Shepparton Villages

SHEPPARTON VILLAGES

Financial Report

2016 – 2017

“Enriching the lives of people in our care”

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CARE
We care and we continuously improve what we do

CHOICE
We encourage and promote individual choice and independence

RESPECT
We believe everyone is unique, we listen and demonstrate care and compassion in everything we do

PASSION
We love what we do and encourage creativity and diversity

TEAMWORK
We work together and support each other

Cover: Banksia Lodge resident Zoe O'Sullivan shares a laugh with visiting Rotary exchange student Shilah Mbewe from South Africa.

Declaration by Board

For the year ended 30 June 2017

The Members of the Board herewith submit the financial report of Shepparton Retirement Villages Inc. for the financial year ended 30 June 2017.

Board Members

The names of the members of the Board in office during or since the end of the financial year as follows.

The Board members were in office for the entire period unless otherwise stated.

Merushe Asim (Board Chair)
Graham Hill (OAM)
David Fordyce
Stephen Merrylees
Michael Hall
Frank Dawson
Elizabeth Lee
Geoffrey Dobson
Rebecca Hearn
Jeanette Powell

Principal activities

The principal activities of the association during the course of the financial year were to provide residential aged care, home care packages and independent living unit accommodation.

Significant changes

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

Declaration

The accompanying financial statements present the income and expenditure, cashflows, assets and liabilities of the Entity for the year end 30 June 2017.

In the opinion of the Board of Shepparton Retirement Villages Inc:

1. The accompanying financial statements comprising the statement of profit or loss and other comprehensive income, the statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements that are set out on pages 5 To 16 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012, including:*

   (a) complying with Australian Accounting Standards - Reduced Disclosure Requirements, Australian Charities anc Not-for-Profits Commission Regulation 2013, the Aged Care Act 1997 and the Residential Care Subsidies Principles, 2014 and the Associations Incorporations Reform Act 2012.

   (b) giving a true and fair view of the Entity's financial position as at 30 June 2017 and of the performance for the year ended on that date.

2. There are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

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

M. Asim

M. Asim (Chair of Board)

F. Dawson

F. Dawson (Deputy Chair)

Dated this 26th day of September 2017

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

	Note	2017 $	2016 $
Revenue			
Revenue from Operating Activities	**2**	24,026,704	24,112,788
Revenue from Non Operating Activities	**2**	4,162,437	4,266,646
		28,189,141	28,379,434
Expenditure			
Employee Benefits Expense	**3**	(17,647,535)	(17,266,244)
Depreciation Expense	**3**	(3,536,828)	(3,570,886)
Other Expenses	**3**	(5,806,764)	(5,586,280)
		(26,991,127)	(26,423,410)
Current year surplus		1,198,014	1,956,024
Total comprehensive income for the year		1,198,014	1,956,024
Total comprehensive income attributable to members of the entity		1,198,014	1,956,024

The accompanying notes form part of these Financial Statements

Statement of Financial Position

As at 30 June 2017

	Note	2017 $	2016 $
ASSETS			
Cash and Cash Equivalents	4	408,518	383,677
Other Financial Assets	5	45,392,411	36,641,235
Accounts Receivable and Other Debtors	6	683,795	561,749
Residential Aged Care Debtors – Refundable Deposit		3,075,594	2,996,000
Retirement Living Debtors – Ingoing Contribution		844,000	2,188,000
Prepayments		203,860	182,819
Inventories on Hand		115,823	114,194
Property, Plant & Equipment	7	48,795,077	49,603,682
Intangibles – Bed Licences	8	11,437,874	11,437,874
TOTAL ASSETS		110,956,952	104,109,230
LIABILITIES			
Trade and Other Payables	9	1,725,003	1,246,786
Funds Held on behalf of Residents		79,935	114,288
Employee Benefits to be paid within 12 months	10	1,231,464	1,217,888
Unspent Home Care Package Funds		131,848	121,655
Refundable Loans expected to be paid within 12 months	11	14,338,468	11,786,365
Refundable Loans expected to be paid later than 12 months	11	56,995,162	54,546,732
Employee Benefits to be paid later than 12 months	10	2,425,626	2,244,084
TOTAL LIABILITIES		76,927,506	71,277,798
NET ASSETS		34,029,446	32,831,432
EQUITY			
Accumulated Funds		34,029,446	32,831,432
TOTAL EQUITY		34,029,446	32,831,432

