which time long term planning for the site will be carried out.

## OUR STAFF

I would like to acknowledge the senior management team for all their hard work and support throughout the previous 12 months. It has been a challenging year but moving forward into 2017-2018 we now have a very strong team in place.

I would also like to thank all our staff working in numerous roles throughout the organisation for their commitment to the values of CaSPA Care. These values and review of the model of care – Household Model is carried out annually and involves all staff.

## AWARDS

Our award winners for 2016 were:

**Harold Alexander Team Work Award**  
Tsewang Rigzin and Andrea Molloy

**Marie Fitzpatrick Leadership Award**  
Fiona Elms

**Bruce Leahey Encouragement Award**  
Kew O-Chapanchai and Spomenka Mrnjajus

**Mary Kehoe Residents Choice Award**  
Lili Shang

## VOLUNTEERS

Out volunteers provide great support to CaSPA Care and the residents in many ways.

Community volunteers sit on the Board's subcommittees and provide valuable expertise. Thank you to Richard Roberts (Audit, Risk & Finance), Adair Bunnnett and Anne Ferguson (Clinical Governance), Jacki Burgess and Susanne Sperber (Communications and Fundraising), Ian Gould and Sue McGowan (Governance) for the 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.

## 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 subcommittees. To Richard Gates, Chairperson, and all Board members, thank you for all your advice and assistance throughout the year.

Stephanie Clark  
Chief Executive Officer  
Company Secretary

# AUDIT, FINANCE AND RISK COMMITTEE REPORT

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*The Audit, Finance and Risk Committee meets monthly and consists of the following members, Neil Cathels (Chair), Richard Gates, Stephanie Clark, Tony Hill, David Goman and Richard Roberts.*



Throughout the year the subcommittee monitored the financial performance of CaSPA Care from a governance perspective and suggested improvements in financial operations and performance.

During the year a number of policy procedures were recommended and implemented by the finance division of CaSPA Care.

Now that Emerald Hill has achieved full capacity we are confident our budgeting process has been refined to project more accurate cash flows for the year ahead.

Further the finance committee has;

- Considered the appointment of a suitable internal auditor.
- Ensured surplus cash is invested at the highest interest rates.
- Reviewed the cost and level of insurance cover for the various elements of the organisation.

- Reviewed our current and future information reporting systems.
- Reviewed the roles and duties of the personnel within the finance division.

While there has been a number of personnel changes in our finance division during the year we are confident the current team is well placed to meet the future challenges of the organisation.

In this regard we would like to make special mention of Thuy Huynh-Reilly (Senior Accountant) who has done an outstanding job in assisting our finance division during the year.

In closing I would like to thank all members of the committee for their time and contribution during the year.

**Neil Cathels**

Chair – Audit, Finance and Risk Committee

# COMMUNICATIONS AND FUNDRAISING COMMITTEE REPORT

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*It was very encouraging this year to see that the Emerald Hill Residence is now so well thought of in the local community, all beds are now occupied with many other people keen to live in the home.*



In order to maintain such a vibrant community, we depend on volunteers who give their time to make the lives of residents fuller. That's why this year the Communications and Fundraising Sub-Committee developed a plan to look after our current valued volunteers and to attract others who are keen to work with our residents – no matter what skills they can bring.

This year we also updated the CaSPA Care logo and branding to bring a more modern feel. We have also produced a new CaSPA Care information brochure, prepared regular e-newsletters and organised member events.

This year we acknowledged Lyn Allison for all her hard work over the years on the Communications and Fundraising Sub-Committee following her decision to stand down from the CaSPA Care Board. She has made a fantastic contribution and we wish her well with her future endeavours.


On a very sad note, this year we note the passing of committee member Maureen Smith and acknowledge her contribution to CaSPA Care and the community over the years. Maureen worked tirelessly raising money for various charities, and in particular at CaSPA Care, is noted for fundraising - with the Lions Club - to support the development of the Lionshare Cafe at the Emerald Hill Residence, alongside her contribution to the Communication and Fundraising Sub-Committee. She is sadly missed.

