Manor Court

WERRIBEE AGED CARE LTD

Annual Report
2016 - 2017

Manor Court
WERRIBEE AGED CARE LTD

Vision Statement

To be the facility of choice for residential aged care in the Wyndham community.

Mission & Purpose Statement

To provide premier resident - centred care for the aged within our high-quality facilities.

Our Values

Wyndham Focus

Engagement … With Stakeholders

Community Ownership

Accountability … of Staff, Service Providers, Management

Respect … for Residents, Families and Staff

Excellence … in all We Do

Chairmans' Report

In my last report, I predicted a likely short-term oversupply of aged care providers in our area and elsewhere.

This has indeed happened. However, Manor Court continues to be innovative and flexible. There has been some impact, but we have and are, coping well, with occupancy rates holding up.

This is largely down to our Managing Director, Ross Smith and Director of Nursing Kerry Bailey and their team who I thank for their efforts and endeavour. We still maintain that our not-for-profit, homely, caring environment satisfies a significant niche in the overall, increasing demand for aged care provision.

With our current residents and potential demand in mind, we have begun the process of a complete refurbishment and upgrade of our dementia facility. We hope this work will commence in the very near future as our plans are now at an advanced stage.
We are also currently examining our kitchen facilities with an upgrade in mind. We continue to upgrade and improve our nursing software in keeping with our determined goal to increase our efficiency in reporting and recordkeeping concurrent with maximizing nursing time for hands-on caring.

We are increasingly aware and concerned by the significant increase in the costs of our power supply. We have commenced a feasibility study, coordinated by Board Members Wayne Bingham and Nik Tsardakis, to determine the suitability and capabilities of alternatives such as solar power. A concurrent concern is our possible exposure to cybercrime. Our Board member Ian Hovey is currently studying strategies and options regarding this.

With our future path in mind, we again held a two-day strategy seminar facilitated by Nic Carr Consulting Pty. Among other things, we re-examined legal issues, compliance and importantly revised and updated our Strategic Plan. We also continue to research the potential of expanding our facility. The optimum size for an aged care facility like ours continues to change in an upward direction. This will be one of our focuses in the coming year.

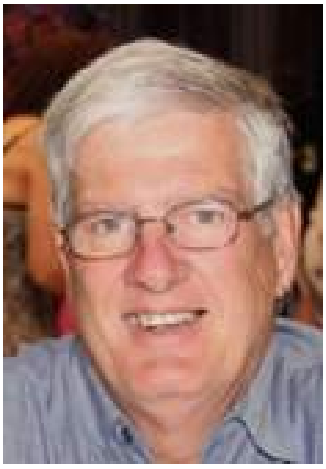
The Government approach to aged care still appears to require us to do more with less. Nonetheless, we continue to address our key goal of providing the best possible care and out-comes for our present and future residents.

This will be my last report as Chairman. My successor will begin their tenure after the AGM in November. My experience as Chair has been satisfying and challenging. I thank our Managing Director, Ross Smith whose pragmatic yet caring style has more than enhanced Manor Court and what it has to offer. I also thank our Director of Nursing Kerry Bailey and her team, who have ably assisted him. Our Accountant Wanda Tullio and our Chef and Services Manager Carmelo Santo have also done a sterling job and I thank and commend them for this.

I take this opportunity to thank the Board of Manor Court for all their efforts and commitment and in particular Deputy Chair Emily Keogh. Their amalgam of particular skills, their input and time are all greatly appreciated.

Callum Scott
Chairman

Managing Directors Report



2016/2017 has probably been one of the toughest for the aged care industry On record. We have had no less than four government enquiries into different aspects of the aged care industry, and we will have alot more challenges moving forward.

I recently attended the Leading Aged Services Association (LASA) National Conference where the Federal Aged Care Minister & the Shadow Minister addressed the conference.

We were hoping to get a better understanding of what is ahead of us for the next 4 or 5 years, but sadly this was not the case.