The accompanying notes form part of these Financial Statements

Statement of Changes in Equity

For the year ended 30 June 2017

	Note	Accumulated Funds $	Total $
Balance at 1 July 2015		30,875,408	30,875,408
Net surplus for the year		1,956,024	1,956,024
Balance at 30 June 2016		32,831,432	32,831,432
Net surplus for the year		1,198,014	1,198,014
Balance at 30 June 2017		34,029,446	34,029,446

The accompanying notes form part of these Financial Statements

Statement of Cashflows

For the year ended 30 June 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts From Residents & Government		25,963,551	25,555,121
Receipts From Fundraising Activities		91,948	212,258
Receipts From Government Grants		-	250,089
Payments to Suppliers & Employees		(23,374,517)	(23,234,113)
GST Recovered		589,961	557,215
Interest Received		822,511	1,076,914
Net cash provided by operating activities		4,093,454	4,417,484
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment:			
– Residential Aged Care		(1,553,446)	(1,383,104)
– Other		(1,183,661)	(1,411,361)
Net Purchase – Investments		(8,751,176)	(6,066,906)
Proceeds from Sale of Property Plant & Equipment		11,818	34,908
Net cash used in investing activities		(11,476,465)	(8,826,463)
CASH FLOWS FROM FINANCING ACTIVITIES			
Accommodation Bonds/Refundable Deposits received		15,896,288	11,657,005
Accommodation Bonds/Refundable Deposits (refunded)		(11,104,659)	(9,139,031)
Independent Living Ingoings received		5,843,000	4,841,920
Independent Living Ingoings (refunded)		(3,192,424)	(3,026,435)
Funds held on behalf of Residents		(34,353)	11,525
Net cash provided by financing activities		7,407,852	4,344,984
Net Increase/(Decrease) in Cash Held		24,841	(63,995)
Cash & Cash Equivalents at the beginning of financial year		383,677	447,672
Cash & Cash Equivalents at the end of financial year	4	408,518	383,677

The accompanying notes form part of these Financial Statements

Notes to the Financial Statements

For the year ended 30 June 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The financial statements cover Shepparton Retirement Villages Inc ("Entity") as an individual entity. Shepparton Retirement Villages Inc is an association incorporated in Victoria and operating pursuant to the Associations Incorporation Reform Act 2012.

The financial statements for the year end 30 June 2017 were approved and authorised for issue on 26th September 2017 by the members of the Board.

BASIS OF PREPARATION

Statement of compliance

The financial statements are Tier 2 general purpose financial statements that have been prepared in accordance with the Associations Incorporation Reform Act 2012 and Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012. Shepparton Retirements Villages is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions.

Basis of measurement

The financial statements, except for the cash flow information, 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

Presentation of statement of financial position on a liquidity basis

The Board has taken the view that in complying with the requirements of the AASB 101 the treatment of refundable loans (accommodation bonds, refundable deposits and ingoing contributions) as current liabilities does not reflect the true liquidity of the entity as these liabilities are not likely to be repaid in the next 12 months.

Accordingly, in the current year the Board has chosen to present its statement of financial position under the liquidity presentation method (AASB 101 Presentation of Financial Statements) on the basis that it presents a more reliable view. A reconciliation of the refundable loans is provided in note 11.

Comparatives

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

Critical accounting estimates and judgements

The Board evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Entity.

KEY ESTIMATES

Impairment

The Board assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Entity that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate key assumptions.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and industry standards. In addition, the condition of the assets is assessed at least annually and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the presentation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Income Tax

In accordance with the provisions of the Australian Income Tax Assessment Act, the Entity is exempt from income tax. As at the 30th June 2000 the Entity has been endorsed as an Income Tax Exempt Charity (ITEC) under A New Tax (Goods and Services Tax) Act 1999.

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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities which are disclosed as operating cash flows.

