



VILLA MARIA

*For your wellbeing and specialised care*

**2015**  
**Financial Report**

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

| Director  | Experience   | Special Responsibilities  |
|---|--|---|
| <p>Peter Hogan<br/>BBus, CA</p>   | <p>President (to October 2014). Vice President (from November 2014 to June 2015). Joined the Board in 2008. Appointed President in May 2013.</p> <p>Peter is also a Director of Catholic Homes for the Elderly Inc.</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 Board Executive Committee (to October 2014)</p> <p>Chair Board Finance &amp; IT Committee (to October 2014)</p> <p>Chair Remuneration &amp; Nominations Committee (from November 2014)</p> <p>Audit &amp; Risk Committee (from November 2014)</p>  |
| <p>Williams (Bill) Scales AO, BEd, FAICD, FIPAA</p> <p>(appointed 28<sup>th</sup> October 2014)</p> | <p>Chairman (from November 2014). Joined the Board in October 2014.</p> <p>Bill is also Chairman of Catholic Homes for the Elderly Inc.</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>Remuneration &amp; Nominations Committee – ex officio (from November 2014)</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>(appointed 28<sup>th</sup> October 2014)</p>                                     | <p>Joined the Board in October 2014.</p> <p>Tom is also a Director of Catholic Homes for the Elderly Inc.</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 (from November 2014)</p> <p>Strategic Projects Committee (from November 2014)</p>   |

| Director  | Experience  | Special Responsibilities  |
|---|---|---|
| <p>Anna Clarke<br/>Masters Health Admin (MHA), BEd, RN, CCN, Cert IV TAE, GAICD</p> <p>(appointed 28<sup>th</sup> October 2014)</p> | <p>Joined the Board in October 2014.</p> <p>Anna is also a Director of Catholic Homes for the Elderly Inc.</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; Nominations Committee (from November 2014)</p> <p>Quality &amp; Compliance Committee (from November 2014)</p> |
| <p>Brigid Clarke<br/>BSW, MSW, MAICD</p> <p>(appointed 28<sup>th</sup> October 2014)</p>  | <p>Joined the Board in October 2014.</p> <p>Brigid is also a Director of Catholic Homes for the Elderly Inc.</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>Chair, Strategic Projects Committee (from November 2014)</p>   |
| <p>Belinda Jane Evans<br/>LLB, LLM<br/>CertGov (NFP)<br/>CertGov (Risk)</p>   | <p>Joined the Board in June 2013.</p> <p>Belinda is also a Director of Catholic Homes for the Elderly Inc.</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>Board Audit, Risk &amp; Quality Committee (to October 2014)</p> <p>Quality &amp; Compliance Committee (from November 2014)</p>   |
| <p>Peter Gill<br/>BE(Civil), DipT&amp;RP</p> <p>(appointed 28<sup>th</sup> October 2014)</p>  | <p>Joined the Board in October 2014.</p> <p>Peter is also a Director of Catholic Homes for the Elderly Inc.</p> <p>Peter holds 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 (from November 2014)</p>  |

| Director  | Experience  | Special Responsibilities   |
|---|---|--|
| <p>Richard Nelson Worsley<br/>Gray AM<br/>Man. Cert.</p>  | <p>Joined the Board in 2008.</p> <p>Richard is also a Director of Catholic Homes for the Elderly Inc.</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>Board Audit, Risk &amp; Quality Committee (to October 2014)</p> <p>Quality &amp; Compliance Committee (from November 2014)</p>  |
| <p>Terry Janes<br/>Comm, FCPA, FAICD</p> <p>(appointed 28<sup>th</sup> October 2014)</p>                      | <p>Joined the Board in October 2014.</p> <p>Terry is also a Director of Catholic Homes for the Elderly Inc.</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 (from November 2014)</p>  |
| <p>Michael Marius Meere<br/>MBS(HRM), MEI,<br/>GradDiplE, DipPM,<br/>DipFLM, Cert BS(Law)<br/>Cert IV TAE</p> | <p>Vice President (to October 2014). Joined the Board in 2009.</p> <p>Michael is also a Director of Catholic Homes for the Elderly Inc.</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 Lyttle Memorial School Association. He is currently a Lecturer at and Director of The College of Adult Learning.</p>  | <p>Board Executive Committee (to October 2014)</p> <p>Chair (January 2014 to October 2014), Strategic &amp; Proposed Developments Committee</p> <p>Strategic Projects Committee (from November 2014)</p> |
| <p>Dr Rosemary Saxon<br/>BEd, GradDiplNov, MEI,<br/>PhD, GAICD</p>  | <p>Joined the Board in June 2012.</p> <p>Rosemary is also a Director of Catholic Homes for the Elderly Inc.</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>Board Finance &amp; IT Committee (to October 2014)</p> <p>Board Audit, Risk &amp; Quality Committee (to October 2014)</p> <p>Audit &amp; Risk Committee (from November 2014)</p>                      |