Many thanks go to all the sub-committee members for providing their time and expertise and to Rebecca Housden who organises the Communications and Fundraising Committee meetings and acts on the actions arising.

**Heather Witham**

Chair – Communications and Fundraising Committee



The background is a solid teal color. There are several thin, white, curved lines that sweep across the middle of the page, creating a sense of movement and design.

**OUR MISSION**  
**TO DELIVER A**  
**RANGE OF SERVICES,**  
**ACCOMMODATION AND**  
**CARE TO OLDER ADULTS**  
**AND THEIR FAMILIES IN THE**  
**CITY OF PORT PHILLIP.**

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# CLINICAL GOVERNANCE REPORT

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*The CaSPA Care Clinical Governance Committee has continued to focus on ensuring CaSPA provides the best care and quality of life for our residents.*



A key focus of the Committee over the past year has been to develop robust systems and approaches that enable us to plan for and be assured we provide the highest quality of care provision and lifestyle experience for our residents.

There have been three main ways that we have done this:

Firstly, we have put in place a reporting regime monitoring key indicators of quality of care. This improved analysis and reporting provides us with assurance that quality care is being provided. It also assists us to identify existing or emerging problem areas that require attention. The Committee considers indicator data reports thoroughly and in discussion with staff focuses on prevention strategies and changed practices to improve care as and when required. We will continue to focus on enhancing and streamlining this reporting process to ensure we have the best analytics available to us. We are also hoping to commence a benchmarking exercise to compare our performance with like agencies. The annual resident and staff survey has also shown high levels of satisfaction overall although we are keen to improve the design, conduct and response rates of these two important sources of information.

The second area of our attention has been the lifestyle program. Providing an interesting range of activities and lifestyle choices for our residents is integral to ensuring a high quality of lifestyle experience at CaSPA. We have commenced discussions with staff involved in the lifestyle program as a regular part of the Clinical Governance meetings. We have been most impressed with the range of activities available and the commitment of our staff. We are of course always keen to see new initiatives introduced that are of interest to our residents and will continue to work with staff to this end.

Thirdly, we have commenced an evaluation of the Household Model of Care. This is an extremely important exercise as the model is an innovative approach central to the operation of our home and we must understand the extent to which it has improved the quality of life and care for our residents. To date, this has involved developing an evaluation design brief and we will be seeking expressions of interest shortly. The evaluation itself will be conducted over the coming months. We will report the outcomes to you in due course.

Julie Prideaux  
Chair – Clinical Governance Committee



# GOVERNANCE COMMITTEE REPORT

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*CaSPA Care's Governance Committee makes recommendations to the board after overseeing elements that steer the board in the proper discharge of its legal, ethical and functional responsibilities.*



It's work plan covers the constitution, governance policy development, recruitment strategies, board training, monitoring of board activities and evaluation of board members' performance.

The committee meets a minimum of four times yearly. Recent reviews include updating the board manual and the conflict of interest and compliance registers plus constitutional reform.

I was appointed as committee chair, following the resignation of Lyn Allison, who succeeded Henry Blatman. I wish to thank both for their capable stewardship.

Besides Lyn, two other long serving members left the committee earlier this year: Peter Penry-Williams and Damien Ferrie. Their expertise proved invaluable to enable the committee to fulfil its charter. They deserve our heartfelt thanks for their dedicated contributions.

The committee continues to be well served by the depth and diverse experience of current members: Henry Blatman, Ellie Schwab, Ian Gould, Sue McGowan and Stephanie Clark (CEO). Rebecca Housden continues to provide great assistance with the agenda and minute taking.

Thanks to all committee members and staff for their valuable contributions. I look forward to us all enjoying a stimulating and productive year ahead.

