



Catholic  
Homes

*We care for life through  
active ageing*

**CATHOLIC HOMES**

# Financial Report

**2014-2015**



The Directors in office at any time during or since the end of the year:

Director	Experience	Special Responsibilities
<p>Peter Coltery CA, FCPA, F Fin, FAICD</p> <p>(resigned 30th October 2014)</p>	<p>Joined the Board in June 2004. Appointed Chairman in 2010.</p> <p>Peter has over 30 years experience as a CEO, CFO and Director of a number of both public and private companies across a range of industries. Peter has been a Director of the Royal Life Saving Society (Qld) and the Community Radio Station 4 MBS. He has extensive senior management experience at both strategic and operational levels, mergers and acquisitions and equity and debt capital markets.</p> <p>He possesses both graduate and post graduate qualifications in business, accounting, finance and education. Peter is a Fellow of the Australian Society of Certified Practising Accountants, a member of the Institute of Chartered Accountants in Australia, a Fellow of the Institute of Company Directors and a Fellow of Financial Services Institute of Australasia (FINSIA). He is also the Deputy Chairman of the Board of Thomas Carr Regional College, Tarnet.</p>	<p>Chairman to 30<sup>th</sup> October 2014</p> <p>Audit &amp; Risk Committee (to 30<sup>th</sup> October 2014)</p>
<p>Williams (Bill) Scales AO, BEd, FAICD, FIPAA</p> <p>(appointed 10<sup>th</sup> November 2014)</p>	<p>Chairman (from November 2014). Joined the Board in November 2014.</p> <p>Bill is also Chairman of Villa Maria Catholic Homes Limited.</p> <p>Bill is currently a member of the Veolia Australia and New Zealand Advisory Board, and Chair of the Australian Institute of Company Directors (AICD) National Education Advisory Committee.</p> <p>He is a former Chancellor of Swinburne University, former Secretary of the Victorian Department of Premier and Cabinet, former Chairman and CEO of the Productivity Commission, former Chairman of the Port of Melbourne Corporation and former Group Managing Director – Regulatory, Corporate and Human Relations and Chief of Staff, Telstra Corporation.</p> <p>Bill has participated in many government inquiries including Protecting Victoria's Vulnerable Children' Inquiry, Review of Funding for Schooling ('Gonski Review'), Audit of the NBN Public Policy Process, Review of Australia's Higher Education Sector ('Bradley Review').</p> <p>He is an Officer in the Order of Australia and in 2003 he was awarded the Centenary Medal for outstanding service to business and commerce.</p>	<p>Chairman from 10<sup>th</sup> November 2014</p> <p>Remuneration &amp; Nomination Committee – ex officio</p> <p>Audit &amp; Risk Committee – ex officio (from November 2014)</p> <p>Quality &amp; Compliance Committee – ex officio (from November 2014)</p> <p>Strategic Projects Committee – ex officio (from November 2014)</p>
<p>Tom Carr</p>	<p>Joined the Board in January 2010</p> <p>Tom is also a Director of Villa Maria Catholic Homes Limited.</p> <p>Tom is responsible for the human resources function for the Archdiocese of Melbourne. Prior to joining the Archdiocese, he occupied senior positions in the Victorian government, principally undertaking employment policy and workplace relations roles.</p> <p>Tom is Chair of the Tarrawarra Advisory Group, a group which supports the Cistercian monastic community at Tarrawarra and is a member of Mannix College Council, the governing body of the Catholic residential college at Monash University.</p>	<p>Strategic Projects Committee</p>

Director	Experience	Special Responsibilities
<p>Anna Clarke Masters Health Admin (MHA), BEd, RN, CCN, Cert IV TAE, GAICD</p>	<p>Joined the Board in March 2013</p> <p>Anna is also a Director of Villa Maria Catholic Homes Limited.</p> <p>Anna is currently the national Director of Human Resources, Private Hospitals Division, St Vincent's Health Australia. She has held a number of roles in private and public health including Director of HR &amp; Workforce Development, Director of Nursing, and Manager of Organisational/Service development.</p> <p>Anna has served for a number of years on the Board of the Caroline Chisholm Centre for Health Ethics and has a particular interest in the areas of workforce strategy and organisational development.</p> <p>Initially qualified as a nurse, Anna also holds post graduate qualifications in Critical Care Nursing, and Adult Education and a Masters in Health Administration.</p>	<p>Remuneration &amp; Nomination Committee</p> <p>Quality &amp; Compliance Committee</p>
<p>Brigid Clarke BSW, MSW, MAICD</p>	<p>Joined the Board in June 2010.</p> <p>Brigid is also a Director of Villa Maria Catholic Homes Limited.</p> <p>A Senior Public Servant working for the Victorian Department of Health, Brigid has over 25 years' experience in the public health sector and specific expertise in systems governance and quality and risk management. Brigid has a particular interest in stewardship and service to the Catholic community.</p> <p>Brigid trained as a social worker and holds a Masters Degree in Social Work.</p>	<p>Strategic Projects Committee (Chair from November 2014)</p>
<p>Belinda Jane Evans LLB, LLM CertGov (NFP) CertGov (Risk)</p> <p>(appointed 10<sup>th</sup> November 2014)</p>	<p>Joined the Board in November 2014.</p> <p>Belinda is also a Director of Villa Maria Catholic Homes Limited.</p> <p>Belinda is the Senior Advocate at Elder Rights Advocacy, Melbourne, and has significant experience in the aged care and disability / mental health sectors. She is a member of the Law Institute of Victoria, and the General Committee of the Institute's Elder Law Section, and is a former Board Member of Disability Justice Advocacy Inc. Belinda has been a member of Reference Groups / Steering Committees of a number of projects relating to aged care and elder abuse issues.</p>	<p>Quality &amp; Compliance Committee (from November 2014)</p>
<p>Peter Gill BE(Civil), DipT&amp;RP</p>	<p>Joined the Board in 2009.</p> <p>Peter is also a Director of Villa Maria Catholic Homes Limited.</p> <p>Holding qualifications in Civil engineering, Town Planning and Valuations, Peter is also a Licensed Real Estate Agent with over 40 years' experience as a Commercial Property Agent. He has acted for major corporations, religious orders, the Archdiocese and developers on multi-site sales and leases.</p> <p>Peter also offers specialist property consultancy services, is a member of the Victorian Chapter of the Australian Catholic University and a director of the Centre of Palliative Care Foundation. Peter has recently retired as a Committee member of Eastern Palliative Care.</p>	<p>Strategic Projects Committee</p>