| Director   | Experience   | Special Responsibilities   |
|--|--|--|
| <p>Michael Tehan<br/>BA, LLB, GAICD,<br/>FIPAA(Vic)</p> <p>(appointed 28<sup>th</sup> October<br/>2014)</p> <p>Robert Norman Livy<br/>CA, GDipAccounting,<br/>DipBusStudies(Accounting)</p> <p>(resigned 21<sup>st</sup> April 2015)</p> <p>Peter Francis Walsh<br/>BA DipSocStuds, BAEcon</p> <p>(resigned 28 October<br/>2014)</p> | <p>Joined the Board in October 2014.</p> <p>Michael is also a Director of Catholic Homes for the Elderly Inc.</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>Joined the Board in 2009.</p> <p>Robert was also a Director of Catholic Homes for the Elderly Inc. 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>Joined the Board in 1998.</p> <p>Peter was as a foundation student of St Paul's in 1957. Peter was involved with the Catholic Church in the resettlement of migrants and refugees through its Catholic Immigration Office, and has extensive experience in the housing industry and community service portfolios.</p> | <p>Remuneration &amp; Nominations Committee (from November 2014)</p> <p>Chair, Quality &amp; Compliance Committee (from November 2014)</p> <p>Chair (April 2014 to October 2014) Board Finance &amp; IT Committee</p> <p>Chair, Board Audit, Risk &amp; Quality Committee</p> <p>Strategic &amp; Proposed Developments Committee</p> |
| <p>Vito Bruno Cassisi<br/>Reg. Architect, FRAIA,<br/>RIBA</p> <p>(resigned 28<sup>th</sup> October<br/>2014)</p>   | <p>Joined the Board in May 2011.</p> <p>Vito is a practising architect with over 40 years' experience in the building industry. He is currently an examiner to the Architects registration Board of Victoria and the Architects Accreditation Council of Australia as a member of the State and national Visiting Panels to University Schools of Architecture. Vito is also current Vice President of the Italian Assistance Association (CO.AS.IT), and Vice President of the Assisi Centre Inc.</p>   | <p>Strategic &amp; Proposed Developments Committee</p>   |
| <p>Peter Reginald Slattery<br/>ARMIT, FAIQS</p> <p>(resigned 28<sup>th</sup> October<br/>2014)</p>   | <p>Joined the Board in February 2014.</p> <p>Peter has over 40 years' experience in the building industry, and is the founder of Slattery Quantity Surveying. Peter has overseen the cost management of more than 4,500 construction projects, having worked with a wide range of lending institutions, government bodies, architects and property developers.</p> <p>Peter is currently Chairman of the Bellarine Tourism Board and a member of the Otway Tourism Board. Previously he has held the positions of President of the Victorian Chapter of the Australian Institute of Quantity Surveyors and of the Geelong Wine Growers Association. Peter is also a past Board Director of Southern Cross Care (Vic).</p>  | <p>Strategic &amp; Proposed Developments Committee</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: 28 October 2014) | Mr Michael Tehan (appointed: 28 October 2014) |
| Mr Tom Carr (appointed: 28 October 2014)        | Mr Terry Janes (appointed: 28 October 2014)   |
| Ms Brigid Clarke (appointed: 28 October 2014)   | Ms Anna Clarke (appointed: 28 October 2014)   |
| Mr Peter Gill (appointed: 28 October 2014)      | Ms Belinda Evans                              |
| Mr Robert Livy (resigned: 21 April 2015)        | Dr Rosemary Saxon                             |
| Mr Richard Gray, AM                             | Mr Michael Meere                              |
| Mr Peter Hogan                                  | Mr Peter Slattery (resigned: 28 October 2014) |
| Mr Peter Walsh (resigned: 28 October 2014)      | Mr Vito Cassisi (resigned: 28 October 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 Villa Maria Society are detailed in this report.

### Principal Activities of Villa Maria Society

The Principal Activities of Villa Maria Society in the course of the financial year were:

- Residential services for the older people and supported accommodation for people with a disability.
- Education services for children with disabilities or developmental delays.
- Community support and respite services for older people and people with a disability, their families and carers.
- Life skills enhancement and wellbeing programs including day therapy programs for the older people and people with a disability.
- Social work, administrative and resource services to support all Villa Maria Society programs.

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 \$3,143,000 (2014 \$143,000 deficit). No income tax is applicable.

The Net Surplus for the financial year ended 30 June 2015 was \$3,627,000 (2014 \$3,017,000) which included a net gain on investment properties of \$484,000.

### Review of Operations

Significant features of the year's operations have been:

- Recognition of an increase in the fair value of the Athelstan Camberwell retirement village as an investment property of \$484,000 (2014 \$3,160,000)
- Government grants for the year totalled \$67,238,000 (2014 \$64,049,000)
- Resident fees totalled \$11,606,000 (2014 \$10,322,000)
- Bequest income totalled \$282,000 (2014 \$750,000)
- Donation income totalled \$759,000 (2014 \$706,000)
- Total operating expenditure totalled \$78,977,000 (2014 \$78,177,000)
- Increased valuation of land and buildings \$2,988,000 reflected through an increase in asset revaluation reserve, (2014 \$3,870,000).

### **Dividends**

The Constitution specifically prohibits the payment of any dividends.

### **Events Subsequent to Balance Date**

In accordance with notice provided during the year, on 1<sup>st</sup> July 2015 Villa Maria Society merged with Catholic Homes for the Elderly. 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 Villa Maria Society 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 Company.

### **Environmental Issues**

Villa Maria Society 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 Villa Maria Society has, since the end of the previous financial year, received or become entitled to receive a benefit by reason of a contract made by Villa Maria Society 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.

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

During the financial year, the Department of Health and Human Services met all the costs of insuring all Directors, past and present, against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of Director of Villa Maria Society.

During the financial year, Villa Maria Society 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 Villa Maria Society.

### **Court Proceedings**

There have been no applications for leave of Court to bring proceedings on behalf of Villa Maria Society or intervene in any proceedings to which Villa Maria Society is a party for the purpose of taking responsibility on behalf of Villa Maria Society for all or any part of those proceedings. Villa Maria Society was not a party to any such proceedings during the year.

### **Meetings of Directors**

Details of attendance by Directors of Villa Maria Society at meetings of boards and committees (of which they were members) held during the financial year are shown in the table below. The Directors also attended other meetings, activities, and functions undertaken by Villa Maria Society during the year.