Anita Horvath

Chair - Governance Committee

# LIFESTYLE AT CASPA CARE

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*This year we introduced a new role to our lifestyle department – Music Therapist. Our Music Therapist Kerry Fields brings with her a wealth of musical experience and has been instrumental in implementing and growing our music program at both Emerald Hill Residence and South Port Residence.*

Our CaSPA Care choir was formed and is thriving with a number of residents joining the sing-a-long every Thursday morning. Resident pianist Les Sedel is brilliant and has been accompanying the choir each week. Les also performs 'corridor concerts' of favourite classical pieces.

Melodies and Memories are all about our residents sharing their favourite songs in a group and encouraging the conversations that music evokes.

Hey Dee Ho Music and the Neighbourhood House have teamed up to present intergenerational music classes. Fifteen children from Neighbourhood House come into our homes and participate in a Hey Dee Ho Music class and our residents are invited to join in as much as possible. It is a great way to connect children with our residents in our community and everyone always leaves with beaming smiles! The program has been a huge success with many residents benefiting from the interaction with the children.

Live performances are a favourite part of our resident's lifestyle programme. We have a number of visiting musicians who cover a range of genres including classical, theatre, sing-a-longs and old-time favourites.

Our visiting Art Therapist has been holding art classes for a number of residents. These classes assist our residents to

enhance their natural talents and create beautiful art work. One resident in particular, Brian Mullins, took up painting for the first time after moving to Emerald Hill Residence. Brian's natural flair and love for painting has given him a new lease on life.

Our Beyond Words autobiography program celebrates the lives of our residents. Our residents tell their own story and provide a detailed life story of specific events that are meaningful to them. They pass this information to their loved ones that would otherwise be lost. The story is told in their own words in the privacy of their room. This is recorded on an audio recorder with the help of a volunteer biographer and typed up. Photos and documents are encouraged to be included.

We recently introduced flower arranging. Our residents with a creative flair have tried their hand at this activity.

Dance Therapy with our professional dance therapist Cristina is a very popular activity has been running for some time now and our residents enjoy getting up and about!

Pet Therapy with Cooper our visiting Poodle X Japanese Chin is very popular amongst our residents. Cooper is always eager to visit and sit with our residents who tend to spoil him with treats and rides on their four-wheel walkers.

Once a week one of our Homemakers Eric runs a cooking class for our residents. This activity is well attended with residents enjoying the demonstration and even more so enjoying tasting the finished product.





# VALE

## MAUREEN SMITH

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*Maureen Smith, born on 13 October 1940 lived most of her life in the South Melbourne area and had very strong connections with the local community.*



Maureen joined the Communications and Fundraising subcommittee of the CaSPA Care Board in 2012.

As the President of the Port Phillip Lions Club she brought great community connections and fundraising skills to the organisation.

Maureen was a tireless worker and spent many hours raising money for the Lions Club donation to the café at Emerald Hill Residence. This donation saw the café being named Lionshare Café in recognition of the club.

Maureen passed away on 19 January 2017 but has left a lasting legacy.

In September 2017, the organisation unveiled a plaque in memory of Maureen in a restful courtyard garden at Emerald Hill. Maureen's sisters June and Pam, members of the Port Phillip Lions Club and Board members of CaSPA Care attended the private ceremony.



*Maureen's sisters – June and Pam*



*Plaque in Maureen's Memorial Garden*



## **OUR VISION**

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COMPASSIONATE COMMUNITY  
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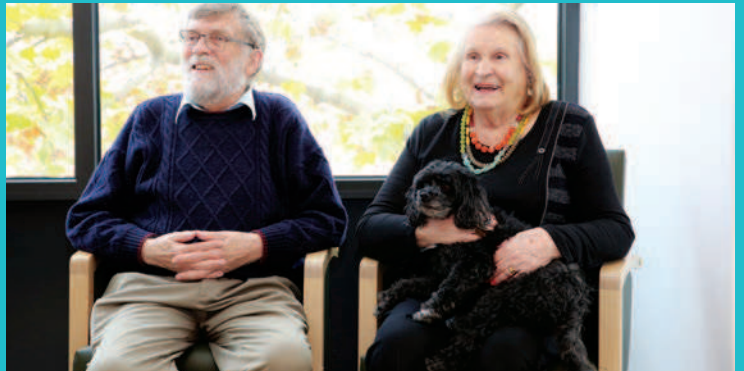


