Director	Experience	Special Responsibilities
<p>Peter Hogan BBus, CA</p> <p>(appointed 10<sup>th</sup> November 2014)</p>	<p>Joined the Board in November 2014.</p> <p>Peter is also a Director of Villa Maria Catholic Homes Limited.</p> <p>Peter is a Chartered Accountant and was a Partner with PricewaterhouseCoopers for 17 years before retiring from that practice in 2008. He is now a Strategy &amp; Development executive with Incitec Pivot Limited, a public company listed on the ASX and is a non-executive director of ASX listed company, Carbon Energy Limited, Fabchem China Limited, a public company listed on the SGX, Edmund Rice Foundation (Australia) Ltd, a not for profit company, and is Chair of the Board of St. Bernard's College, Essendon.</p>	<p>Chair Remuneration &amp; Nomination Committee (from November 2014)</p> <p>Audit &amp; Risk Committee (from November 2014)</p>
<p>Richard Nelson Worsley Gray AM Man. Cert.</p> <p>(appointed 10<sup>th</sup> November 2014)</p>	<p>Joined the Board in November 2014.</p> <p>Richard is also a Director of Villa Maria Catholic Homes Limited.</p> <p>Richard has extensive experience of some 32 years in the disability and aged care sectors, and is Senior Advisor Aged Care, Catholic Health Australia. He has previously held the roles of CEO of the Spastic Society of Victoria, the National Executive Director of Aged Care Australia (now ACSA), and Board Director of ACROD Ltd (now NDS), Villaggio Sant' Antonio Ltd and the Aged Care Standards and Accreditation Agency Ltd.</p>	<p>Quality &amp; Compliance Committee (from November 2014)</p>
<p>Terry Janes Comm, FCPA, FAICD</p>	<p>Joined the Board in April 2013.</p> <p>Terry is also a Director of Villa Maria Catholic Homes Limited.</p> <p>A former Chief Financial Officer and Executive Director of leading staffing services company Skilled Group Limited, Terry held these roles from 1998-2012. He has had over 20 years' experience in a range of senior finance roles, including Senior Divisional Finance Officer for major operating divisions in the minerals and steel businesses of BHP.</p> <p>Terry holds a Bachelor of Commerce from the University of Melbourne, is a graduate of the AICD and a Fellow of the Australian Society of CPA's. He is also a graduate of the Wharton Advanced Management Program 2008.</p>	<p>Chair, Audit &amp; Risk Committee</p>
<p>Michael Marius Meere MBS(HRM), MEI, GradDipIE, DipPM, DipFLM, Cert BS(Law) Cert IV TAE</p> <p>(appointed 10<sup>th</sup> November 2014)</p>	<p>Joined the Board in November 2014.</p> <p>Michael is also a Director of Villa Maria Catholic Homes Limited.</p> <p>Michael has 40 years' experience in management positions and consultancy roles in both private and not-for-profit organisations. He has been a CEO of a National Industry Association and was a Director of Yooralla. He is a Life Member of the Preshil: The Margaret Lytle Memorial School Association. He is currently a Lecturer at and Director of The College of Adult Learning.</p>	<p>Strategic Projects Committee (from November 2014)</p>

Director	Experience	Special Responsibilities
<p>Dr Rosemary Saxon BEd, GradDiplInnov, MEI, PhD, GAICD</p> <p>(appointed 10<sup>th</sup> November 2014)</p>	<p>Joined the Board in November 2014.</p> <p>Rosemary is also a Director of Villa Maria Catholic Homes Limited.</p> <p>Rosemary has 32 years experience in the health and community services industry, including 10 years with the Victoria State Government and 22 years in management consulting.</p> <p>Rosemary has worked with many organisations at Board, senior management and operational levels and has extensive experience in the research, planning, management, strategy development, review and evaluation of aged care, disability, health and human services.</p>	<p>Audit &amp; Risk Committee (from November 2014)</p>
<p>Michael Tehan BA, LLB, GAICD, FIPAA(Vic)</p>	<p>Joined the Board in August 2010.</p> <p>Michael is also a Director of Villa Maria Catholic Homes Limited.</p> <p>Michael is a solicitor and mediator. He was a partner for more than 20 years of the international law firm, Minter Ellison, where he practised in industrial and employment law, discrimination and administrative law, leading a team of more than 20 lawyers.</p> <p>Michael has Arts and Law degrees from the University of Melbourne and the Company Directors Diploma from the Australian Institute of Company Directors.</p>	<p>Chair, Quality &amp; Compliance Committee</p> <p>Remuneration &amp; Nomination Committee</p>
<p>Elizabeth Burns</p> <p>(resigned 30th October 2014)</p>	<p>Joined the Board in January 2013</p> <p>Spending 30 years working in Education, Elizabeth has mostly worked in the Catholic sector; particularly her 13 year tenure as deputy Principal, Director of Studies at Loreto Mandeville Hall, Toorak. Elizabeth was a founding Member of the Board of Sacred Heart Mission St Kilda, a position she held for eight years.</p> <p>The aged care hostel was established during her time on the Board. Elizabeth was appointed to the position of Deputy Principal, Dean of Students at St Mary's College, University of Melbourne.</p>	<p>Strategic Projects Committee</p>
<p>Ian Dungey</p> <p>(resigned 30th October 2014)</p>	<p>Joined the Board in November 2006</p> <p>Ian is a self-employed Property Advisor and Licensed Real Estate Agent with accounting and valuation qualifications. He has worked in the property industry for 27 years and has key expertise in the areas of acquisitions and disposals, site selection and asset management.</p> <p>Ian has advised a broad range of corporate, institutional, private and Government clients.</p>	<p>Strategic Projects Committee</p>
<p>Scott Samson</p> <p>(resigned 30<sup>th</sup> October 2014)</p>	<p>Joined the Board in January 2013.</p> <p>Scott has legal qualifications and currently works as an advisor to a Victorian State Government Minister. He has previously worked as Freelance Government Relations and Communications Consultant and as a Consultant to the Environment Protection Authority and a Metropolitan Cemeteries Trust.</p> <p>Scott is a former Board Member and Public Officer of the order of Malta Hospice Homecare Inc.</p>	<p>Audit &amp; Risk Committee</p>

Director	Experience	Special Responsibilities
<p>Robert Norman Livy CA, GDipAccounting, DipBusStudies(Accounting)  (resigned 21st April 2015)</p>	<p>Joined the Board in November 2014.</p> <p>Robert was also a Director of Villa Maria Catholic Homes Limited and resigned on the 21<sup>st</sup> April 2015.</p> <p>Robert is a Chartered Accountant with 30 years' experience in the health and aged care industry. During that time he has worked as an advisor to Providers in those markets. He also holds positions on Advisory Boards for other aged care Providers.</p>	<p>Audit &amp; Risk Committee (from November 2014)</p>

---

## Directors' Report

### The Directors

The names of the Directors in office throughout the year and at the date of this report are:

Mr Bill Scales, AO (appointed: 10 November 2014)	Mr Michael Tehan
Mr Peter Collery (resigned: 30 October 2014)	Mr Scott Samson (resigned: 30 October 2014)
Mr Tom Carr	Ms Elizabeth Burns (resigned: 30 October 2014)
Ms Brigid Clarke	Mr Terry Janes
Mr Ian Dungey (resigned: 30 October 2014)	Ms Anna Clarke
Mr Peter Gill	Ms Belinda Evans (appointed: 10 November 2014)
Mr Robert Livy (appointed: 10 November 2014; resigned: 21 April 2015)	Dr Rosemary Saxon (appointed: 10 November 2014)
Mr Richard Gray, AM (appointed: 10 November 2014)	Mr Michael Meere (appointed: 10 November 2014)
	Mr Peter Hogan (appointed: 10 November 2014)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. Information concerning the Directors and their respective qualifications, experience, special responsibilities and declared interests in contracts with Catholic Homes for the Elderly are detailed in this report.

### Principal Activities of Catholic Homes for the Elderly

The Principal Activities of the Association during the year were the provision of residential aged care, community care services, respite care, retirement living and low cost housing options for the elderly.

There was no change in the nature of the principal activities during the financial year.