Details of attendance by Directors of Villa Maria Society 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 |    | Board Executive Committee |   | Board Audit Risk & Quality Committee |   | Board Finance & IT Committee |   | Strategic & Proposed Developments Committee |   | Combined Board Finance & IT and Board Audit, Risk & Quality Committee |   | Strategic Projects Committee |   | Audit & Risk Committee |   | Quality & Compliance Committee |   | Remuneration & Nomination Committee |   |   |
|------------------------------|----------------|----|---------------------------|---|--------------------------------------|---|------------------------------|---|---|---|---|---|------------------------------|---|------------------------|---|--------------------------------|---|-------------------------------------|---|---|
|                              | A              | B  | A                         | B | A                                    | B | A                            | B | A   | B | A   | B | A                            | B | A                      | B | A                              | B | A                                   | B |   |
| Vito Cassisi <sup>1</sup>    | 2              | 4  | -                         | - | -                                    | - | -                            | - | -   | 1 | -   | - | -                            | - | -                      | - | -                              | - | -                                   | - | - |
| Richard Gray, AM             | 10             | 11 | -                         | - | 3                                    | 3 | -                            | - | -   | - | 1   | 1 | -                            | - | -                      | - | 2                              | 3 | -                                   | - |   |
| Peter Hogan                  | 10             | 11 | 4                         | 4 | -                                    | - | 2                            | 3 | -   | - | 1   | 1 | -                            | - | 3                      | 4 | -                              | - | 1                                   | 1 |   |
| Robert Livy <sup>2</sup>     | 8              | 9  | -                         | - | -                                    | - | 3                            | 3 | -   | - | 1   | 1 | -                            | - | 1                      | 2 | -                              | - | -                                   | - |   |
| Michael Meere                | 10             | 11 | 4                         | 4 | -                                    | - | -                            | - | 1   | 1 | -   | - | 5                            | 5 | -                      | - | -                              | - | -                                   | - |   |
| Rosemary Saxon               | 11             | 11 | -                         | - | -                                    | - | 3                            | 3 | 1   | 1 | -   | 1 | -                            | - | 4                      | 4 | -                              | - | -                                   | - |   |
| Peter Walsh <sup>1</sup>     | 4              | 4  | -                         | - | 3                                    | 3 | 3                            | 3 | 1   | 1 | 1   | 1 | -                            | - | -                      | - | -                              | - | -                                   | - |   |
| Belinda Evans                | 10             | 11 | -                         | - | 3                                    | 3 | -                            | - | -   | - | -   | - | -                            | - | -                      | - | 2                              | 3 | -                                   | - |   |
| Peter Slattery <sup>1</sup>  | 4              | 4  | -                         | - | -                                    | - | -                            | - | 0   | 1 | -   | - | -                            | - | -                      | - | -                              | - | -                                   | - |   |
| Tom Carr <sup>3</sup>        | 4              | 7  | -                         | - | -                                    | - | -                            | - | -   | - | -   | - | 4                            | 5 | -                      | - | -                              | - | -                                   | - |   |
| Terry Janes <sup>3</sup>     | 6              | 7  | -                         | - | -                                    | - | -                            | - | -   | - | -   | - | -                            | - | 4                      | 4 | -                              | - | -                                   | - |   |
| Michael Tehan <sup>3</sup>   | 6              | 7  | -                         | - | -                                    | - | -                            | - | -   | - | -   | - | -                            | - | -                      | - | 3                              | 3 | 1                                   | 1 |   |
| Peter Gill <sup>3</sup>      | 7              | 7  | -                         | - | -                                    | - | -                            | - | -   | - | -   | - | 5                            | 5 | -                      | - | -                              | - | -                                   | - |   |
| Anna Clarke <sup>3</sup>     | 7              | 7  | -                         | - | -                                    | - | -                            | - | -   | - | -   | - | -                            | - | -                      | - | 3                              | 3 | 1                                   | 1 |   |
| Brigid Clarke <sup>3</sup>   | 7              | 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 October 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 Villa Maria.

### Rounding of Amounts

Villa Maria Society 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

Villa Maria Society ABN 32 004 364 103



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### **Auditor's Independence Declaration To the Directors of Villa Maria Society**

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 Villa Maria Society 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

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**VILLA MARIA SOCIETY**  
**STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED**  
**30 JUNE 2015**

|   | Note | <u>2015</u><br><u>\$000</u> | <u>2014</u><br><u>\$000</u> |
|---|------|-----------------------------|-----------------------------|
| Revenue and other income  | 2    | 82,120                      | 78,005                      |
| Employee benefits expenses  |      | (53,717)                    | (53,018)                    |
| Service delivery expenses   |      | (10,685)                    | (10,201)                    |
| Depreciation, Impairment and amortisation expenses                        |      | (3,996)                     | (3,953)                     |
| Repairs, maintenance and property expenses                                |      | (2,475)                     | (2,228)                     |
| General and administrative expenses                                       |      | (6,124)                     | (5,688)                     |
| Finance costs   | 1(m) | (78)                        | (939)                       |
| Utilities expenses  |      | (1,255)                     | (1,513)                     |
| Lease payments - operating leases   |      | (647)                       | (637)                       |
| Gain/(Loss) on disposal of available-for-sale investments                 |      | 94                          | 15                          |
| Gain/(Loss) on disposal of property, plant and equipment                  |      | (82)                        | 14                          |
| Available for sale investments impairment losses                          |      | (12)                        | -                           |
| <b>NET OPERATING SURPLUS FOR THE YEAR</b>                                 |      | <u><b>3,143</b></u>         | <u><b>(143)</b></u>         |
| Gain on fair value of investment properties                               | 7    | <u>484</u>                  | <u>3,160</u>                |
| <b>NET SURPLUS</b>  |      | <u><b>3,627</b></u>         | <u><b>3,017</b></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                              |      | 2,988                       | 3,870                       |
| <i>Items that may be reclassified subsequently to profit or loss</i>      |      |                             |                             |
| Fair value on available for sale financial assets                         |      | (112)                       | 22                          |
| <b>OTHER COMPREHENSIVE INCOME</b>   |      | <u><b>2,876</b></u>         | <u><b>3,892</b></u>         |
| <b>TOTAL COMPREHENSIVE INCOME</b>   |      | <u><b>6,019</b></u>         | <u><b>3,749</b></u>         |

The accompanying notes form part of these financial statements.