# BOARD OF DIRECTORS' REPORT

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*Your Board Members present their report on the consolidated entity, being Claremont and South Port Aged Care Limited controlled entity, and South Port Community Residential Home Inc. (“the Group”) for the financial year ended 30 June 2017.*

## 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:

Richard Gates

David Gorman

Antony Hill

Julie Prideaux

Henry Blatman

Heather Witham

Neil Cathels (Appointed 24/11/16)

Anita Horvath (Appointed 24/11/16)

Ellie Schwab (Appointed 25/05/17)

Beris Campbell (Resigned 24/11/16)

Elizabeth Robson (Resigned 24/11/16)

Cr. Bernadene Voss (Resigned 09/01/17)

Lynette Allison (Resigned 27/04/17)

## 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, there was 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 RESULTS

The operating surplus amounted to \$288,564 (2016: deficit of \$2,416,162).

The total comprehensive income for the year amounts to \$288,564 (2016: \$5,935,638).

The Group's operating surplus was achieved due to the combination of the Emerald Hill Residence reaching full occupancy in August 2016 and the efforts of management in monitoring costs. In addition, the repayment of the Bank of Melbourne construction loan in May 2017 meant that the Group has operated debt free for the balance of the financial year.

## 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:



Richard Gates  
President

28 September 2017



David Gorman  
Director

# STATEMENT BY MEMBERS OF THE BOARD

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## IN THE OPINION OF THE BOARD:

1. The consolidated financial statements and notes thereto are in accordance with Division 60 of the Australian 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 2017 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



Richard Gates  
President

28 September 2017



David Gorman  
Director



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## Auditor's Independence Declaration to the Directors of Claremont and South Port Aged Care Limited

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for profits Commission Act 2012, as lead auditor for the audit of Claremont and South Port Aged Care Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



S P Lawson  
Partner

Melbourne, 28 September 2017

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**WE UPHOLD  
THE INDEPENDENCE  
AND QUALITY OF  
LIFE OF RESIDENTS.**

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# CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 Restated \$
Revenue	2	15,832,016	11,083,080
Employee benefits expenses	3	(10,342,530)	(8,345,922)
Depreciation expense	3	(1,147,391)	(1,064,873)
Medical supplies and services		(721,528)	(633,377)
Food and catering expenses		(598,100)	(434,557)
Utilities expense		(412,994)	(351,951)
Repairs and maintenance expenses		(316,771)	(201,271)
Cleaning expenses		(205,685)	(187,215)
Interest expense		(234,586)	(505,475)
Other expenses		(1,563,867)	(1,774,601)
<b>Operating surplus/(deficit) for the year</b>		<b>288,564</b>	<b>(2,416,162)</b>
<b>Surplus/(deficit) for the year before income tax expense</b>		<b>288,564</b>	<b>(2,416,162)</b>
Income tax expense	1(c)	-	-
<b>Surplus/(deficit) for the year attributable to the members of the Group</b>		<b>288,564</b>	<b>(2,416,162)</b>
<b>Other comprehensive income</b>			
<i>Other Comprehensive Income that will not be reclassified to profit and loss in subsequent periods:</i>			
Net gain on revaluation of land and buildings		-	8,351,800
<b>Total comprehensive income attributable to members of the Group</b>		<b>288,564</b>	<b>5,935,638</b>