### Financial Results

The Net Operating Surplus for the financial year ending 30 June 2015 was \$4,779,000 (2014 \$4,005,000). No income tax is applicable.

The Net Surplus for the financial year ended 30 June 2015 was \$25,924,000 (2014 \$7,986,000) which included a net gain on investment properties of \$14,925,000 and a reversal of the impairment of bed licences of \$6,220,000.

### Review of Operations

Significant features of the year's operations have been:

- Recognition of an increase in the fair value of retirement villages as investment properties of \$18,943,000 (2014 \$6,312,000) and an increase in liability for leasehold premiums of \$4,018,000 (2014 \$2,331,000)
- Reversal of previously recognised impairment of bed licences of \$6,220,000 (2014 Nil)
- Government grants for the year totalled \$34,420,000 (2014 \$33,897,000)
- Resident fees totalled \$18,581,000 (2014 \$17,145,000)
- Donation income totalled \$274,000 (2014 \$265,000)
- Total operating expenditure totalled \$53,756,000 (2014 \$52,045,000)
- Increased valuation of land and buildings \$44,818,000 reflected through an increase in asset revaluation reserve (2014 Nil).

### Events Subsequent to Balance Date

In accordance with notice provided during the year, on 1<sup>st</sup> July 2015 Catholic Homes for the Elderly merged with Villa Maria Society. Upon merger, the assets and liabilities of Catholic Homes for the elderly transferred to Villa Maria Society, which also changed its name to Villa Maria Catholic Homes.

### Likely Developments

Likely developments in the operations of the Association and the expected results of these operations in future financial years have not been included in the report, as the inclusion of such information is likely to result in an unreasonable prejudice to the Association.

### Environmental Issues

Catholic Homes for the Elderly has assessed whether there are any particular or significant environmental regulations which apply. It has determined that the risk of non-compliance is low and has not identified any compliance breaches during the period.

### Directors' Benefits

No director of the Association has, since the end of the previous financial year, received or become entitled to receive a benefit by reason of a contract made by the Association or related corporation with a director or with a firm of which they are a member or with a company in which they have a substantial financial interest.

### Meetings of Directors

Details of attendance by Directors of the Association at meetings of boards and committees (of which they were members) held during the financial year are shown in the table below.

Director	Board Meetings		Strategic Projects Committee		Audit & Risk Committee		Quality & Compliance Committee		Remuneration & Nomination Committee	
	A	B	A	B	A	B	A	B	A	B
Peter Gill	12	12	7	7	-	-	-	-	-	-
Anna Clarke	12	12	-	-	-	-	3	3	1	1
Brigid Clarke	12	12	7	7	-	-	-	-	-	-
Terry Janes	11	12	-	-	8	8	-	-	-	-
Tom Carr	9	12	6	7	-	-	-	-	-	-
Michael Tehan	10	12			-	-	3	3	1	1
Ian Dungey <sup>1</sup>	4	5	1	2	-	-				
Elizabeth Burns <sup>1</sup>	5	5	2	2	-	-				
Peter Colliery <sup>1</sup>	5	5	-	-	4	4				
Scott Samson <sup>1</sup>	4	5	-	-	1	4				
Robert Livy <sup>2,3</sup>	5	5	-	-	1	2	-	-	-	-
Belinda Evans <sup>3</sup>	6	7	-	-	-	-	2	3	-	-
Richard Gray, AM <sup>3</sup>	7	7	-	-	-	-	2	3	-	-
Ro Saxon <sup>3</sup>	7	7	-	-	4	4	-	-	-	-
Peter Hogan <sup>3</sup>	6	7	-	-	3	4	-	-	1	1
Michael Meere <sup>3</sup>	6	7	5	5	-	-	-	-	-	-
Bill Scales, AO <sup>3</sup>	7	7	4	5	4	4	1	3	1	1

1 Retired October 2014

2 Retired April 2015

3 Appointed November 2014

A – Number of Meetings attended

B – Reflects the number of meetings held during the time the Director was a member of the board/committee.

Directors also attended other meetings, activities, and functions undertaken by the Association.



### **Indemnity and Insurance of Directors and Auditors**

During the financial year, the Association met all the costs of insuring all Directors against liabilities for potential costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of a Director of the Association.

During the financial year, the Association has not paid a premium to insure the auditors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of auditors of the Association.


### **Rounding of Amounts**

The Association has applied the relief available to it in ASIC Class Order 98/100 and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

### **Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under the Australian Charities and Not-For-Profit Commissions Act 2012 is set out in this report.

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

  
W Scales, Chairman

  
T Janes, Director

Melbourne, 12 October 2015

Catholic Homes for the Elderly ABN 37 972 629 513

The Rialto, Level 30  
525 Collins St  
Melbourne Victoria 3000

Correspondence to:  
GPO Box 4736  
Melbourne Victoria 3001

T +61 3 8320 2222  
F +61 3 8320 2200  
E [info.vic@au.gt.com](mailto:info.vic@au.gt.com)  
W [www.granthornton.com.au](http://www.granthornton.com.au)

**Auditor's Independence Declaration  
To the Committee of Catholic Homes for the Elderly Inc**

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 Catholic Homes for the Elderly Inc for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Sandra Lawson  
Partner - Audit & Assurance

Melbourne, 12 October 2015

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

**CATHOLIC HOMES FOR THE ELDERLY INC**  
**STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED**  
**30 JUNE 2015**

	Note	<u>2015</u> <u>\$000</u>	<u>2014</u> <u>\$000</u>
Revenue and other income	2	58,553	55,656
Employee benefits expenses		(34,578)	(33,305)
Service delivery expenses		(2,597)	(2,689)
Depreciation, impairment and amortisation expenses		(5,049)	(4,303)
Repairs, maintenance and property expenses		(3,017)	(3,048)
General and administrative expenses		(6,973)	(7,084)
Finance costs	1(m)	(336)	(353)
Utilities expenses		(1,206)	(1,263)
Net gain/(loss) in amortised cost measurement of Common Equity		(46)	342
Gain/(Loss) on disposal of property, plant and equipment		28	52
<b>NET OPERATING SURPLUS FOR THE YEAR</b>		<u>4,779</u>	<u>4,005</u>
Gain on fair value of investment properties	7	18,943	6,312
Fair value of leasehold premiums		(4,018)	(2,331)
Reversal of impairment of bed licences		6,220	-
<b>NET SURPLUS</b>		<u>25,924</u>	<u>7,986</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Fair value revaluation of land and buildings		44,818	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Fair value on available for sale financial assets		70	515
<b>OTHER COMPREHENSIVE INCOME</b>		<u>44,888</u>	<u>515</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>70,812</u>	<u>8,501</u>

The accompanying notes form part of these financial statements.