All we know about the future is:

- An additional 60,000 residential care beds are needed in the next 10 years to meet the expected demand, but only 30,000 have been added in the past 10 years.
- The government currently spends $16 billion on aged care and the aged pension. This is
- increasing at an unstainable rate, and the government is unable to fund the increase, so further funding cuts are inevitable.
- The government has frozen our funding for the 2017/2018 year, but haven't given an indication when the funding freeze will cease.
- From 01.07.2018, the government intends to introduce a brand-new accreditation system for the industry.
- Most likely from 01.07.2018, the current ACFI funding system will be replaced, with a system that will fund less for a lot of services we are expected to privide.
- The government has indicated that they are reviewing the costs paid by people with the means to pay. I don't think there is any doubt, that residents choosing residential care in the future, who have money, will be expected to pay much more than current residents.

Financial Results

The financial results for the 12 months to 30 June 2017 were:

- Actual trading profit of $683,000 compared to a budget trading profit of $543,000.
- Net profit $291,000 compared to a budget of $157,000. This figure includes $76,000 of rental income from the independent living units.

This was a pretty reasonable result, considering the tough trading conditions we experienced during the year.

Factors that contributed to the result were.

- Respite demand was exceptionally strong during the year, averaging 4.2 fully occupied beds for the year.
- We adjusted our rosters during the year to reflect our occupancy levels.
- The government added two additional public holidays – AFL Grand Final Day and Easter
- Saturday. The additional penalty rates for each day cost Manor Court $15,000 for each day.

A common criticism we hear of residential care facilities, is that there are not enough staff to look after the residents. Continuing cuts to our funding by the government, is making it very difficult for facilities to maintain staff levels. The maximum prices we can charge are set by the government, so the money to fund additional staff needs to come from somewhere.

In Manor Court's case, our wages bill for the year was $5.4 million, or 77% of the total cost of running the facility. So, if we were to add one additional staff member to morning, afternoon and night shift, 7 days a week, 365 days a year, the cost would be just over $350,000.

As our profit from the aged care facility for the year was only $215,000, it would only just cover 50% of the cost of one additional staff?

We hear people complaining of how profitable the aged care industry is, but Manor Court's profit of $215,000, only gives a Return on Investment of 1.3%. Interest rates are at record lows at present, but we could achieve more than double that by just putting our money in the bank

Accreditation

- During the year we were subject to three unannounced accreditation visits on 05.07.2016, 01.12.2016 & 01.03.2017. We were found to be fully compliant in all standards audited during these visits.
- The Quality Agency aims to conduct two unannounced visits during each financial year. Our next full three year accreditation audit will take place in July 2018.

Staff

We currently have 108 staff on our books, which equates to 1.17 staff per resident at current occupancy levels.
Our average years of service is 6.4 years which recognises the very stable workforce we have built up over the last few years. Nearly 20% of our staff have 10 years' service or greater. This is important for residents, as familiar staff make it far easier for residents to adapt to residential care.
During the year:

- Megan Sidnell - PCA achieved 20 years' service.
- Kitchen Assistant Sandra Bauer achieved 15 years' service.

We thank all of our staff for the efforts made to ensure we provide the best service possible to the residents.

Volunteers

Volunteers are very special people, and the management & residents of Manor Court sincerely thank them for the time that they donate.
We would love to see more volunteers. If you know of someone who is able to give as little as one or two hours a week of their time, Sharon from our lifestyle team would love to hear from you.

Capital Improvements

The Board has continued to ensure that our buildings and fixtures are maintained in a top quality. During 2016/2017 we spent $129,000 on improvements to our existing buildings, and the replacement of equipment. The major items were:

- Wall mounted TV's to resident rooms - $7,000
- Front foyer upgrade – retention - $17,500
- Upgrade to fire service - $15,000
- Replacement of IT computer server - $15,000
- Laundry washer & dryer - $27,000
- Electric floor scrubber - $5,000
- Other Equipment replacements - $57,500

The Board is currently working towards a significant upgrade of the Knight & Gardiner units.
The works will involve removing walls to create a large open area combining the Knight home room, the passage & the Gardiner dining room. We are expecting the costs to be around $250,000 and we expect the works to be completed in January/February 2018.