Notes to the Financial Statements

For the year ended 30 June 2017

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue
Revenue from the provision of services is recognised upon the delivery of those services to clients. Interest revenue is recognised on a proportional basis considering the interest rates applicable to the financial assets. All revenue is stated net of goods and services tax (GST) if applicable.

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.

Accounts Receivable and Other Debtors
Accounts receivable and other debtors include amounts due from residents as well as amounts receivable from customers for goods and services sold in the ordinary course of business. All receivables are expected to be collected within 12 months of the end of the reporting period. Collectability of accounts receivable is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off.

Inventories on hand
Inventories on hand are measured at the lower of cost and net realisable value.

Property, Plant and Equipment

Recognition and measurement of Property, plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

Assets with a cost more than $1,000 (2015-16 and 2016-17) are capitalised. Fixed assets are depreciated on a straight-line basis over the useful lives of the assets commencing from the time the asset is held ready for use.

The Board resolved in 2015-16 to adopt depreciation rates for its residential aged care facilities that reflect an effective life of 25 years. Further to that two residential aged care facilities (Hakea and Waratah) are expected to be replaced in the next three to five years respectively. Accordingly, commencing with the 2015-16 financial year the building depreciation rates for those two facilities have been accelerated, however the Board is still considering the potential of extending the useful life of Hakea but until a decision is made will continue with the accelerated depreciation for that residential care facility.

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

Site Improvements	4 years to 30 years
Buildings (residential aged care)	25 years
Buildings(all other)	30 years to 40 years
Equipment and fittings	3 years to 20 years
Motor Vehicles	4 years
Office Equipment	3 years to 5 years

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

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the profit or loss when the item is derecognised. When revalued assets have been sold, amounts included in the revaluation relating to that asset are transferred to retained surplus.

Impairment of Assets
At the end of each reporting period, the Entity assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in the statement of profit or loss and other comprehensive income.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

Notes to the Financial Statements

For the year ended 30 June 2017

Intangibles

It was resolved by the Board of Directors for the year ended 30th June 2006 to value and record in the financial statements bed licences not previously recognised, in accordance with AASB 138: Intangible Assets. The resolution determined that any pre-October 1997 bed licences granted to the Entity be valued at $44,000 per bed, and that any post October 1997 bed licences granted to the Entity be valued at $40,000 per bed (refer note 8).

The carrying amounts for bed licences detailed in the accounts for the year ended 30th June 2017 have been tested for impairment. The current market value of these bed licences is greater than the carrying value.

Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Entity commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through statement of profit or loss and other comprehensive income", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest rate method.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in the statement of profit or loss and other comprehensive income through the amortisation process and when the financial asset is derecognised.

(ii)Available for sale financial assets

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise of investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into the statement of profit or loss and other comprehensive income.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the statement of profit or loss and other comprehensive income through the amortisation process and when the financial liability is derecognised.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment because of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in the statement of profit or loss and other comprehensive income immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to the statement of profit or loss and comprehensive income at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of the financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts

Notes to the Financial Statements

For the year ended 30 June 2017

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment (Continued)

are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the association recognises the impairment for such financial assets by considering the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Fair Value of Assets and Liabilities

The association measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. Fair value is the price the association would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, information is extracted from the most advantageous market available to the entity at the reporting date (ie the market that maximises the receipts from the sale of the asset or minimises the payment made to transfer the liability, after considering transaction costs and transport costs).

For non-financial assets, the fair value measurement also considers a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of an identical or similar financial instrument, by reference to observable market information where identical or similar instruments are held as assets.

Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party, whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

Employee Benefits

Short-term employee benefits:

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

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

Other long-term employee benefits:

Provision is made for employees' annual leave entitlements not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to end-of-reporting-period market yields on government bonds that have maturity dates approximating the terms of the obligations. Any re measurement of other long-term employee benefit obligations due to changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

Accounts Payable and Other Payables

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

Notes to the Financial Statements

For the year ended 30 June 2017

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

Provisions are recognised when the association 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.