**CATHOLIC HOMES FOR THE ELDERLY INC**  
**STATEMENT OF FINANCIAL POSITION**  
AS AT 30 JUNE 2015

	Note	<u>2015</u>	<u>2014</u>
		<u>\$000</u>	<u>\$000</u>
<b>CURRENT ASSETS</b>			
Cash Assets		1,890	5,440
Receivables	3	6,220	11,243
Other Financial Assets	4	28,278	28,550
<b>TOTAL CURRENT ASSETS</b>		<u>36,388</u>	<u>45,233</u>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	5	166,166	133,754
Investment Properties	7	151,437	95,240
Other Financial Assets	4	12,616	13,866
Intangibles	6	18,660	12,440
<b>TOTAL NON-CURRENT ASSETS</b>		<u>348,879</u>	<u>255,300</u>
<b>TOTAL ASSETS</b>		<u>385,267</u>	<u>300,533</u>
<b>CURRENT LIABILITIES</b>			
Trade and Sundry Creditors	8	5,801	5,243
Accommodation Bonds and Deposits	8, 1(s)	62,640	63,997
Leasehold Premiums	8, 1(s)	100,689	86,559
Provisions	9	5,028	4,517
Other	10	161	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>174,319</u>	<u>160,316</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	9	600	727
Non Interest-Bearing Loans	11	964	918
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>1,564</u>	<u>1,645</u>
<b>TOTAL LIABILITIES</b>		<u>175,883</u>	<u>161,961</u>
<b>NET ASSETS</b>		<u>209,384</u>	<u>138,572</u>
<b>MEMBERS' FUNDS</b>			
Retained Earnings		95,608	69,684
Reserves	12	113,776	68,888
<b>TOTAL MEMBERS' FUNDS</b>		<u>209,384</u>	<u>138,572</u>

The accompanying notes form part of these financial statements.

**CATHOLIC HOMES FOR THE ELDERLY INC**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED**  
**30 JUNE 2015**

	Retained Earnings	Property Valuation Reserve	Government Contribution Reserve	Fair Value Reserve	Amalgamation Reserve	Total
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Balance at 30 June 2013</b>	61,534	58,459	395	965	8,718	130,071
Profit for the year	7,986	-	-	-	-	7,986
Changes in fair value of AFS investments	-	-	-	515	-	515
Total comprehensive income	7,986	-	-	515	-	8,501
Transfers between reserves	164	-	(164)	-	-	-
<b>Balance at 30 June 2014</b>	69,684	58,459	231	1,480	8,718	138,572
Profit for the year	25,924	-	-	-	-	25,924
Net revaluation increment - Property, Plant & Equipment	-	44,818	-	-	-	44,818
Changes in fair value of AFS investments	-	-	-	70	-	70
Total comprehensive income	25,924	44,818	-	70	-	70,812
Transfers between reserves	-	-	-	-	-	-
<b>Balance at 30 June 2015</b>	95,608	103,277	231	1,550	8,718	209,384

The accompanying notes form part of these financial statements.

**CATHOLIC HOMES FOR THE ELDERLY INC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED**  
**30 June 2015**

	Note	<u>2015</u> <u>\$000</u>	<u>2014</u> <u>\$000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from service users		15,522	18,678
Government grants received		34,420	33,897
Proceeds from fundraising and public relations		274	265
Investment income		2,576	2,399
Interest paid		(324)	(393)
Payments to suppliers and employees		(46,657)	(49,400)
Net cash provided by operating activities		<u>5,811</u>	<u>5,446</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of investments		-	(16,050)
Proceeds from disposal of investments		1,772	9,000
Net cash outflow on acquisition of business	19	-	(1,277)
Purchases of property, plant and equipment		(29,936)	(17,611)
Capital expenditure on investment properties		(141)	-
Proceeds from sale of property, plant and equipment		204	96
Net cash used in investing activities		<u>(28,101)</u>	<u>(25,842)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from residents' accommodation bonds deposits and ingoing contributions		39,458	35,583
Repayment of residents' accommodation bonds deposits and ingoing contributions		(20,718)	(15,529)
Net cash provided by financing activities		<u>18,740</u>	<u>20,054</u>
NET (DECREASE)/INCREASE IN CASH HELD		<u>(3,550)</u>	<u>(342)</u>
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		<u>5,440</u>	<u>5,782</u>
CASH AT THE END OF THE FINANCIAL YEAR		<u>1,890</u>	<u>5,440</u>

The accompanying notes form part of these financial statements.

**CATHOLIC HOMES FOR THE ELDERLY INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2015**

**NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not-for-profit Commissions Act 2012. The financial statements are for the company Catholic Homes For The Elderly Inc ('Catholic Homes') as an individual company.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets, land and buildings and investment property at fair value.

Catholic Homes is an Association incorporated in Victoria under the Associations Incorporation Reform Act (Vic) 2012 and domiciled in Australia.

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

**New Accounting Standards and Interpretations**

The accounting policies adopted are consistent with those of the previous financial year.

The adoption of new Standards or Interpretations have been deemed not to have an impact on the financial statements or performance of Catholic Homes.

**Accounting Estimates and Assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates, and bases its judgements and estimates on historical experience and other factors it believes to be reasonable. Actual results may differ from these estimates under different assumptions and circumstances.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates and may materially affect financial results or the financial position of future periods.

**Significant Accounting Judgements**

***Impairment of available for sale assets***

Catholic Homes holds a number of *available for sale* financial assets and follows the requirements of AASB 139 Financial Instruments: Recognition and Measurement in determining when an *available for sale* asset is impaired. For the year ended 30 June 2015 Catholic Homes has determined that no investments were impaired.

**Significant Accounting Estimates and Assumptions**

***Deferred Revenue***

Catholic Homes is the recipient of various government grants where the vesting of these grants is dependent on the performance of various milestones and/or goals. Where objective evidence exists that these milestones and/or goals have not or will not be met, the directors have deferred the recognition of these grants as revenue until further objective evidence is available.

***Valuation of investments***

The valuation of listed and unlisted investments is reliant on receiving advice from Fund Managers and Investment Managers. In all instances this information was received for the year ended 30 June 2015.

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

The estimation of the useful lives of assets has been based on historical experience. The condition of the assets is assessed at least once a year and considered against the remaining useful life. Adjustments to useful lives are made when necessary.

CATHOLIC HOMES FOR THE ELDERLY INC  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED  
30 JUNE 2015

**NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

**(a) Income Tax**

Catholic Homes is exempt from income tax under section 50-5 of the Income Tax Assessment Act (1997).

**(b) Revenue**

Government grants received are recognised when Catholic Homes has control of the grant. Grants of assets, including bed licences, are measured at the fair value of the assets received. When grants include terms that specified services are delivered or conditions are fulfilled and failure to meet these terms could result in the grants needing to be returned, these are recognised as unearned income until the services are performed or conditions fulfilled.

Investment income comprises dividends and interest and is recognised in the financial year in which it is earned.

Revenue from the rendering of a service is recognised in the financial year in which the service to the client is delivered.

Fundraising revenue comprises donations, appeal contributions, bequests, trust distributions, membership subscriptions and proceeds from special projects and functions and is recognised in the year in which it is received.

Deferred Management Fees ("DMF") - A typical DMF contract provides for an annual retainer for a fixed period (e.g. 3% per annum of purchase or resale price for a period up to 10 years, or 30% in total) plus a share of the capital gain realised on turnover. DMF income is recognised on an annual accrual basis based upon the expected term of the resident's licence agreement and estimates of capital growth since the resident first occupied the unit.

**(c) Cash and Cash Equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(d) Trade and Other Receivables**

All receivables are categorised as 'Loans and Receivables' under the requirements of AASB 139: *Financial Instruments – Recognition and Measurement* and are recognised initially at fair value, and subsequently at amortised cost. All trade and other receivables are current.