**VILLA MARIA SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2015**

|                                      | Note    | <u>2015</u><br><u>\$000</u> | <u>2014</u><br><u>\$000</u> |
|--------------------------------------|---------|-----------------------------|-----------------------------|
| <b>CURRENT ASSETS</b>                |         |                             |                             |
| Cash Assets                          |         | 27,997                      | 8,916                       |
| Receivables                          | 3       | 3,637                       | 9,834                       |
| Other Financial Assets               | 4       | 446                         | 695                         |
| <b>TOTAL CURRENT ASSETS</b>          |         | <u>32,080</u>               | <u>19,445</u>               |
| <b>NON-CURRENT ASSETS</b>            |         |                             |                             |
| Property, Plant and Equipment        | 5       | 140,985                     | 139,843                     |
| Investment Properties                | 7       | 73,425                      | 72,791                      |
| Intangibles                          | 6       | 9,150                       | 9,350                       |
| <b>TOTAL NON-CURRENT ASSETS</b>      |         | <u>223,560</u>              | <u>221,984</u>              |
| <b>TOTAL ASSETS</b>                  |         | <u>255,640</u>              | <u>241,429</u>              |
| <b>CURRENT LIABILITIES</b>           |         |                             |                             |
| Trade & Other Payables               | 8       | 8,070                       | 7,690                       |
| Accommodation Bonds and Deposits     | 8, 1(q) | 43,187                      | 45,020                      |
| Lease Premiums                       | 8, 1(q) | 61,336                      | 41,477                      |
| Provisions                           | 9       | 7,093                       | 7,049                       |
| Other                                | 10      | 1,097                       | 646                         |
| Non Interest-Bearing Loans           | 7(b),11 | 314                         | 11,552                      |
| <b>TOTAL CURRENT LIABILITIES</b>     |         | <u>121,097</u>              | <u>113,434</u>              |
| <b>NON-CURRENT LIABILITIES</b>       |         |                             |                             |
| Provisions                           | 9       | 820                         | 775                         |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |         | <u>820</u>                  | <u>775</u>                  |
| <b>TOTAL LIABILITIES</b>             |         | <u>121,917</u>              | <u>114,209</u>              |
| <b>NET ASSETS</b>                    |         | <u>133,723</u>              | <u>127,220</u>              |
| <b>MEMBERS' FUNDS</b>                |         |                             |                             |
| Retained Earnings                    |         | 59,639                      | 56,624                      |
| Reserves                             | 12      | 74,084                      | 70,596                      |
| <b>TOTAL MEMBERS' FUNDS</b>          |         | <u>133,723</u>              | <u>127,220</u>              |

The accompanying notes form part of these financial statements.

**VILLA MARIA SOCIETY**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED**  
**30 JUNE 2015**

|                                | Retained<br>Earnings | Building and<br>Development<br>Reserve | Asset<br>Revaluation<br>Reserve | Unrealised<br>Gains/(Losses)<br>Reserve | Long Term<br>Maintenance Fund<br>Reserve | Total   |
|--------------------------------|----------------------|--|---------------------------------|---|--|---------|
|                                | \$000                | \$000                                  | \$000                           | \$000                                   | \$000                                    | \$000   |
| <b>Balance at 30 June 2013</b> | 53,333               | 2,146                                  | 64,748                          | 84                                      | -  | 120,311 |
| Profit for the year            | 3,017                | -                                      | -                               | -                                       | -  | 3,017   |
| Other comprehensive income     | -                    | -                                      | 3,870                           | 22                                      | -  | 3,892   |
| Total comprehensive income     | 3,017                | -                                      | 3,870                           | 22                                      | -  | 6,909   |
| Transfers between reserves     | 274                  | (274)                                  | -                               | -                                       | -  | -       |
| <b>Balance at 30 June 2014</b> | 56,624               | 1,872                                  | 68,618                          | 106                                     | -  | 127,220 |
| Profit for the year            | 3,627                | -                                      | -                               | -                                       | -  | 3,627   |
| Other comprehensive income     | -                    | -                                      | 2,988                           | (112)                                   | -  | 2,876   |
| Total comprehensive income     | 3,627                | -                                      | 2,988                           | (112)                                   | -  | 6,503   |
| Transfers between reserves     | (612)                | 513                                    | -                               | -                                       | 99                                       | -       |
| <b>Balance at 30 June 2015</b> | 59,639               | 2,385                                  | 71,606                          | (6)                                     | 99                                       | 133,723 |

The accompanying notes form part of these financial statements.

**VILLA MARIA SOCIETY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED**  
**30 June 2015**

|   | Note | <u>2015</u><br><u>\$000</u> | <u>2014</u><br><u>\$000</u> |
|---|------|-----------------------------|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>               |      |                             |                             |
| Government grants received                                |      | 67,783                      | 64,259                      |
| Receipts from service users                               |      | 12,127                      | 8,265                       |
| Proceeds from fundraising and public relations            |      | 759                         | 706                         |
| Proceeds from bequests                                    |      | 282                         | 750                         |
| Investment income   |      | 1,579                       | 1,511                       |
| Interest paid   |      | (90)                        | (1,054)                     |
| Payments to suppliers and employees                       |      | (74,422)                    | (72,488)                    |
| Net cash provided by operating activities                 |      | <u>8,018</u>                | <u>1,949</u>                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>               |      |                             |                             |
| Proceeds from disposal of investments                     |      | 219                         | 205                         |
| Capital Expenditure on investment property                | 7    | (92)                        | -                           |
| Purchases of property, plant and equipment                |      | (2,701)                     | (4,209)                     |
| Proceeds from sale of property, plant and equipment       |      | 669                         | 658                         |
| Net cash used in investing activities                     |      | <u>(1,905)</u>              | <u>(3,346)</u>              |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>               |      |                             |                             |
| Proceeds from residents' lease premiums                   |      | 22,400                      | 19,834                      |
| Repayment of residents' lease premiums                    |      | (845)                       | (820)                       |
| Proceeds from residents' accommodation bonds and deposits |      | 11,406                      | 28,064                      |
| Repayment of residents' accommodation bonds and deposits  |      | (8,755)                     | (10,464)                    |
| Repayment of borrowings                                   |      | (11,238)                    | (46,672)                    |
| Net cash provided by/(used in) financing activities       |      | <u>12,968</u>               | <u>(10,058)</u>             |
| NET (DECREASE)/INCREASE IN CASH HELD                      |      | 19,081                      | (11,455)                    |
| CASH AT THE BEGINNING OF THE FINANCIAL YEAR               |      | 8,916                       | 20,371                      |
| CASH AT THE END OF THE FINANCIAL YEAR                     |      | <u>27,997</u>               | <u>8,916</u>                |

The accompanying notes form part of these financial statements.