Senior Management Staff

A major contributor to the success of our business, is the stable senior management team, with nearly 100 years combined service at Manor Court.

- Kerry Bailey – Director of Nursing. Kerry has been at Manor Court for just over 11 years, in charge of the nursing & lifestyle departments.
- Carmelo Santo – Chef & Services Manager. Carmelo looks after the cooking, cleaning & laundry. Carmelo has been with us 21 years, and is assisted by second chef Nitin Kaushik.
- Wanda Tullio joined the team 4 years ago, and controls the accounting, IT & administration functions.
- Kerry is supported by Registered Nurses Sharnie Bailey – nearly 11 years & Rachael Shalders – 4 years, who maintain management coverage of the facility on weekends.
- Sharon Smith has been with us 18 years, and runs the Lifestyle Department.
- Mick Micallef runs our Maintenance Department, and has been with us 17 years.

Hairdresser

Our hairdresser for the last 17 years Lesley Fulham retired recently. Lesley operated out of three different areas in the facility, before her current location next to Comben unit 31.
A new hairdresser has replaced Lesley.

National Broadband Network

During the year the National Broadband Network (NBN) was installed to Manor Court. It appears that businesses were left to last, as the adjoining houses around Manor Court were connected 18 months earlier than us.
The NBN has been good for Manor Court, as;

- It has allowed us to run our phone service over the internet, which is far cheaper.
- It has provided better speed for users
- It allows a better solution for data storage and backups off site.

The Future Direction for Manor Court

The Board of Directors had a strategy weekend recently, to develop a new Business Plan, and to look at the future direction of the business.

Six years ago, we opened our new 2-storey addition, taking our facility to a total of 100 beds. In the time since we opened, Wyndham's population has increased by 30,000 people, and we are still seeing nearly 150 people a week moving into the area, making it one of the fastest growing regions in the country.

In the next few months the Board will finalise its strategic plan, and will get to work on the next phase of the business.

The difficulty for the Board is that we don't have reliable data on which to make our decisions. At least three government departments have released forecasts on aged care services for the next 25 years, but they are all quite different.

Some of the challenges facing our Board are:

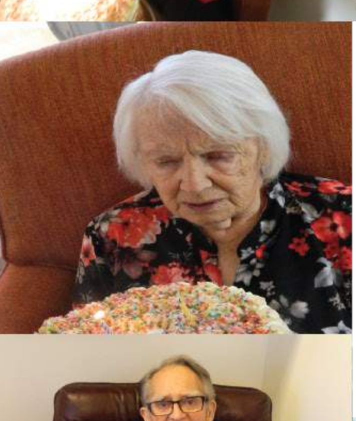
- Do we grow our business beyond the current size of 100 residents, to meet the expected demand in 10 years-time.
- The useful life of facilities is 35-40 years. Our Comben units are approaching 40 years old, and replacement needs to be considered.
- We are told that the next generation have totally different expectations of what they want from aged care.
- The government has made it clear that they can't fund the growth of the aged care budget at current rates, and will expect residents to fund a higher contribution to their care. This will force people who should be in residential care, to stay in their own homes.
- We are being told that the baby boomers who have just started entering residential care, have less financial resources than the previous generation.
- If we decide to expand, where do we expand to.

This is why the planning of Boards is so critical. It usually takes 6 to 7 years from deciding to build or expand to taking in your first new residents, and a lot can go wrong in that time if you don't get your planning correct.

Board

During the year, Brett Nicol left the Board, as he is now residing in the eastern suburbs of Melbourne. Brett joined the Board in 2000, serving for nearly 17 years, including 2 years as Chairman. We thank Brett for his significant contribution to Manor Court.
I would like to thank the Board of Directors for their support during the financial year, and in particular Chairman Callum Scott & Deputy Chair Emily Keogh, who have been of great assistance to me.