An allowance for doubtful debts is based on a review of outstanding balances at reporting date, and is accounted for in a separate account. Indicators of impairment include where there is objective evidence of significant financial difficulties, debtor bankruptcy, financial reorganisation or default in payment (more than 60 days overdue). Bad debts which have previously been provided for are eliminated against the allowance for doubtful debts. In all other cases bad debts have been written off as an expense directly in the profit or loss.

The carrying value less impairment provision of trade receivables are assumed to approximate their fair values due to their short-term nature.



CATHOLIC HOMES FOR THE ELDERLY INC  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED  
30 JUNE 2015

**NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

**(e) Investments and other financial assets**

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either loans and receivables, *held to maturity* investments, or *available for sale* financial assets. The classification depends on the purpose for which the investments were acquired or originated.

*Recognition and derecognition*

All regular way purchases and sales of financial assets are recognised on the trade date. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the rights to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risk and rewards of the financial assets. If the entity neither retains nor transfers substantially all the risks and rewards, it derecognises the asset if it has transferred control of the asset.

*Subsequent measurement*

*Available for sale* investments are those non-derivative financial assets, principal equity securities, that are designated as available for sale. After initial recognition *available for sale* securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit and loss.

Investments in listed securities, equities and other investments are classified as *available for sale*, and the movements in the fair value are recognised as a separate component of equity at each balance sheet date, with the exception of where a fair value cannot be reliably measured, in which case the investment is carried at cost. The investments carried at fair value are remeasured at each reporting date and any gains or losses are recognised in equity.

Investment in unlisted equities and managed funds are measured at fair value, being the unit price as advised by the relevant Fund Manager.

Financial assets include units in managed funds, listed shares and bank bills.

**(f) Accommodation Bonds, Refundable Deposits and Leasehold Premiums**

*Accommodation bonds and Refundable deposits*

Accommodation bonds and refundable deposits are non-interest bearing deposits made by an aged care facility resident to Catholic Homes upon their admission to care accommodation. The liability for accommodation bonds and deposits is carried at the amount that would be payable on exit of the resident. This is the amount received on entry of the resident less deductions for fees and retentions pursuant to the *Aged Care Act 1997*. Accommodation bonds and deposits are classified as current liabilities as Catholic Homes does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The obligation to settle could occur at any time.

*Leasehold Premiums*

Leasehold premiums are non-interest bearing entry contributions made by a resident upon lease of an independent living unit. The leasehold premium is carried at the amount that would be payable on exit of the resident. This is the amount equal to the market price of the unit at reporting date less deductions for deferred management fees and other fees pursuant to the lease agreement. Leasehold premiums are classified as current liabilities as Catholic Homes does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The obligation to settle could occur at any time.

CATHOLIC HOMES FOR THE ELDERLY INC  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED  
30 JUNE 2015

**NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

**(f) Accommodation Bonds, Deposits and Leasehold Premiums (continued)**

*Repayment expectations*

It is not expected that the accommodation bonds, deposits and leasehold premiums balance will reduce significantly on an annual basis as the liabilities relating to residents who depart the facility or units are generally supplanted by accommodation bonds deposits or leasehold premiums received from new residents. The accommodation bonds deposits and leasehold premiums are therefore considered to form part of the long term funding of the facility.

**(g) Trade and Sundry Creditors**

Trade and sundry creditors, including accruals, are recorded initially at fair value, and subsequently at amortised cost. Trade and sundry creditors are non-interest bearing and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to Catholic Homes prior to the end of the financial year that are unpaid and arise when Catholic Homes becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**(h) Property, plant and equipment**

Freehold land and building are measured on the fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Independent valuations are performed regularly to ensure that the carrying amounts of land and building does not differ materially from the fair value at balance sheet date.

The 2015 revaluations were made by the directors at 30 June 2015 using information from independent valuations carried out at 30 June 2015 by M3 Property. Valuations are based on the fair market value of the properties concerned in their highest and best use. Consideration of highest and best use in the current period has led to varying determinations of what is a properties highest and best use. These judgements have contributed to significant increases in value.

Land on which Catholic Homes' facilities are built is either held for Catholic Homes under a deed of trust with the Roman Catholic Trust Corporation on long term leases or owned by Catholic Homes.

Plant and equipment are measured on the historical cost basis less accumulated depreciation and any accumulated impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of plant and equipment constructed within Catholic Homes includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

*Revaluations of land and buildings*

Any revaluation surplus arising upon revaluation of land and buildings is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

CATHOLIC HOMES FOR THE ELDERLY INC  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED  
30 JUNE 2015

**NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

**(h) Property, plant and equipment (continued)**

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

*Derecognition*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

**Depreciation**

The depreciable amount of all property, plant and equipment including buildings, but excluding freehold land, is depreciated on a straight line basis over their estimated useful lives to Catholic Homes commencing from the time the asset is held ready for use.

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

<i>Class of fixed asset</i>	<i>Depreciation rate</i>
Buildings	2.5%
Leasehold improvements	4.0%
Furniture and Fittings	13.5% to 30.0%
Office equipment	18.0% to 30.0%
Motor vehicles	22.5%

**(i) Investment Property**

Investment properties, principally comprising independent living units, are held for long term rental yields and are not occupied by the entity. Investment properties are carried at fair value, which is based on the aggregate of the current unit prices and the proprietor's interest in the future deferred management fees. Changes in fair values are recorded in the profit or loss.

**(j) Intangible Assets**

Bed licences (allocated places) are initially capitalised as intangible assets at cost, or deemed cost which is its fair value at the date of acquisition.

In accordance with the requirements of AASB 136 *Impairment of Assets*, the recoverable amount is assessed each year to ensure there are no reasonable grounds to believe impairment conditions exist at the reporting date for bed licences requiring a write down to the profit or loss.

Bed licences are considered to have an indefinite useful life, as long as Catholic Homes continues to comply with the terms and conditions imposed by Government. Accordingly, bed licences are not subject to amortisation.

CATHOLIC HOMES FOR THE ELDERLY INC  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED  
30 JUNE 2015

**NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

**(k) Impairment of Assets**

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

At each reporting date, carrying values of tangible and other intangible assets are reviewed to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of an intangible asset's carrying value over its recoverable amount is expensed to the profit or loss.

**(l) Employee Benefits**

Provision is made for Catholic Homes' liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled and on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Catholic Homes contributes to complying superannuation funds at the required rate of the employees' wages and salaries. Superannuation contributions are recognised as an expense when incurred.

**(m) Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid in 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 there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

*Borrowings costs*

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Total borrowings costs capitalised for the year were Nil (2014: Nil).

**(n) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the statement of comprehensive income over the lease term.

**(o) Rounding of amounts**

Catholic Homes has applied the relief available to it under *ASIC Class Order 98/100* and accordingly, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars.

CATHOLIC HOMES FOR THE ELDERLY INC  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED  
30 JUNE 2015

**NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

**(p) 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

**(q) Government Capital Grants**

Government Capital Grants received are brought to account as income in the profit or loss and transferred to "General Funds: Government Contribution Reserve".