VILLA MARIA SOCIETY  
**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 Villa Maria Society 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.

The following is a summary of the material accounting policies adopted by Villa Maria Society 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 Villa Maria Society.

**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***

Villa Maria Society 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 Villa Maria Society has determined that investments of \$12,000 (2014: \$0) were impaired.

**Significant Accounting Estimates and Assumptions**

***Deferred Revenue***

Villa Maria Society 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 unlisted investments in managed funds is reliant on receiving advice from Fund Managers and publically available investment prices at reporting date. In certain instances this information has not been received at 30 June 2015. Management has estimated the fair values using the best available information at that time.

***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.

VILLA MARIA SOCIETY  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED  
30 JUNE 2015

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

**(a) Income Tax**

As Villa Maria Society is a public benevolent institution it is exempt from income tax, capital gains tax and payroll tax.

**(b) Revenue**

Government grants received are recognised when Villa Maria Society 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.

**(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.

VILLA MARIA SOCIETY  
**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 at reporting date.

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

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

*Accommodation bonds and refundable accommodation deposits*

Accommodation bonds and refundable accommodation deposits are non-interest bearing deposits made by an aged care facility resident to the Society upon their admission to care accommodation. The liability for accommodation bonds 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 the Society 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. These amounts have been included in Payables.

*Lease Premiums*

Lease premiums are non-interest bearing entry contributions made by a resident upon lease of an independent living unit. The lease 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. Lease premiums are classified as current liabilities as the Society 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.



VILLA MARIA SOCIETY  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED  
30 JUNE 2015

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

**(f) Accommodation Bonds, Refundable Accommodation Deposits and Lease 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 lease premiums received from new residents. The accommodation bonds, deposits and lease premiums are therefore considered to form part of the long term funding of the facility.

**(g) Trade and Other Payables**

Trade and other payables, including accruals, are recorded initially at fair value, and subsequently at amortised cost. Trade and other payables are non-interest bearing and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to Villa Maria Society prior to the end of the financial year that are unpaid and arise when Villa Maria Society 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.

Within Villa Maria's property portfolio are a number of purpose-built properties that provide specific features that qualified them for treatment as a specialised asset. The revaluation of these properties reflects the additional cost of these special purpose features.

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 Villa Maria Society 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. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

VILLA MARIA SOCIETY  
**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.

*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 Villa Maria Society 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% - 3.33%             |
| Plant and equipment         | 6.7% - 33.3%             |

**(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 as part of other income.

**(j) Intangible Assets**

Bed licences (allocated places) are initially capitalised as intangible assets at cost, with cost being 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 the Society continues to comply with the terms and conditions imposed by Government. Accordingly, bed licences are not subject to amortisation.

**(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.

**VILLA MARIA SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2015**

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

**(l) Employee Benefits**

Provision is made for Villa Maria Society's 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.

The Society 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**

Villa Maria Society 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.

**(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.

VILLA MARIA SOCIETY  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED  
30 JUNE 2015

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

**(q) Working Capital Considerations**

The statement of financial position for Villa Maria Society reports an improvement in working capital from the prior year. This difference between current assets and current liabilities occurs as a result of the following items being classified as current liabilities.

Accommodation bonds, refundable deposits and ingoing contributions totalling \$104.52m (2014: \$86.50m) 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.

VILLA MARIA SOCIETY  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED  
 30 JUNE 2015

|   | <u>2015</u>   | <u>2014</u>   |
|---|---------------|---------------|
|   | <u>\$000</u>  | <u>\$000</u>  |
| <b>NOTE 2 REVENUE</b>                           |               |               |
| Australian Government grants received           | 41,815        | 39,276        |
| State Government grants received                | 25,423        | 24,773        |
| Fees and other income for rendering of services | 11,606        | 10,322        |
| Bequests  | 282           | 750           |
| Fundraising and public relations revenue        | 759           | 706           |
| Interest income earned on cash balances         | 1,579         | 1,511         |
| Capital grants                                  | 93            | 219           |
| Other   | 563           | 448           |
| Total revenue from operating activities         | <u>82,120</u> | <u>78,005</u> |
| <b>TOTAL REVENUE AND OTHER INCOME</b>           | <u>82,120</u> | <u>78,005</u> |

**NOTE 3 RECEIVABLES**

**CURRENT**

|   |              |              |
|---|--------------|--------------|
| Trade debtors                                 | 860          | 2,675        |
| Accommodation bond receivable                 | 2,143        | 6,627        |
| Other Receivables                             | 500          | 282          |
| Less: Provision for impairment of receivables | <u>(134)</u> | <u>(224)</u> |
|   | 3,369        | 9,360        |
| Prepayments                                   | <u>268</u>   | <u>474</u>   |
| <b>TOTAL RECEIVABLES</b>                      | <u>3,637</u> | <u>9,834</u> |

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

|   |             |             |
|---|-------------|-------------|
| Balance at the beginning of the year            | 224         | 237         |
| Impairment provision recognised during the year | (60)        | 10          |
| Bad debts written off                           | <u>(30)</u> | <u>(23)</u> |
| Balance at the end of the year                  | <u>134</u>  | <u>224</u>  |

**NOTE 4 OTHER FINANCIAL ASSETS**

*Available for sale at fair value*

|  |            |            |
|--|------------|------------|
| Shares - Australian Unlisted           | 30         | 37         |
| Shares - International Unlisted        | 182        | 179        |
| Property Fund - Australian Listed      | 116        | 84         |
| Property Fund - Australian Unlisted    | 90         | 334        |
| Property Fund - International Unlisted | <u>28</u>  | <u>61</u>  |
| <b>TOTAL OTHER FINANCIAL ASSETS</b>    | <u>446</u> | <u>695</u> |