Ross A Smith
Managing Director



Manor Court Residents

Manor Court Werribee Aged Care Ltd

ABN: 51 088 301 713

Consolidated Financial Statements

For the Year Ended 30 June 2017

Manor Court Werribee Aged Care Ltd

ABN: 51 088 301 713

Contents

For the Year Ended 30 June 2017

Directors' Report
30 June 2017

The directors present their report, together with the consolidated financial statements of the Group, being the Company and its controlled entity, for the financial year ended 30 June 2017.

1. General information

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Dr C Scott	
Qualifications	BSc (Hons) Chem Eng, GDipEd, GDipCInfSc, Msc, PhD, BA, AMFBAA, QPIA
Experience	9 years experience in residential aged care
Special responsibilities	Chairman of the Board
Ms E C Keogh	
Qualifications	Bachelor of Arts (Journalism), Bachelor of Laws, Diploma of Frontline Management
Experience	Wyndham City, Manager Corporate Affairs; 6 years experience in residential aged care
Special responsibilities	Deputy Chairperson
Mr I S Knight OAM	
Qualifications	Investor
Experience	38 years experience in residential aged care
Mr B A Nicol	(Resigned 23 March 2017)
Experience	17 years experience in residential aged care
Mr R A Smith	
Qualifications	Dip Bus Accounting, FCPA, FCIS, AICD
Experience	21 years experience in residential aged care
Special responsibilities	Managing Director
Mr N Tsardakis	
Experience	17 years experience as a director in residential aged care and 30 years experience in Banking, Capital Markets and Financial Services
Mrs K Munton	
Qualifications	BNurs, GradCertAdvNurs, CertIVWkTrainAssess, Graduate Certificate in Management (Health Leadership)
Experience	24 years in Hospitals and Aged Care incorporating clinical nursing, staff development and hospital management, 3 years experience in residential aged care
Mr W R Bingham	
Qualifications	Bachelor of Business (Accounting), CPA Associate
Experience	6 years experience in not-for-proft assisting veterans, 2 years experience in residential aged care

Directors' Report
30 June 2017

1. General information (continued)

Information on directors (continued)

Mr I S Hovey	
Qualifications	Diploma of Business Studies (EDP) - Gordon Institute of Technology
Experience	41 years as an IT professional in mining, banking, manufacturing and local government. 2 years experience in residential aged care

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activityof the Group during the financial year was the provision of residential aged care services.

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

Short term objectives

The Group's short term objectives are to:

- continue to market our facility, and achieve and maintain full occupancy.
- ensure the financial viability of the business.
- meet the requirements of the Aged Care Act 1997, for accreditation of the facility and its buildings.

Long term objectives

The Group's long term objectives are to:

- maintain and upgrade our buildings to meet the demands of the next generation of residents.
- ensure the financial viability of the business.

Strategy for achieving the objectives

To achieve these objectives, the Group has adopted the following strategies:

- focus on retention and continuity of our senior management staff.
- alliances with training organisations to train nursing staff at our facility. This gives us access to a regular supply of quality staff.

Directors' Report

30 June 2017

1. General information (continued)

Performance measures

The following measures are used within the Group to monitor performance:

- financial performance to budgets.
- compliance with the 44 aged care accreditation standards.
- internal audits of processes and practices.
- feedback from residents and families about the quality of the services provided.
- achieving and maintaining full occupancy.

Members guarantee

Manor Court Werribee Aged Care Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up, is limited to $ 0.50, subject to the provisions of the company's constitution.

At 30 June 2017 the collective liability of members was $ 35 (2016: $ 35).

2. Operating results and review of operations for the year

Operating results

The consolidated surplus of the Group amounted to $ 291,529 (2016: $ 121,392).

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the year.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future developments and results

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

Directors' Report
30 June 2017

3. Other items (continued)

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Meetings of directors

During the financial year, 11 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Dr C Scott	11	8
Ms E C Keogh	11	7
Mr I S Knight OAM	11	10
Mr B A Nicol	7	2
Mr R A Smith	11	10
Mr N Tsardakis	11	11
Mrs K Munton	11	9
Mr W R Bingham	11	9
Mr I S Hovey	11	9

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Manor Court Werribee Aged Care Ltd.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with Section 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012*, for the year ended 30 June 2017 has been received and can be found on page 5 of the consolidated financial report.