The accompanying notes form part of these consolidated financial statements



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	2017 \$	2016 Restated \$
<b>Assets</b>			
Cash and cash equivalents	4	12,507,162	8,061,353
Trade and other receivables	5	57,106	213,561
Other current assets	6	20,996	202,875
<b>Total current assets</b>		<b>12,585,264</b>	<b>8,477,789</b>
<b>Non current assets</b>			
Property, plant and equipment	7	52,601,031	51,649,010
<b>Total non current assets</b>		<b>52,601,031</b>	<b>51,649,010</b>
<b>TOTAL ASSETS</b>		<b>65,186,295</b>	<b>60,126,799</b>
<b>Liabilities</b>			
Trade and other payables	8	952,246	763,061
Other current liabilities	9	32,212,783	21,797,469
Borrowings	10	-	123,577
Employee provisions	11	631,223	545,822
<b>Total current liabilities</b>		<b>33,796,252</b>	<b>23,229,929</b>
<b>Non-current liabilities</b>			
Borrowings	10	-	5,770,789
Employee provisions	11	84,371	108,973
<b>Total Non-current liabilities</b>		<b>84,371</b>	<b>5,879,762</b>
<b>TOTAL LIABILITIES</b>		<b>33,880,623</b>	<b>29,109,691</b>
<b>NET ASSETS</b>		<b>31,305,672</b>	<b>31,017,108</b>
<b>EQUITY</b>			
Reserves		17,625,154	17,625,154
Retained earnings		13,680,518	13,391,954
<b>TOTAL EQUITY</b>		<b>31,305,672</b>	<b>31,017,108</b>

The accompanying notes form part of these consolidated financial statements

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Retained Earnings \$	Reserves \$	Total \$
<b>Balance at 1 July 2015</b>	<b>15,808,116</b>	<b>9,273,354</b>	<b>25,081,470</b>
Deficit for the year (restated)	(2,416,162)	-	(2,416,162)
Other comprehensive income (restated)	-	8,351,800	8,351,800
Total comprehensive income (restated)	<b>(2,416,162)</b>	<b>8,351,800</b>	<b>5,935,638</b>
<b>Balance at 1 July 2016 (restated)</b>	<b>13,391,954</b>	<b>17,625,154</b>	<b>31,017,108</b>
Surplus for the year	288,564	-	288,564
Other comprehensive income	-	-	-
Total comprehensive income	<b>288,564</b>	<b>-</b>	<b>288,564</b>
<b>Balance at 30 June 2017</b>	<b>13,680,518</b>	<b>17,625,154</b>	<b>31,305,672</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 Restated \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Commonwealth Department of Health		11,328,695	7,997,516
Receipts from residents		4,333,208	2,578,150
Interest received		562,347	235,470
Other sundry receipts		-	209,030
Interest paid		(234,586)	(505,475)
Payments to suppliers and employees		(13,881,276)	(11,938,975)
<b>Net cash from/(used in) operating activities</b>	13	<b>2,108,388</b>	(1,424,284)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(2,099,410)	(1,101,551)
<b>Net cash used in investing activities</b>		<b>(2,099,410)</b>	(1,101,551)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of loans		(5,894,366)	(10,682,156)
Increase in resident bonds		10,331,197	15,438,669
<b>Net cash from financing activities</b>		<b>4,436,831</b>	4,156,513
<b>Net increase in cash held</b>		<b>4,445,809</b>	2,230,678
Cash and cash equivalents at beginning of year		8,061,353	5,830,675
<b>Cash and cash equivalents at end of year</b>	13	<b>12,507,162</b>	8,061,353

The accompanying notes form part of these consolidated financial statements

# NOTES OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### *General Information*

The financial statements include 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 2017 were approved and authorised for issue by the Board of Directors on 28th September 2017.

### *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.

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

The following Accounting Standards have been issued but are not yet effective which may be applicable to the Association in future reporting periods:

- AASB 9 *Financial Instruments* (applicable 30 June 2019)
- AASB 15 *Revenue from Contracts with Customers* (applicable (30 June 2020)
- AASB 16 *Leases* (applicable (30 June 2020)
- AASB 1058 *Income of Not-for-Profit Entities* (applicable (30 June 2020)

The Board has made an initial assessment of the impacts of these standards upon adoption. The only material impact identified is in relation to a property peppercorn lease which will be required to be brought to account as an asset (right to use asset) and measured at its fair value, with a corresponding gain to profit or loss. The asset subsequently is depreciated to profit or loss over the term of the lease. No other material changes are expected upon adoption of these standards.