VILLA MARIA SOCIETY  
**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>133,554</u>        | <u>131,362</u>        |
|        |  | <u>133,554</u>        | <u>131,362</u>        |
|        | <b>TOTAL LAND AND BUILDINGS</b>  | <u><b>133,554</b></u> | <u><b>131,362</b></u> |
|        | PLANT AND EQUIPMENT  |                       |                       |
|        | Plant and equipment  |                       |                       |
|        | At cost  | 20,584                | 23,054                |
|        | Less accumulated depreciation  | <u>(14,231)</u>       | <u>(14,954)</u>       |
|        | Total plant and equipment  | <u>6,353</u>          | <u>8,100</u>          |
|        | WORK IN PROGRESS   | <u>1,078</u>          | <u>381</u>            |
|        | <b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>   | <u><b>140,985</b></u> | <u><b>139,843</b></u> |
|        | <b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>   |                       |                       |
|        | Total Property, plant and equipment  | 155,216               | 154,797               |
|        | Less accumulated depreciation  | <u>(14,231)</u>       | <u>(14,954)</u>       |
|        |  | <u>140,985</u>        | <u>139,843</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   | 131,362               | 127,616               |
|        | Additions  | 458                   | 29                    |
|        | Transfer in from WIP   | 720                   | 1,724                 |
|        | Revaluation  | 2,988                 | 3,870                 |
|        | Depreciation expense   | <u>(1,974)</u>        | <u>(1,877)</u>        |
|        | Carrying amount at end of year   | <u>133,554</u>        | <u>131,362</u>        |
|        | Plant and equipment  |                       |                       |
|        | Carrying amount at beginning of year   | 8,100                 | 8,489                 |
|        | Additions  | 826                   | 1,731                 |
|        | Transfer in from WIP   | -                     | 627                   |
|        | Disposals  | <u>(751)</u>          | <u>(670)</u>          |
|        | Depreciation expense   | <u>(1,822)</u>        | <u>(2,077)</u>        |
|        | Carrying amount at end of year   | <u>6,353</u>          | <u>8,100</u>          |
|        | Work In Progress   |                       |                       |
|        | Carrying amount at beginning of year   | 381                   | 521                   |
|        | Additions  | 1,417                 | 2,211                 |
|        | Projects in progress - transfer  | <u>(720)</u>          | <u>(2,351)</u>        |
|        | Carrying amount at end of year   | <u>1,078</u>          | <u>381</u>            |
|        |  | <u>140,985</u>        | <u>139,843</u>        |

**VILLA MARIA SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2015**

**NOTE 5      PROPERTY, PLANT AND EQUIPMENT CONTINUED**

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

Villa Maria 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      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 | <b>9,350</b> | 9,350        |
| Impairment expense                       | <b>(200)</b> | -            |
| Carrying amount at end of year           | <b>9,150</b> | 9,350        |

Bed licences have an indefinite life as long as Villa Maria Society 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, an impairment loss of \$200,000 has been recognised in the current year (2014: nil).

| <b>NOTE 7      INVESTMENT PROPERTIES</b>    | <b>2015</b>   | <b>2014</b>  |
|---|---------------|--------------|
|   | <b>\$000</b>  | <b>\$000</b> |
| At fair value                               |               |              |
| Opening balance at 1 July                   | <b>72,791</b> | 69,563       |
| Capitalised subsequent expenditure          | <b>92</b>     | -            |
| Developer share of development profit       | <b>58</b>     | 68           |
| Net gain/(loss) from fair value adjustments | <b>484</b>    | 3,160        |
|   | <b>73,425</b> | 72,791       |

**(a) Valuation basis**

Villa Maria 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. Refer Note 1 (i) for further details on the determination of fair value.

**VILLA MARIA SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
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**NOTE 7 INVESTMENT PROPERTIES CONTINUED**

**(b) Terms and conditions of construction and financing arrangements**

Villa Maria has a contractual arrangement in relation to the development of the investment property. LU Simon and Villa Maria Society are to share 50% each of the lease proceeds after deduction of amounts due to financiers and relevant taxes and duties.

Refer to note 18 for details of any other contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

| <b>NOTE 8 PAYABLES</b>                                    | <u>2015</u>    | <u>2014</u>   |
|---|----------------|---------------|
|   | <u>\$000</u>   | <u>\$000</u>  |
| <b>CURRENT</b>  |                |               |
| Trade and sundry creditors                                | 4,431          | 4,033         |
| Accrued expenses  | <u>3,639</u>   | <u>3,657</u>  |
|   | 8,070          | 7,690         |
| Leasehold premiums  | 1(f) 61,336    | 41,477        |
| Accommodation bonds and refundable accommodation deposits | 1(f) 43,187    | 45,020        |
| <b>TOTAL PAYABLES</b>                                     | <u>112,593</u> | <u>94,187</u> |

**NOTE 9 PROVISIONS**

**CURRENT**

|                       |              |              |
|-----------------------|--------------|--------------|
| Employee Entitlements | <u>7,093</u> | <u>7,049</u> |
|                       | <u>7,093</u> | <u>7,049</u> |

**NON CURRENT**

|                       |            |            |
|-----------------------|------------|------------|
| Employee Entitlements | <u>820</u> | <u>775</u> |
|-----------------------|------------|------------|

|                                       |              |              |
|---------------------------------------|--------------|--------------|
| Aggregate employee benefits liability | <u>7,913</u> | <u>7,824</u> |
|---------------------------------------|--------------|--------------|

**Movements in Current Employee entitlements**

|                                      |                |                |
|--------------------------------------|----------------|----------------|
| Carrying amount at beginning of year | 7,049          | 6,609          |
| Increase in provision                | 4,376          | 4,535          |
| Payments to staff                    | <u>(4,332)</u> | <u>(4,095)</u> |
| Carrying amount at end of year       | <u>7,093</u>   | <u>7,049</u>   |

**Movements in Non-Current Employee entitlements**

|                                      |            |            |
|--------------------------------------|------------|------------|
| Carrying amount at beginning of year | 675        | 637        |
| Increase/(Decrease) in provision     | <u>145</u> | <u>38</u>  |
| Carrying amount at end of year       | <u>820</u> | <u>675</u> |

**NOTE 10 OTHER LIABILITIES**

**CURRENT**

|  |              |            |
|--|--------------|------------|
| Income received in advance and unearned income | <u>1,097</u> | <u>646</u> |
|  | <u>1,097</u> | <u>646</u> |



**VILLA MARIA SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2015**

|                            | <i>2015</i>  | <i>2014</i>  |
|----------------------------|--------------|--------------|
|                            | <i>\$000</i> | <i>\$000</i> |
| <b>NOTE 11      LOANS</b>  |              |              |
| Non Interest bearing Loans | 314          | 11,552       |
|                            | 314          | 11,552       |

**NOTE 12      RESERVES**

**(a) Building and development reserve**

The building and developments reserve contains amounts of retained surplus that have been set aside for the purpose of funding future projects that are announced from time to time.