**(r) Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition date fair values of assets transferred by the business, liabilities incurred by the business to the former owners of the acquiree and the equity instruments issued by the business in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that for assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Noncurrent Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the total consideration transferred over the net fair value of the identifiable assets acquired and the liabilities assumed at acquisition date. If the net fair value of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where the consideration transferred in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its fair value at acquisition date. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. Changes in the fair value of the contingent consideration after the measurement period are accounted for through the profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the business reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

**(s) Working Capital Considerations**

The statement of financial position for Catholic Homes reports a decline in working capital from the prior year. This difference between current assets and current liabilities occurs as a result of accommodation bonds refundable deposits and ingoing contributions being treated as current liabilities.

Accommodation bonds refundable, deposits and ingoing contributions totalling \$163.33m (2014: \$150.56m) are recognised as current liabilities as the contractual obligations require these bonds, deposits and contributions to be payable at call. Despite this classification, it is the Directors' opinion that it is highly unlikely that all bonds, deposits and contributions will be required to be refunded in the coming 12 months. This opinion has been reached following a review of the age profile of residents and the historical levels of refunds paid.

CATHOLIC HOMES FOR THE ELDERLY INC  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED

30 JUNE 2015

	2015 \$000	2014 \$000
<b>NOTE 2 REVENUE</b>		
Australian Government grants received	34,420	33,897
Donations	274	265
Fees and income for rendering of services	10,905	10,993
Unit maintenance levies	2,625	2,328
Retentions / deferred management fees	5,051	3,824
Interest income earned on cash balances	2,814	1,928
Capital grants	938	993
Other	1,526	1,428
Total revenue from operating activities	58,553	55,656
<b>TOTAL REVENUE AND OTHER INCOME</b>	<b>58,553</b>	<b>55,656</b>

**NOTE 3 RECEIVABLES**

**CURRENT**

Trade debtors	895	628
Accommodation bond and deposits receivable	3,434	8,760
Other Receivables	1,699	1,392
Less: Provision for impairment of receivables	(47)	(3)
	5,981	10,777
Prepayments	239	466
<b>TOTAL RECEIVABLES</b>	<b>6,220</b>	<b>11,243</b>

The movement in the allowance for impairment of trade receivables during the year is as follows:

Balance at the beginning of the year	3	17
Impairment provision recognised during the year	44	-
Bad debts written off	-	(14)
Balance at the end of the year	47	3

**NOTE 4 OTHER FINANCIAL ASSETS**

**CURRENT**

*Held to maturity investments at cost*

Term deposits	26,778	28,550
<i>Available for sale at fair value</i>		
Secured notes	1,500	-
<b>TOTAL CURRENT</b>	<b>28,278</b>	<b>28,550</b>

**NON CURRENT**

*Available for sale at fair value*

Other investments	6,066	5,816
Secured notes	5,550	5,550
<i>Held to maturity investments at cost</i>		
Secured notes	1,000	2,500
<b>TOTAL NON CURRENT</b>	<b>12,616</b>	<b>13,866</b>

**TOTAL OTHER FINANCIAL ASSETS**

	<b>40,894</b>	<b>42,416</b>
--	---------------	---------------

Prior period error in classification: comparative data has been reclassified to correctly disclose investment classification.

CATHOLIC HOMES FOR THE ELDERLY INC  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED  
 30 JUNE 2015

NOTE 5      PROPERTY, PLANT AND EQUIPMENT	2015	2014
LAND AND BUILDINGS	<u>\$000</u>	<u>\$000</u>
Freehold Land and Buildings		
Fair value	<u>130,680</u>	<u>95,431</u>
	<u>130,680</u>	<u>95,431</u>
LEASEHOLD IMPROVEMENTS		
At cost	34,372	34,148
Less accumulated depreciation	<u>(13,512)</u>	<u>(11,813)</u>
Total leasehold improvements	<u>20,860</u>	<u>22,335</u>
<b>TOTAL LAND, BUILDINGS AND LEASEHOLD IMPROVEMENTS</b>	<u><b>151,540</b></u>	<u><b>117,766</b></u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	13,642	12,843
Less accumulated depreciation	<u>(9,496)</u>	<u>(7,983)</u>
Total plant and equipment	<u>4,146</u>	<u>4,860</u>
WORK IN PROGRESS	<u>10,480</u>	<u>11,128</u>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<u><b>166,166</b></u>	<u><b>133,754</b></u>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>		
Total Property, plant and equipment	189,174	153,550
Less accumulated depreciation	<u>(23,008)</u>	<u>(19,796)</u>
	<u><b>166,166</b></u>	<u><b>133,754</b></u>
<b>(a) Reconciliation of carrying amounts at the beginning and end of the period</b>		
Freehold Land and Buildings		
Carrying amount at beginning of year	95,431	96,565
Additions	296	320
Revaluations	44,818	-
Reclassified during the year *	(10,125)	(510)
Transfers from Work In Progress	1,219	-
Adjustments to assets during the year	(4)	-
Depreciation expense	(955)	(944)
Carrying amount at end of year	<u>130,680</u>	<u>95,431</u>
Leasehold Improvements		
Carrying amount at beginning of year	22,335	18,040
Additions	224	451
Reclassified during the year *	-	4,739
Transfers to PPE	-	698
Adjustments to assets during the year	-	5
Depreciation expense	(1,699)	(1,598)
Carrying amount at end of year	<u>20,860</u>	<u>22,335</u>
Plant and equipment		
Carrying amount at beginning of year	4,860	4,885
Additions	1,208	1,498
Disposals	(176)	(46)
Reclassified during the year *	-	(202)
Transfers to PPE	-	488
Adjustments to assets during the year	-	(1)
Depreciation expense	(1,746)	(1,762)
Carrying amount at end of year	<u>4,146</u>	<u>4,860</u>

\* Certain reclassifications were made during the year between property plant and equipment and investment properties.

**CATHOLIC HOMES FOR THE ELDERLY INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED  
**30 JUNE 2015**

<b>NOTE 5</b>	<b>PROPERTY, PLANT AND EQUIPMENT CONTINUED</b>	<b>2015</b>	<b>2014</b>
		<b>\$000</b>	<b>\$000</b>
<b>(a) Reconciliation of carrying amounts at the beginning and end of the period (continued)</b>			
Work In Progress			
	Carrying amount at beginning of year	11,128	4,417
	Additions	28,208	15,342
	Transfers to Investment Property	(26,988)	-
	Transfers to PPE	-	(1,186)
	Projects in progress - transfer	(1,219)	(7,445)
	Impairment	(649)	-
	Carrying amount at end of year	<u>10,480</u>	<u>11,128</u>
		<u>166,166</u>	<u>133,754</u>

**(b) Revaluation of freehold land and freehold buildings**

Catholic Homes engages M3 Property, an accredited independent valuer, that uses the International Valuation Standards Committee, International Valuation Standards as a reference, to determine the fair value of its freehold land and buildings. Fair value is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Consideration of highest and best use in the current period has led to varying determinations of what is a properties highest and best use. These judgements have contributed to significant increases in value. The effective date of the revaluation was 30 June 2015.

<b>NOTE 6</b>	<b>INTANGIBLE ASSETS</b>	<b>2015</b>	<b>2014</b>
		<b>\$000</b>	<b>\$000</b>
Bed Licences (Allocated Places)			
	Carrying amount at beginning of the year	12,440	12,440
	Reversal of previous impairment	6,220	-
	Carrying amount at end of year	<u>18,660</u>	<u>12,440</u>

Bed licences have an indefinite life as long as Catholic Homes continues to comply with the terms and conditions imposed by the Government. Bed licences are tested annually for impairment.