### *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 2017. 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 controlled entities.

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

- South Port Community Residential Home Inc.

Controlled entities 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 deems 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

### *Government subsidies*

Government subsidies and grant revenue, is recognised in profit or loss when it is controlled. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes, it is recognised in the statement of financial position as a liability until such conditions are met or services provided.

### *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 periodically and Director valuations in intervening periods.

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:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Buildings	2% - 2.5%
Furniture and fittings	10%
Plant and equipment	10% - 20%
Computer equipment	10% - 33%
Motor vehicles	8.33%

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**

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. 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.

#### **j. 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.

#### **k. 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.

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.

#### **l. Economic dependence**

Claremont and South Port Aged Care Limited is dependent on

the Department of Health 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 and South Port Community Residential Home Inc.

#### **m. 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 \$36.17 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. This value of the property at 30 June 2016 has been assessed by taking into account factors and market conditions evident at reporting date. The valuation was 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.

At current reporting date, the directors have determined a directors' valuation to assess fair value at 30 June 2017. Utilising assumptions and information for prior valuations, they do not believe any material changes to have occurred which would materially impact the fair value.

##### ***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.

#### **n. 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.

#### **o. Working Capital Deficiency**

The consolidated Statement of Financial Position shows a deficit in working capital at 30 June 2017 of \$21,210,988. Current liabilities include resident funded loans in the form of resident bonds totaling \$32,084,959, 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.

#### **p. Prior Year Restatement**

During the year it was noted that room improvements made in 2013 in relation to the Claremont property were incorrectly classified as South Port leasehold improvements. This had the effect of overstating leasehold assets and at 30 June 2016 overstating buildings as revaluations that occurred considered understated building values. The impact on the entity's financial statements has been summarised below.

	Previous balance 2016 \$	Adjustment 2016 \$	Restated balance 2016 \$
<b>Statement of Profit or Loss and Other Comprehensive Income (extract)</b>			
Revaluation gain	8,566,566	(214,766)	8,351,800
<b>Statement of Financial Position (extract)</b>			
Property, plant and equipment	51,863,776	(214,766)	51,649,010
Asset Revaluation Reserve	17,839,920	(214,766)	17,625,154

# NOTES OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
<b>2 REVENUE</b>		
<b>Operating revenue</b>		
Government subsidies from Department of Health	11,197,044	8,038,202
Resident fees	3,678,483	2,578,150
Donations	16,942	73,652
Interest and dividends received	562,349	235,470
Rent	112,412	56,276
Sundry Income	264,786	101,330
<b>Total revenue</b>	<b>15,832,016</b>	11,083,080
<b>3 EXPENSES</b>		
<b>Employee benefits expenses</b>		
Wages and salaries and associated expenses	9,470,972	7,672,151
Superannuation	871,558	673,771
<b>Total staff expenses</b>	<b>10,342,530</b>	8,345,922
<b>Depreciation</b>		
Plant and equipment	107,538	100,139
Buildings	786,363	710,123
Furniture and fittings	201,221	210,939
Motor vehicles	3,993	1,146
Computer equipment	48,276	42,526
<b>Total depreciation</b>	<b>1,147,391</b>	1,064,873
<b>4 CASH AND CASH EQUIVALENTS</b>		
Total cash at bank	12,507,162	8,061,353