Refundable accommodation deposits and resident accommodation bonds

Refundable accommodation deposits and resident accommodation bonds are non-interest-bearing deposits made by aged care facility residents to the Entity upon their admission. Refundable accommodation deposits are measured at their principal amount less any other amounts deducted from the deposit at the election of the resident. Accommodation bonds are measured at the principal amount net of any retentions or any other amounts deducted from the bond at the election of the resident.

The repayment of the refundable deposits and accommodation bonds net of any retention will be funded largely by refundable deposits from incoming residents.

Resident entry contributions

Resident entry contributions are received from residents of the independent living units and they are non-interest bearing with the net amount repayable upon departure or transfer. Resident entry contributions are measured at their principle amount net of any retentions.

The repayment of the resident entry contribution net of any retention will be funded largely by entry contribution from incoming residents.

Segment Reporting

As an approved provider for the purposes of the Aged Care Act 1997 and in receipt of Conditional Adjustment Payments, the provider is required to comply with the financial reporting requirements of Accountability Principles 2014, Part 4, Division 2, Section 35 (2)(e). Paragraph 2(e) of Accountability states "treat residential aged care as a reportable segment within the meaning of the accounting standard relating to segment reporting that applies to that relevant financial year".

The provider is applying Australian Accounting Standards – Reduced Disclosure Requirements and in accordance with paragraph Aus2.6 AASB 8: Operating Segments the provider has elected to comply with some of the requirements of AASB 8 to allow the reporting of the residential aged care segment to ensure compliance with conditions of the Conditional Adjustment Payment funding arrangements. The residential aged segment information is disclosed in note 20.

Notes to the Financial Statements
For the year ended 30 June 2017

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and revised accounting standards
The AASB has issued new and amended standards and interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Entity. The Entity has decided against early adoption of these standards as they will not have any significant impact on future financial reports. The Entity assessment of the new and amended pronouncements that are relevant to the Entity but applicable in future reporting periods is set out below:

Standard/ Interpretation	Summary	Applicable for annual reporting Beginning on	Impact on Financial Statements
AASB 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognised impairment only when incurred.	1 Jan 2018	Detail of impact is still being assessed
AASB 15 Revenue From Contracts With Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2018	This Standard is not expected to significantly impact the associations financial statements.
AASB 2014-1 Amendments to Australian Accounting Standards (Part E Financial Instruments)	Amends various AAs' to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced Disclosure requirements.	1 Jan 2018	This Standard is not expected to significantly impact the association's financial statements.
AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation (AASB 116 & AASB 138)	Amends AASB 116 Property, Plant & Equipment and AASB 138 Intangible Assets to: establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible,because revenue generally, reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset	1 Jan 2018	This Standard is not expected to significantly impact the association's financial statements.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on the Balance sheet.	1 Jan 2019	The Standard is not expected to significantly impact the association's financial statement.

Notes to the Financial Statements

For the year ended 30 June 2017

	2017 $	2016 $
Note 2: Revenue		
Operating Activities:		
Fees from Residents	6,534,162	6,495,085
Government Subsidies For Care Delivery	17,320,555	17,467,139
Other	171,987	150,564
Total Revenue From Operating Activities	24,026,704	24,112,788
Non Operating Activities:		
Proceeds from Fundraising Activities	91,948	212,258
Interest on Investments	1,084,878	1,020,228
Retention on Resident ILU Ingoings & Bonds	1,177,266	1,162,913
Resident Non Operating Fees	724,883	588,538
Government Accommodation Supplements	947,687	948,780
Proceeds from Sale of Property, Plant & Equipment	11,818	34,908
Other Non Operating Income	123,957	299,021
Total Revenue From Non Operating Activities	4,162,437	4,266,646
Total Revenue	28,189,141	28,379,434