Bed licences are recorded at purchased cost or deemed cost at the date of transition for IFRS (1 July 2005) less accumulated impairment.

On an annual basis the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the carrying amount to determine whether there is any impairment. On this basis, no impairment loss has been recognised in the current or prior year. An impairment reversal of \$6,220,000 was recognised in the current year.

Independent valuations have been obtained in the current year which indicate the fair value of licences exceed the recoverable amount.

<b>NOTE 7</b>	<b>INVESTMENT PROPERTIES</b>	<b>2015</b>	<b>2014</b>
		<b>\$000</b>	<b>\$000</b>
At fair value			
	Opening balance at 1 July	95,240	80,870
	Acquisition	141	-
	Transfers from capital works in progress	26,988	7,445
	Transfer from land	10,125	-
	Acquisition of St Joseph's Village	-	4,640
	Land reclassified during the year to freehold land and buildings	-	(4,027)
	Net gain on property revaluation	<u>18,943</u>	<u>6,312</u>
		<u>151,437</u>	<u>95,240</u>



**CATHOLIC HOMES FOR THE ELDERLY INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED  
 30 JUNE 2015

**NOTE 7 INVESTMENT PROPERTIES CONTINUED**

**(a) Valuation basis**

Catholic Homes engages M3 Property to provide independent valuations for its investment properties annually. At the end of each reporting period, the directors update their assessment of the fair value of the property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates. The fair value gain on investment property is representative of increases in market values of units in addition to the proprietor's interest in the deferred management fee and development profit recognised in relation to investment properties completed in the period and under construction. Refer Note 1(i) for further details on the determination of fair value.

**NOTE 8 PAYABLES**

	<u>2015</u>	<u>2014</u>
	<u>\$000</u>	<u>\$000</u>
<b>CURRENT</b>		
Trade and sundry creditors	3,105	2,168
Accrued expenses	<u>2,696</u>	<u>3,075</u>
	5,801	5,243
Leasehold premiums	1(f) 100,689	86,559
Accommodation bonds and Deposits	1(f) 62,640	63,997
<b>TOTAL PAYABLES</b>	<u>169,130</u>	<u>155,799</u>

**NOTE 9 PROVISIONS**

<b>CURRENT</b>		
Employee Entitlements	<u>5,028</u>	<u>4,517</u>
	5,028	4,517
<b>NON CURRENT</b>		
Employee Entitlements	<u>600</u>	<u>727</u>
Aggregate employee benefits liability	<u>5,628</u>	<u>5,244</u>
<b>Movements in Current Employee entitlements</b>		
Carrying amount at beginning of year	4,517	3,743
Increase/(Decrease) in provision	3,041	2,912
Payments to staff	<u>(2,530)</u>	<u>(2,138)</u>
Carrying amount at end of year	<u>5,028</u>	<u>4,517</u>
<b>Movements in Non-Current Employee entitlements</b>		
Carrying amount at beginning of year	727	763
Increase/(Decrease) in provision	<u>(127)</u>	<u>(36)</u>
Carrying amount at end of year	<u>600</u>	<u>727</u>

**NOTE 10 OTHER LIABILITIES**

<b>CURRENT</b>		
Income received in advance and unearned income	<u>161</u>	<u>-</u>
	161	-

**CATHOLIC HOMES FOR THE ELDERLY INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2015**

NOTE 11	LOANS	<i>2015</i>	<i>2014</i>
		<i>\$000</i>	<i>\$000</i>
	NON CURRENT		
	Non Interest bearing Loans	964	918
	<b>TOTAL NON CURRENT</b>	<b>964</b>	<b>918</b>

The loan facility provided by Common Equity Housing Ltd is an unsecured non-interest bearing loan. The loan amount is being recognised at amortised cost. This loan facility is not required to be repaid until the end of term in August 2020.

**NOTE 12 RESERVES**

**(a) Property valuation reserve**

The property valuation reserve records the revaluation of land and buildings. Where a revalued land or building is sold that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained earnings.

**(b) Government contribution reserve**

Government Capital Grants received are brought to account as income in the Income Statement and transferred to the Reserve.

**(c) Fair value reserve**

The fair value reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset is recognised in the Income Statement.

**(d) Amalgamation Reserve**

The operations of Willowbrooke Association Inc were integrated with Catholic Homes effective 1 July 2011. The integration of this business was accounted as a transaction between entities under common control.

**NOTE 13 SUPERANNUATION COMMITMENTS**

Catholic Homes contributes to 61 complying superannuation funds, all of which are managed by external Fund Managers. Members of these funds are entitled to benefits on retirement, disability or death. Some employees contribute to the plans at various percentages of gross salaries.

**CATHOLIC HOMES FOR THE ELDERLY INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2015**

**NOTE 14      RELATED PARTIES**

**(a) The following persons were directors of Catholic Homes during the financial year.**

Mr W Scales (appointed 10 November 2014); Mr P Coltery (resigned 30 October 2014); Mr T Carr; Ms B Clarke; Mr I Dungey (resigned 30 October 2014); Mr P Gill; Mr M Tehan; Mr S Samson (resigned 30 October 2014); Ms E Burns (resigned 30 October 2014); Mr T Janes; Ms A Clarke; Ms B J Evans (appointed 10 November 2014); Mr P Hogan (appointed 10 November 2014); Mr R N W Gray AM (appointed 10 November 2014); Mr M M Meere (appointed 10 November 2014); Dr R Saxon (appointed 10 November 2014); Mr R N Livy (appointed 10 November 2014, resigned 21 April 2015).

The Constitution specifically prohibits payment to any Director of Catholic Homes other than for services rendered in the normal course of business.

There have been no Director related transactions during the year.

	<i>2015</i>	<i>2014</i>
	<i>\$000</i>	<i>\$000</i>
<b>(b ) Key management personnel compensation</b>	<u>1,788</u>	<u>1,152</u>

**CATHOLIC HOMES FOR THE ELDERLY INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2015**

**NOTE 15 SEGMENT REPORTING**

**Identification of reporting segments**

Catholic Homes has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

Catholic Homes has the following business segments:

1. Residential Aged Care Services comprises nine facilities which includes both low care, high care and respite.
2. Retirement Living Services comprises retirement villages.
3. Community Services comprises community support and respite services for the aged.
4. Business Support comprises Administration, People Services, Fundraising, Marketing and Investments. Investments & Fundraising includes revenue from term deposits, listed securities, managed funds and fundraising activities.