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

Director: ....
Dr C Scott

Director: ....
Mr R A Smith

Dated this ....26th.... day of ....October.... 2017

Nexia Australia

Manor Court Werribee Aged Care Ltd
ABN: 51 088 301 713 NAPS ID: 823

Auditor's Independence Declaration under Subdivision 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 to the Directors of Manor Court Werribee Aged Care Ltd and Controlled Entity

As lead audit partner for the audit of the financial statements of Manor Court Werribee Aged Care Ltd for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Nexia

Nexia Melbourne Audit Pty Ltd
Melbourne

Geoff S. Parker
Director

Dated this 26 day of OCTOBER 2017

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Manor Court Werribee Aged Care Ltd

ABN: 51 088 301 713

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2017

	Note	2017 $	2016 $
Revenue	4	**7,283,089**	7,221,168
Other income	4	**41,426**	20,032
		7,324,515	7,241,200
Employee benefits expense	5	**(5,418,865)**	(5,409,261)
Depreciation expense	5	**(366,484)**	(364,075)
Catering expense		**(313,955)**	(320,337)
Medical supplies		**(224,358)**	(224,557)
Insurance		**(29,524)**	(31,877)
Repairs and maintenance		**(94,112)**	(106,270)
Occupancy		**(186,328)**	(213,875)
Telephone expenses		**(38,354)**	(39,656)
Cleaning expenses		**(55,536)**	(69,125)
Accounting & compliance costs		**(27,860)**	(23,204)
Other expenses		**(252,420)**	(290,540)
Finance costs	5	**(25,190)**	(27,031)
Surplus for the year		**291,529**	121,392
Total comprehensive income for the year		**291,529**	121,392
Profit attributable to:			
Members of the parent entity		**291,529**	121,392
Total comprehensive income attributable to:			
Members of the parent entity		**291,529**	121,392

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As At 30 June 2017

	Note	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**3,352,808**	782,473
Trade and other receivables	7	**127,485**	256,114
Other financial assets	8	**141,899**	138,479
Other assets	9	**52,609**	55,504
TOTAL CURRENT ASSETS		**3,674,801**	1,232,570
NON-CURRENT ASSETS			
Property, plant and equipment	10	**12,444,900**	12,682,263
TOTAL NON-CURRENT ASSETS		**12,444,900**	12,682,263
TOTAL ASSETS		**16,119,701**	13,914,833
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	**8,045,961**	6,363,173
Borrowings	12	**125,000**	-
Employee benefits	13	**677,643**	634,240
TOTAL CURRENT LIABILITIES		**8,848,604**	6,997,413
NON-CURRENT LIABILITIES			
Employee benefits	13	**146,260**	84,112
TOTAL NON-CURRENT LIABILITIES		**146,260**	84,112
TOTAL LIABILITIES		**8,994,864**	7,081,525
NET ASSETS		**7,124,837**	6,833,308
EQUITY			
Reserves		**3,863,693**	3,863,693
Retained earnings		**3,261,144**	2,969,615
TOTAL EQUITY		**7,124,837**	6,833,308

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2017

2017

	Retained Earnings	Capital Surplus Reserve	Asset Revaluation Reserve	Total
	$	$	$	$
Balance at 1 July 2016	**2,969,615**	**1,138,693**	**2,725,000**	**6,833,308**
Surplus for the year	**291,529**	**-**	**-**	**291,529**
Balance at 30 June 2017	**3,261,144**	**1,138,693**	**2,725,000**	**7,124,837**

2016

	Retained Earnings	Capital Surplus Reserve	Asset Revaluation Reserve	Total
Balance at 1 July 2015	2,848,223	1,138,693	2,725,000	6,711,916
Surplus for the year	121,392	-	-	121,392
Balance at 30 June 2016	2,969,615	1,138,693	2,725,000	6,833,308

a. Asset Revaluation Surplus

The asset revaluation reserve records fair value movements on property, plant and equipment held under the revaluation model.

b. Capital Surplus Reserves

The capital surplus reserve records realised gains on sale of non-current assets.