**(b) Asset Revaluation Reserve**

The asset revaluation reserve records movements in the fair value of land and buildings and intangible assets.

**(c) Net Unrealised Gains/(Losses) Reserve**

This reserve records movements in the fair value of *available for sale* financial assets.

**(d) Long Term Maintenance Fund Reserve**

This reserve contains amounts of retained surplus which have been set aside for the purpose of any future major maintenance requirements for Athelstan retirement village.

**NOTE 13      SUPERANNUATION COMMITMENTS**

Villa Maria Society contributes to 135 complying superannuation funds, all of which are managed by external Fund Managers and are defined contribution funds. 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.

Villa Maria Society is under no formal obligation to make up any shortfall in the funds assets to meet payments due to employees. Villa Maria Society has a legally enforceable obligation to contribute to the plans.

**NOTE 14      RELATED PARTIES**

**(a) The following persons were directors of Villa Maria Society during the financial year.**

Mr P Walsh (resigned October 2014), Mr P Hogan, Mr R Gray, Mr R Livy (resigned April 2015), Mr M Meere, Mr V Cassisi (resigned October 2014), Dr R Saxon, Ms B Evans, Mr P Slattery (resigned October 2014), Mr B Scales, AO (appointed November 2014), Mr T Carr (appointed November 2014), Ms B Clarke (appointed November 2014), Mr P Gill (appointed November 2014), Mr M Tehan (appointed November 2014), Mr T Janes (appointed November 2014), Ms A Clarke (appointed November 2014).

The Constitution specifically prohibits payment to any Director of Villa Maria Society 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> | 2,355        | 2,246        |
|   | 2,355        | 2,246        |

**VILLA MARIA SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2015**

**NOTE 15 SEGMENT REPORTING**

**Identification of reporting segments**

Villa Maria Society 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.

Villa Maria has the following six business segments:

1. Residential Aged Care Services comprises four facilities which includes both low care, high care and respite.
2. Community Services comprises community support and respite services for the aged and Villa Maria Direct.
3. Disability Services comprises day services, long-term accommodation, flexible and facility based respite options, case management and a range of individualised supports for people either in their home or community services for adults and children's respite.
4. Education Services comprises St Paul's College, the Early Childhood Intervention Program, which includes a helping with autism program.
5. Retirement Living Services comprises Athelstan Camberwell, a 66 apartment retirement village.
6. Central Office comprises Administration, People Services, Fundraising, Marketing and Investments. Investments & Fundraising includes revenue from term deposits, listed securities, managed funds and fundraising activities.

| <b>Business Segments</b>                               | Residential<br>Aged Care    | Community<br>Services       | Disability<br>Services      | Education<br>Services       | Retirement<br>Living Services | Central<br>Office           | Total                       |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------------|-----------------------------|-----------------------------|
|  | <b>2015</b><br><b>\$000</b> | <b>2015</b><br><b>\$000</b> | <b>2015</b><br><b>\$000</b> | <b>2015</b><br><b>\$000</b> | <b>2015</b><br><b>\$000</b>   | <b>2015</b><br><b>\$000</b> | <b>2015</b><br><b>\$000</b> |
| <b>REVENUE</b>   |                             |                             |                             |                             |                               |                             |                             |
| Total Segment revenue                                  | 25,397                      | 26,361                      | 20,946                      | 4,426                       | 2,721                         | 2,269                       | <u>82,120</u>               |
| Total revenue  |                             |                             |                             |                             |                               |                             | <u>82,120</u>               |
| <b>RESULT</b>  |                             |                             |                             |                             |                               |                             |                             |
| Segment result   | (1,308)                     | 4,423                       | (485)                       | (63)                        | 1,450                         | (390)                       | <u>3,627</u>                |
| Net Surplus  |                             |                             |                             |                             |                               |                             | <u>3,627</u>                |
| <b>ASSETS</b>  |                             |                             |                             |                             |                               |                             |                             |
| Segment assets   | 93,612                      | 3,266                       | 15,288                      | 31,631                      | 73,472                        | 37,914                      | 255,183                     |
| Unallocated assets                                     |                             |                             |                             |                             |                               |                             | 457                         |
| Total assets   |                             |                             |                             |                             |                               |                             | <u>255,640</u>              |
| <b>LIABILITIES</b>                                     |                             |                             |                             |                             |                               |                             |                             |
| Segment liabilities                                    | (47,256)                    | (4,001)                     | (5,753)                     | (743)                       | (61,599)                      | (2,479)                     | (121,831)                   |
| Unallocated liabilities                                |                             |                             |                             |                             |                               |                             | (86)                        |
| Total liabilities                                      |                             |                             |                             |                             |                               |                             | <u>(121,917)</u>            |
| <b>OTHER</b>   |                             |                             |                             |                             |                               |                             |                             |
| Acquisitions of segment assets                         | 307                         | 439                         | 195                         | 112                         | -                             | 231                         | 1,284                       |
| Total acquisitions of non-current segment assets       |                             |                             |                             |                             |                               |                             | <u>1,284</u>                |
| Depreciation and amortisation of segment assets        | 1,708                       | 521                         | 888                         | 288                         | (45)                          | 436                         | <u>3,796</u>                |
| Unallocated other non-cash segment expenses/(revenues) |                             |                             |                             |                             |                               |                             | <u>-</u>                    |