The accompanying notes form part of these consolidated financial statements



CONTINUED		Notes	2017 \$	2016 \$
<b>5 TRADE AND OTHER RECEIVABLES</b>				
<b>Trade receivables</b>			50,496	19,286
Prepayments			32,647	120,874
Commonwealth funding clearing account			3,963	77,749
Provision for bad debts			(30,000)	(4,348)
			<b>57,106</b>	213,561
<b>6 OTHER CURRENT ASSETS</b>				
GST Receivable			20,996	20,375
Deposit paid on property			-	182,500
			20,996	202,875
<b>7 PROPERTY, PLANT AND EQUIPMENT</b>				
<b>Land and buildings</b>				
Land at fair value – at 286–294 Albert Road South Melbourne			11,800,000	10,800,000
Buildings at fair value - at 203 Napier Street, South Melbourne		(a)	36,906,860	36,900,000
Buildings at fair value – at 286–294 Albert Road South Melbourne			2,129,509	1,200,000
Less Accumulated Depreciation			(811,064)	(72,403)
			<b>50,025,305</b>	48,827,597
Leasehold improvements at South Port 18-30 Richardson Street, Albert Park		(b)	828,879	828,879
Less: Accumulated Depreciation			(274,772)	(244,414)
			554,107	584,465
<b>Total land and buildings</b>			<b>50,579,412</b>	49,412,062
Plant and equipment				
Plant and equipment at cost			778,727	749,307
Less: Accumulated depreciation			(399,263)	(275,272)
			379,464	474,035
Computer equipment and software at cost			284,092	231,984
Less: Accumulated depreciation			(125,222)	(76,056)
			158,870	155,928
Furniture and fittings at cost			2,789,373	2,707,859
Less: Accumulated depreciation			(1,348,882)	(1,147,661)
			1,440,491	1,560,198
Motor Vehicles at cost			47,933	47,933
Less: Accumulated depreciation			(5,139)	(1,146)
			42,794	46,787
<b>Total plant and equipment</b>			<b>2,021,619</b>	2,236,948
<b>Total property, plant and equipment</b>			<b>52,601,031</b>	51,649,010

The accompanying notes form part of these consolidated financial statements

## 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:

2017	Freehold Land \$	Buildings & Leasehold Improvements \$	Computer Equipment \$	Motor Vehicles \$	Furniture & Fittings \$	Plant & Equipment \$	Total \$
Balance at 1 July 2016 (restated)	10,800,000	38,612,062	155,928	46,787	1,560,198	474,035	51,649,010
Additions	1,000,000	936,369	52,108	-	81,514	29,419	2,099,410
Disposals	-	-	-	-	-	-	-
Depreciation expense	-	(769,019)	(49,166)	(3,993)	(201,221)	(123,990)	(1,147,389)
<b>Balance at 30 June 2017</b>	<b>11,800,000</b>	<b>38,779,412</b>	<b>158,870</b>	<b>42,794</b>	<b>1,440,491</b>	<b>379,464</b>	<b>52,601,031</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 represented the fair value at reporting date. Fair value had been determined by an independent external valuation of the property at 30 June 2016 by Nelson Partners Australia. The valuation was 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 capitalised in respect of improvements made to the property under lease at 18-30 Richardson Street, Albert Park. Improvements have been recognised at cost and amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Corrections of errors have restated these assets at their carrying value.

	2017 \$	2016 \$
<b>8 TRADE AND OTHER PAYABLES</b>		
<b>Trade payables</b>	270,993	320,496
Accruals	161,585	70,514
PAYG tax payables	112,615	84,819
Payroll accruals	407,053	287,232
	<b>952,246</b>	<b>763,061</b>
<b>9 OTHER CURRENT LIABILITIES</b>		
Other liabilities	127,824	43,707
Resident bonds and refundable accommodation deposits	32,084,959	21,753,762
Total other current liabilities	<b>32,212,783</b>	<b>21,797,469</b>
<b>10 BORROWINGS</b>		
Current	-	123,577
Non-current	-	5,770,789
	<b>-</b>	<b>5,894,366</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 rate loan. The facility had a term of 3 years from the draw down date of December 2016. All amounts were repaid at 30 June 2017.