<i>Business Segments</i>	Residential Aged Care	Retirement Living Services	Community Services	Business Support	Total
	<i>2015</i> <i>\$000</i>	<i>2015</i> <i>\$000</i>	<i>2015</i> <i>\$000</i>	<i>2015</i> <i>\$000</i>	<i>2015</i> <i>\$000</i>
<b>REVENUE</b>					
Total Segment revenue	45,940	8,005	2,071	2,537	<u>58,553</u>
Total revenue					<u><u>58,553</u></u>
<b>RESULT</b>					
Segment result	10,845	1,036	70	13,598	<u>25,549</u>
Net Surplus					<u><u>25,549</u></u>
<b>ASSETS</b>					
Segment assets					
Unallocated assets	86,247	249,930	1,014	44,644	381,835
Total assets					<u>3,432</u> <u><u>385,267</u></u>
<b>LIABILITIES</b>					
Segment liabilities					
Unallocated liabilities	1,129	964	139	-	2,232
Total liabilities					<u>10,322</u> <u><u>12,554</u></u>
<b>OTHER</b>					
Accommodation Bonds & deposits / Entry Contributions	64,394	98,935	-	-	163,329
Unallocated assets					<u>163,329</u>
Depreciation and amortisation of segment assets	2,783	678	40	899	<u>4,400</u>
Unallocated other non-cash segment expenses/(revenues)					<u>-</u> <u><u>-</u></u>

**CATHOLIC HOMES FOR THE ELDERLY INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2015**

**NOTE 15 SEGMENT REPORTING CONTINUED**

<i>Business Segments</i>	Residential Aged Care	Retirement Living Services	Community Services	Business Support	Total
	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
<b>REVENUE</b>					
Total Segment revenue	45,689	6,375	2,160	1,432	55,656
Total revenue					<u>55,656</u>
<b>RESULT</b>					
Segment result	5,652	3,271	245	(1,182)	7,986
Net Surplus					<u>7,986</u>
<b>ASSETS</b>					
Segment assets	77,843	169,224	901	50,025	297,993
Unallocated assets					2,540
Total assets					<u>300,533</u>
<b>LIABILITIES</b>					
Segment liabilities	1,081	918	5	-	2,004
Unallocated liabilities					9,401
Total liabilities					<u>11,405</u>
<b>OTHER</b>					
Accommodation Bonds / Entry Contributions	65,788	84,768	-	-	150,556
Total acquisitions of non-current					<u>150,556</u>
Depreciation and amortisation of segment assets	2,711	670	38	884	4,303
Unallocated other non-cash segment expenses/(revenues)					<u>-</u>

The 2014 segment data has been reclassified to correctly disclose segment information for all reporting segments.

**CATHOLIC HOMES FOR THE ELDERLY INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2015**

**NOTE 16            CONTINGENT LIABILITY**

For Government capital grants the Commonwealth retains a right to repayment of the grant on a pro-rata basis for a period of 20 years from the date the whole grant has been received by the Association.

The contingent liability relating to Government capital grants as at year end is \$141,000 (2014: \$231,000).

**NOTE 17            FINANCIAL INSTRUMENTS**

<b>Categories of Financial Instruments</b>	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
<i>Financial Assets</i>		
Available for Sale Assets	13,116	11,366
Held to maturity investments	27,778	31,050
Cash and cash equivalents	1,890	5,440
Receivables	5,981	10,777
	<u>48,765</u>	<u>58,633</u>
<i>Financial Liabilities</i>		
Amortised Cost		
Payables	5,801	5,243
Accommodation Bonds and Deposits	62,640	63,997
Leasehold Premiums	100,689	86,559
Borrowings at amortised cost	964	918
	<u>170,094</u>	<u>156,717</u>

**CATHOLIC HOMES FOR THE ELDERLY INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2015**

**NOTE 18 COMMITMENTS**

**(a) Leasing commitments**

*Operating lease commitments - Catholic Homes as lessee*

Catholic Homes has entered into commercial property leases. These non-cancellable leases have remaining terms between one and three years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2015 are as follows:

	<u>2015</u>	<u>2014</u>
	<u>\$000</u>	<u>\$000</u>
Property lease - Catholic Homes as lessee		
Within one year	302	516
After one year but not more than five years	18	320
Total minimum lease payments	<u>320</u>	<u>836</u>

**(b) Capital expenditure commitments**

Capital expenditure contracted for at balance date	<u>36,151</u>	<u>3,253</u>
----------------------------------------------------	---------------	--------------

Capital expenditure forecast to complete construction of retirement villages and low cost housing projects.

**NOTE 19 BUSINESS COMBINATIONS**

St Joseph's Village, Brunswick was acquired on 19 December 2013.

Consideration paid	-	1,277
<u>Fair value of assets and liabilities at the date of acquisition</u>		
Property, plant & equipment	-	4,640
Leasehold premiums	-	(3,363)
Fair value of assets & liabilities acquired	<u>-</u>	<u>1,277</u>
Consideration transferred	-	(1,277)
Goodwill arising on acquisition	<u>-</u>	<u>-</u>

**NOTE 20 EVENTS SUBSEQUENT TO REPORTING DATE**

On 1 July 2015, Villa Maria Society and Catholic Homes for the Elderly Inc merged to become Villa Maria Catholic Homes.

**NOTE 21 COMPANY DETAILS**

The Registered Office of Catholic Homes For The Elderly Inc is:

Catholic Homes For The Elderly Inc  
Suite B  
2 Domville Avenue  
Hawthorn, Victoria, 3122

Catholic Homes for the Elderly Inc.  
ACN 972 629 513

## Board's Declaration

The Board of the Catholic Homes for the Elderly Inc. declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and accompanying notes, are in accordance with the Associations Incorporation Reform Act 2012 and the Australian Charities and Not-for-profits Commission Act 2012 and:
  - (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations), the Association Incorporation Reform Act 2012, and the Australian Charities and Not-for-profits Commission Regulation 2013; and
  - (b) give a true and fair view of the Association's financial position as at 30th June 2015 and of its performance for the year ended on that date.
2. In the Board's opinion, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

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



W Scales, Chairman



T Janes, Director

Dated this 12<sup>th</sup> day of October 2015  
Melbourne



The Rialto, Level 30  
525 Collins St  
Melbourne Victoria 3000

Correspondence to:  
GPO Box 4736  
Melbourne Victoria 3001

T +61 3 8320 2222  
F +61 3 8320 2200  
E [info.vic@au.gt.com](mailto:info.vic@au.gt.com)  
W [www.granthornton.com.au](http://www.granthornton.com.au)

## **Independent Auditor's Report To the Members of Catholic Homes for the Elderly Inc**

We have audited the accompanying financial report of Catholic Homes for the Elderly Inc (the "Company"), which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Committee's declaration of the company.

### **Committee's responsibility for the financial report**

The Committee of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and, the Australian Charities and Not-for-profits Commission Act 2012 and the Associations Incorporation Reform Act 2012. The Committee's responsibility also includes such internal control as the Committee determines is necessary to enable the preparation of the financial report that gives a true and fair view and 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 conducted our audit in accordance with Australian Auditing Standards. Those standards require us to 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.

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

In making those risk assessments, the auditor considers internal control relevant to the Association's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee, 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.

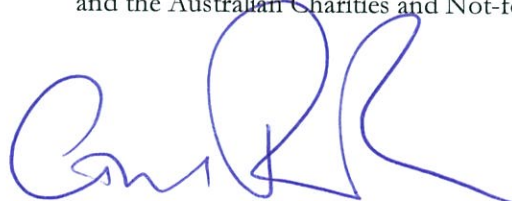
### **Independence**

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board and the Australian Charities and Not-for-profits Commission Act 2012.

### **Auditor's opinion**

In our opinion:

- a the financial report of Catholic Homes for the Elderly Inc is in accordance with the Associations Incorporation Reform Act 2012 and the Australian Charities and Not-for-profits Commission Act 2012, including:
  - i giving a true and fair view of the Association's financial position as at 30 June 2015 and of its performance and cash flows for the year ended on that date;  
and
- b complying with Australian Accounting Standards- Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Sandra Lawson  
Partner - Audit & Assurance

Melbourne, 12 October 2015