Notes to the Financial Statements

For the year ended 30 June 2017

	2017 $	2016 $
Note 3: Expenses		
Employee Benefits:		
Salaries & Wages	13,986,199	13,816,606
Employee Provisions	1,733,071	1,683,826
Superannuation	1,412,700	1,396,780
Workcover	515,565	369,032
Total Employee Benefits	17,647,535	17,266,244
Depreciation:		
Depreciation – Site Improvements	106,269	103,921
Depreciation – Buildings	2,430,791	2,386,115
Depreciation – Property, Plant, & Equipment	887,421	960,051
Depreciation – Motor Vehicles	112,347	120,799
Total Depreciation	3,536,828	3,570,886
Other Expenses:		
Medical / Care provisions	939,811	711,754
Hotel Service provisions	573,705	548,109
Food Provisions	1,023,907	994,273
Heating & Cooling	416,715	457,799
Refurbishment costs	149,350	229,469
Repairs & Maintenance	364,165	387,944
Disposals at Cost	8,884	27,737
Auditors Remuneration	13,200	11,233
Insurance	195,357	186,357
Staff Training	114,297	129,613
Water & Municipal Rates	601,049	624,229
Computer & Communication	351,504	298,503
Other Expenses	1,054,820	979,260
Total Other Expenses	5,806,764	5,586,280
Total Expenses	26,991,127	26,423,410

Notes to the Financial Statements

For the year ended 30 June 2017

	2017 $	2016 $
Note 4: Cash and Cash Equivalents		
Cash on Hand	3,300	2,350
Cash at Bank	405,218	381,327
Total Cash & Cash Equivalents	408,518	383,677
Note 5: Other Financial Assets		
Interest Bearing Bank Deposits	45,392,411	36,641,235
Total Financial Assets	45,392,411	36,641,235
Note 6: Accounts Receivable and Other Debtors		
Trade receivables	28,339	194,960
GST Receivable	106,178	79,878
Interest Receivable	549,278	286,911
Total Receivables	683,795	561,749

	Land $	Site Imp'ments $	Buildings $	Plant / Motor Vehicles $	Work in Progress $	Total $
Note 7: Property, Plant & Equipment						
At 30 June 2016						
Cost	4,512,143	2,355,983	57,334,575	14,157,327	1,075,890	79,435,918
Accumulated depreciation	–	(704,319)	(20,608,011)	(8,519,906)	–	(29,832,236)
Net carrying Amount	4,512,143	1,651,664	36,726,564	5,637,421	1,075,890	49,603,682
Movements in carrying amounts						
Net carrying amount at 1 July 2016	4,512,143	1,651,664	36,726,564	5,637,421	1,075,890	49,603,682
Additions	–	60,556	683,571	607,582	1,385,398	2,737,107
Disposals	–	–	–	(8,884)	–	(8,884)
Transfers	–	–	–	–	–	–
Depreciation expense	–	(106,269)	(2,430,792)	(999,767)	–	(3,536,828)
Net carrying amount at 30 June 2017	4,512,143	1,605,951	34,979,343	5,236,352	2,461,288	48,795,077
At 30 June 2017						
Cost	4,512,143	2,416,395	57,712,084	14,313,037	2,461,288	81,414,947
Accumulated depreciation	–	(810,444)	(22,732,741)	(9,076,685)	–	(32,619,870)
Net carrying Amount	4,512,143	1,605,951	34,979,343	5,236,352	2,461,288	48,795,077

Notes to the Financial Statements

For the year ended 30 June 2017

	No. of Licences	2017 $	2016 $
Note 8: Intangibles			
a) Bed Licences at Cost:			
Existing Licences	82	3,294,874	3,294,874
Adjustment for Impairment	–	(65,000)	(65,000)
Licences at Cost	–	3,229,874	3,229,874
b) Bed Licences at Directors Valuation:			
Pre Oct 97 Licences	162	7,128,000	7,128,000
Post Oct 97 Licences	27	1,080,000	1,080,000
Licences at Directors Valuation	189	8,208,000	8,208,000
Total Value of Bed Licences	271	11,437,874	11,437,874
Note 9: Accounts Payable and Other Payables			
Creditors & Accruals		1,725,003	1,246,786
Total Payables		1,725,003	1,246,786
Note 10: Employee Benefits			
Employee Benefits – Expected to settle within 12 months			
– Annual Leave		1,103,799	1,099,778
– Long Service Leave		111,488	107,856
– Provision related to employee oncosts		16,177	10,254
		1,231,464	1,207,634
Employee Benefits – Expected to settle after 12 months			
– Long Service Leave		2,118,275	2,049,259
– Provision related to employee oncosts		307,351	194,825
		2,425,626	2,244,084

The provision for employee benefits represents amounts accrued for annual leave and long service leave. Based on past experience the association does not expect the full amount of annual leave to be settled wholly within the next 12 months. However the amount must be classified as a current liability because the association does not have an unconditional right to defer the settlement of the amount in the event employees wish to use their leave entitlements.