VILLA MARIA SOCIETY  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED  
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**NOTE 15 SEGMENT REPORTING CONTINUED**

| <i>Business Segments</i>                                  | Residential<br>Aged Care | Community<br>Services | Disability<br>Services | Education<br>Services | Retirement<br>Living Services | Central<br>Office     | Total                   |
|---|--------------------------|-----------------------|------------------------|-----------------------|-------------------------------|-----------------------|-------------------------|
| <i>\$000</i>  | <i>2014<br/>\$000</i>    | <i>2014<br/>\$000</i> | <i>2014<br/>\$000</i>  | <i>2014<br/>\$000</i> | <i>2014<br/>\$000</i>         | <i>2014<br/>\$000</i> | <i>2014<br/>\$000</i>   |
| <b>REVENUE</b>  |                          |                       |                        |                       |                               |                       |                         |
| Total Segment revenue                                     | 24,239                   | 25,514                | 20,466                 | 3,640                 | 1,847                         | 2,299                 | <u>78,005</u>           |
| Total revenue   |                          |                       |                        |                       |                               |                       | <u><u>78,005</u></u>    |
| <b>RESULT</b>   |                          |                       |                        |                       |                               |                       |                         |
| Segment result  | (3,634)                  | 3,499                 | 486                    | (361)                 | 3,137                         | (110)                 | <u>3,017</u>            |
| Net Surplus   |                          |                       |                        |                       |                               |                       | <u><u>3,017</u></u>     |
| <b>ASSETS</b>   |                          |                       |                        |                       |                               |                       |                         |
| Segment assets  | 97,015                   | 4,347                 | 15,386                 | 31,875                | 72,813                        | 18,613                | 240,049                 |
| Unallocated assets  |                          |                       |                        |                       |                               |                       | <u>1,380</u>            |
| Total assets  |                          |                       |                        |                       |                               |                       | <u><u>241,429</u></u>   |
| <b>LIABILITIES</b>  |                          |                       |                        |                       |                               |                       |                         |
| Segment liabilities                                       | (47,798)                 | (1,647)               | (7,471)                | (477)                 | (52,123)                      | (1,134)               | (110,650)               |
| Unallocated liabilities                                   |                          |                       |                        |                       |                               |                       | <u>(3,559)</u>          |
| Total liabilities   |                          |                       |                        |                       |                               |                       | <u><u>(114,209)</u></u> |
| <b>OTHER</b>  |                          |                       |                        |                       |                               |                       |                         |
| Acquisitions of segment assets                            | 615                      | 456                   | 2,095                  | 146                   | -                             | 1,070                 | <u>4,382</u>            |
| Total acquisitions of non-current<br>segment assets       |                          |                       |                        |                       |                               |                       | <u><u>4,382</u></u>     |
| Depreciation and amortisation<br>of segment assets        | 1,665                    | 600                   | 916                    | 327                   | 17                            | 428                   | <u>3,953</u>            |
| Unallocated other non-cash<br>segment expenses/(revenues) |                          |                       |                        |                       |                               |                       | <u><u>-</u></u>         |

**VILLA MARIA SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**30 JUNE 2015**

**NOTE 16 MEMBERS' GUARANTEE**

Villa Maria Society is a Company limited by guarantee. If Villa Maria Society is wound up, the Constitution states that each member is required to contribute a maximum of \$20 towards meeting any outstanding obligations of Villa Maria Society. At 30 June 2015, the number of members was 114 (2014: 109).

**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                  | 446            | 695            |
| Cash and cash equivalents                  | 27,997         | 8,916          |
| Receivables                                | 3,369          | 9,360          |
|  | <u>31,812</u>  | <u>18,971</u>  |
| <i>Financial Liabilities</i>               |                |                |
| Payables                                   | 8,070          | 7,690          |
| Accommodation Bonds                        | 43,187         | 45,020         |
| Leasehold Premiums                         | 61,336         | 41,477         |
| Non-Interest Bearing Loan                  | 314            | 11,552         |
|  | <u>112,907</u> | <u>105,739</u> |

**VILLA MARIA SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 18 COMMITMENTS**

**(a) Leasing commitments**

*Operating lease commitments - Villa Maria as lessee*

Villa Maria Society 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:

|   | <b>2015</b>  | <b>2014</b>  |
|---|--------------|--------------|
|   | <b>\$000</b> | <b>\$000</b> |
| Property lease - Villa Maria as lessee      |              |              |
| Within one year                             | <b>622</b>   | 634          |
| After one year but not more than five years | <b>362</b>   | 622          |
| Total minimum lease payments                | <b>984</b>   | 1,256        |

**(b) Property, plant and equipment commitments**

Commitments contracted for at reporting date but not recognised as liabilities.

**Property, plant and equipment**

|  |   |   |
|--|---|---|
| Completion of operating facilities within 1 year | - | - |
| After one year but not more than five years      | - | - |
| Total minimum lease payments                     | - | - |

**NOTE 19 EVENTS SUBSEQUENT TO REPORTING DATE**

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

**NOTE 20 CONTINGENT LIABILITIES**

There are no contingent liabilities that have been incurred by Villa Maria Society in relation to the 2015 or 2014 financial year.

**NOTE 21 COMPANY DETAILS**

The Registered Office of Villa Maria Society is:

Villa Maria Society  
Whitty House  
6 Studley Park Road  
Kew, Victoria, 3101

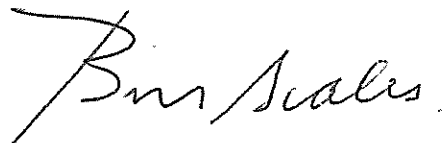
Villa Maria Society  
ACN 004 364 103

## Directors' Declaration

The Directors of Villa Maria Catholic Homes Limited (formerly known as Villa Maria Society) 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 Australian Charities and Not-for-profits Commission Act 2012 and:
  - (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Regulation 2013; and
  - (b) give a true and fair view of the company's financial position as at 30th June 2015 and of its performance for the year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the company 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 of Directors and is signed for and on behalf of the directors 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:  
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Melbourne Victoria 3001

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W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## **Independent Auditor's Report To the Members of Villa Maria Society**

We have audited the accompanying financial report of Villa Maria Society (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 directors' declaration of the company .

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

The Directors 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. The Directors' responsibility also includes such internal control as the Directors determine 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.

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In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the 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 Villa Maria Society is in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
  - i giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance 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