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 and South Port Aged Care Limited.
- First registered general security agreement over the assets and undertaking of Claremont and South Port Aged Care Limited.

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

	2017 \$	2016 \$
<b>11 EMPLOYEE PROVISIONS</b>		
<b>Current</b>		
- Annual leave entitlements	480,434	453,034
- Long service leave entitlements	150,789	92,788
Total current employee provisions	631,223	545,822
<b>Non-current</b>		
- Long service leave entitlements	84,371	108,973
Total provisions	715,594	654,795
<b>12 KEY MANAGEMENT PERSONNEL</b>		
<b>Compensation</b>		
The aggregate compensation made to members of key management personnel of the Group is set out below.		
Aggregate compensation	380,978	367,552
<b>13 CASH FLOW INFORMATION</b>		
Operating surplus/(deficit)	288,564	(2,416,162)
<b>Non-cash flows in operating surplus</b>		
Depreciation	1,147,391	1,064,873
Loss on disposal of fixed assets	-	128,259
<b>Changes in assets and liabilities</b>		
Trade payables and accruals	272,591	(433,478)
Receivables and prepayments	210,355	(100,762)
Other assets	181,879	100,712
Provisions	60,799	223,847
Other liabilities	(53,191)	8,427
Net cash from operating activities	2,108,388	(1,424,284)
<b>Cash as at balance date comprises:</b>		
Cash at bank	12,507,162	8,061,353
Overdrafts	-	(123,577)
	12,507,162	7,937,776

## 15 COMMITMENTS

Under the lease arrangements for 203 Napier Street, South Melbourne with the Department of Health, a rent-free period exists for three years from 8 July 2015. After this period ceases, a rent will be determined by the landlord which is intended to equate to 2% of the market value of the land considering its specific uses. Fixed Under AASB 116: Leases, rent expenses are required to be accounted for over the full lease term including rent free periods. Rent expense has not yet been recognised as the Directors are not able to estimate this amount reliably. If fair value as determined using valuations obtained at 30 June 2016 were reflective of future values to be determined by the landlord, an expense of approximately \$264k (2016: \$264k) would be recognised. The financial effects of the leasing arrangement will be recognised when the rent expense is known by the organisation.

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.

## 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 outside the consolidated group 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 outside of the group at the current and previous reporting date.

### ***Loans to/from related parties***

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

## 17 EVENTS AFTER REPORTING DATE

No matters or circumstance have arisen since 30 June 2017 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.

## 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

In the opinion of the Directors of Claremont and South Port Aged Care Limited:

1. The consolidated financial statements and notes of Claremont and South Port Aged Care Limited are in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and other mandatory professional reporting requirements, including:
  - a Giving a true and fair view of its financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
  - b Complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations); and
2. There are reasonable grounds to believe that Claremont and South Port Aged Care Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

  
Richard Gates  
President

28 September 2017

  
David Gorman  
Director

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

### Auditor's Opinion

We have audited the consolidated financial report of Claremont and South Port Aged Care Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, and 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, and comprising notes to the financial statements, including a summary of significant accounting policies and the statement by the Directors of the consolidated entity comprising the Group and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion, the financial report of Claremont and South Port Aged Care Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### 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 Group 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 audit opinion.

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**Information other than the Financial Report and Auditor's Report**

The Directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in Board of Directors' Report for the year ended 30 June 2017, 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.

**Responsibility of the Directors for the Financial Report**

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commissions Act 2012. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



S P Lawson  
Partner – Audit & Assurance

Melbourne, 28 September 2017



## **OUR VALUES**

**COMPASSION, RESPECT,  
COMMUNICATION,  
TEAMWORK,  
ACCOUNTABILITY,  
HONESTY.**

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**Head Office &  
Emerald Hill Residence**  
203 Napier St  
South Melbourne  
VIC 3205



**South Port Community  
Residential Home**  
18-30 Richardson St  
Albert Park  
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