Notes to the Financial Statements

For the year ended 30 June 2017

	2017 $	2016 $
Note 11: Refundable Loans		
Refundable Loans – Expected to settle within 12 months		
– Resident accommodation bonds/refundable deposits	10,654,532	8,780,841
– Resident Ingoings Independent Living	3,683,936	3,005,524
	14,338,468	11,786,365
Refundable Loans – Expected to settle after 12 months		
– Resident accommdation bonds/refundable deposits	25,827,126	22,988,731
– Resident Ingoings Independent Living	31,168,036	31,558,001
	56,995,162	54,546,732

(a) Terms and conditions

Accommodation Bonds/Refundable deposits are repayable on the following basis:
(i) if the resident gives notice more than 14 days prior to departure the bond is payable on the date of departure;
(ii) if the resident gives notice less than 14 days prior to departure the bond is payable within 14 days after notice is given
(iii) if the resident gives no notice the bond is repayable 14 days after departure; and
(iv) if the resident dies, the bond is repayable within 14 days from the date that notice is received of the granting of probate or letters of administration.

Resident ingoings for independent living are non-interest bearing and have maximum refund period of up to 6 months from date of departure.

(b) Resident accommodation bonds/refundable deposits

Accommodation bonds/refundable deposits are liabilities which are payable when the aged residential care resident leaves the facility. The total balance owing to residents has been classified as being"estimated to settle within 12 months" or "estimate to settle after 12 months" on the basis of average refund payments over the previous 3 years.

(c) Resident Ingoings Independent Living

Resident ingoings for independent living are liabilities which are payable when the aged self care resident leaves the unit. The total balance owing to residents has been classified as being"estimated to settle within 12 months" or "estimate to settle after 12 months" on the basis of average refund payments over the previous 3 years.

Note 12: Contingent Liabilities and Assets

There are no known contingent liabilities or assets at the date of this report.

	2017 $	2016 $
Note 13: Capital Commitments		
Under various contracts, and estimates for works and services, the value of the commitments of the Association for Capital Expenditure for supply of works and material pertinent to the building of a new 120 bed residential aged care facility at 30 June is:		
	27,436,691	885,875

Notes to the Financial Statements

For the year ended 30 June 2017

Note 14: Prudential Compliance Statement – Aged Care Act

The Association meets the requirements of Prudential Compliance Statements as set down in the Aged Care Act 1997, and in clause 23.40B of the User Rights Principles 1997 Amendment No. 7.

Note 15: Aged Care Accreditation Standards

The Association operates four Residential Aged Care Services under the Commonwealth Aged Care Act (1997). All services have a 3 year accreditation status and have achieved all of the accreditation outcome standards.

Note 16: Compliance Statement – Section 34 Retirement Villages Act

The Association meets the requirements of Section 34 (1) (a) & (b), of the Retirement Villages Act pertinent to the repayment of ingoing contributions and that a compliance statement is issued annually to residents.

Note 17: Related Party Disclosures

During the year ended 30 June 2017, the Association did not have any transactions with related parties.

Note 18: Events Occurring after the Reporting Period

The recent release of the Legislated Review Of Aged Care 2017 Report dated 31st July 2017 includes a recommendation which would effectively deregulate the market for residential aged care bed licenses. In the event that this is legislated, this would require the impairment and subsequent removal of the bed licences value from the Statement of Financial Position.
Currently the carrying amount of those licences is $11 ,437,874.

The Board Members are unaware of any other events that have occurred after balance date which will materially affect the financial position disclosed at 30 June 2017.

Note 19: Remuneration of Responsible Persons

(a) Names of Board Members who held office during the year ended 30th June 2017 are:
Merushe Asim (President)
Frank Dawson
David Fordyce
Graham Hill (OAM)
Michael Hall
Stephen Merrylees
Elizabeth Lee
Geoffrey Dobson
Rebecca Hearn
Jeanette Powell

(b) All members of the Board of Management acted in a voluntary capacity and received no remuneration for their roles as Board Members.

	2017 $	2016 $
(c) Remuneration of Key Management Personnel Any persons having authority and responsibility for planning, directing and controlling the activities of the association, directly or indirectly, including its committee members, are considered key management personnel.		
Number of Board members	10	10
Total Benefits paid to Board Members	–	–
Number of Senior Executives	5	5
Total Benefits paid to Senior Executives	814,424	725,959

Notes to the Financial Statements

For the year ended 30 June 2017

Note 20: Residential Aged Care Segment

The following information is provided in compliance with the Accountability Principles 2015, Part 4, Division 2, Section 35 (2) (e) which deems residential care to be a reporting segment for the purposes of AASB: Operating Segments.

	2017 $'000	2016 $'000
Residential Aged Care Income Statement		
Revenue		
Resident Charges	5,648	5,464
Government Subsidies	18,215	18,435
Retentions	159	278
Other	213	151
Total Segment Revenue	24,235	24,328
Expense		
Care Employee Expenses	11,087	10,962
Other Employee Expenses	5,893	5,368
Depreciation	1,969	2,050
Other	4,372	4,376
Total Segment Expense	23,321	22,756
Net Segment Profit	914	1,572
Residential Aged Care Balance Sheet		
Assets		
Current Assets:		
Cash & Investments	-	-
Debtors	3,090	3,109
Other Current Assets	191	234
Total Current Assets	3,281	3,343
Non-Current Assets:		
Property, Plant & Equipment	21,541	22,921
Intangible	11,437	11,437
Total Non-Current Assets	32,978	34,358
Total Assets	36,259	37,701
Liabilities		
Current Liabilities:		
Internal Capital Debt (RACS)	209	3,276
Acc Bonds / Refundable Deposits	10,655	8,781
Other	1,778	1,741
Total Current Liabilities	12,642	13,798
Non Current-Liabilities:		
Acc Bonds / Refundable Deposits	25,827	22,989
Other	2,327	2,146
Total Non-Current Liabilities	28,154	25,135
Total Liabilities	40,796	38,933
Capital Expenditure	1,796	1,383

There are no one-off abnormal revenue and expense items reported at other. Interest revenue from Investments is not allocated to the segments.

Note 21: Association Details

(a) The registered office of the association is:	Shepparton Retirement Villages Inc. 9 Batman Avenue, SHEPPARTON VIC 3630
(b) The principal place of business of the association is:	Shepparton Retirement Villages Inc. 9 Batman Avenue, SHEPPARTON VIC 3630
(c) Association Incorporation Number	A0024266Y
(d) Australian Business Number	94 314 031 069

Audit Report

For the year ended 30 June 2017

rsd Audit
Level 2, 10-16 Forest Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

Ph: (03) 5445 4200
admin@rsdaudit.com.au
www.rsdaudit.com.au

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
SHEPPARTON RETIREMENT VILLAGES INC.

We have audited the accompanying financial report, of Shepparton Retirement Villages Inc. (the association), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification by members of the Board on the annual statements giving a true and fair view of the financial position and performance of the Association.

Board's Responsibility for the Financial Report

The Board of the Association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Association Incorporation Reform Act 2012 (Vic)* and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the 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 financial report based on our audit. We have 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 financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

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

Opinion

In our opinion, the financial report of Shepparton Retirement Villages Inc. is in accordance with the *Associations Incorporation Reform Act 2012 (Vic)*, including:

(i) Giving a true and fair view of the Association's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
(ii) Complying with Australian Accounting Standards.

RICHMOND SINNOTT & DELAHUNTY

Kathie Teasdale
Partner

27th September 2017

Shepparton Villages

9 Batman Avenue, Shepparton 3630
Box 203, Shepparton 3632

Telephone: 03 5832 0800
Facsimile: 03 5821 3998
info@sheppvillages.com.au

Shepparton Retirement Villages Inc.
ABN 94 314 031 069
Association No. A0024266Y

www.sheppvillages.com.au