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**7,350,650**	7,007,809
Payments to suppliers and employees		**(6,505,566)**	(6,592,455)
Interest received		**70,597**	67,670
Interest paid		**(23,720)**	(28,194)
Net cash provided by operating activities	20	**891,961**	454,830
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(129,121)**	(878,050)
Net cash used in investing activities		**(129,121)**	(878,050)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net accommodation bonds received/(paid)		**1,685,915**	(794,236)
Proceeds from borrowings		**125,000**	-
Net cash provided by/(used in) financing activities		**1,810,915**	(794,236)
Net increase/(decrease) in cash and cash equivalents held		**2,573,755**	(1,217,456)
Cash and cash equivalents at beginning of year		**920,952**	2,138,408
Cash and cash equivalents at end of financial year	6	**3,494,707**	920,952

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2017

The consolidated financial report covers Manor Court Werribee Aged Care Ltd and its controlled entities ('the Group'). Manor Court Werribee Aged Care Ltd is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The consolidated financial report was authorised for issue by the Directors on 26 October 2017.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

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

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 16 to the financial statements.

(b) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

2 Summary of Significant Accounting Policies (continued)

(c) Revenue and other income (continued)

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

Government subsidies

Revenue received from government subsidies is recognised at fair value when the right to receive the income is established.

Provision of services

Revenue from the provision of accommodation and care services (resident fees) is recognised upon delivery of the services to the resident.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest is recognised using the effective interest method.

(d) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

(e) Property, plant and equipment

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

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Land and buildings are measured using the revaluation model.

Plant and equipment are measured using the cost model.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies (continued)

(e) Property, plant and equipment (continued)

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

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

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant and Equipment	7.5 - 33.3%
Motor Vehicles	20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

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

(f) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

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

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

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

2 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the consolidated statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Group's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

2 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

Assets included within this category are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Group's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in the prior period consolidated statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the consolidated statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

2 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Group's financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method.

Impairment of Financial Assets

At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

Derecognition

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

2 Summary of Significant Accounting Policies (continued)

(g) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(i) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the nominal amount.

(j) Accommodation bonds

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*. These liabilities are considered to be current as the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after balance sheet date. The obligation to settle could occur any time.

This includes Refundable Accommodation Deposits which are held in accordance with the Living Longer Living Better amendments to the *Aged Care Act 1997*.

2 Summary of Significant Accounting Policies (continued)

(k) Fair value of assets and liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

"Fair value" is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

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

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

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

(l) Adoption of new and revised accounting standards

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

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

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these Consolidated financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

3 Critical Accounting Estimates and Judgments (continued)

Key estimates - property held at fair value

An independent valuation of property (land and buildings) carried at fair value was obtained on 11 August 2014. The directors have reviewed this valuation and updated it based on valuation indexes for the area in which the property is located. The valuation is an estimation which would only be realised if the property is sold.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

4 Revenue and Other Income

	2017 $	2016 $
Revenue		
- Care funding government contribution	**5,150,230**	5,107,685
- Daily care fees	**1,832,433**	1,834,522
- Accommodation bond retention	**31,897**	71,717
- Other revenue	**268,529**	207,244
	7,283,089	7,221,168
Other income		
- Interest received	**41,426**	20,032
Total Revenue and Other Income	**7,324,515**	7,241,200

5 Result for the Year

The result for the year was derived after charging the following items:

	2017	2016
Finance Costs		
Financial liabilities measured at amortised cost:		
- Interest paid	**25,190**	27,031

The result for the year includes the following specific expenses:

	2017	2016
Other expenses:		
Employee benefits expense	**5,418,865**	5,409,261
Depreciation expense	**366,484**	364,075
Impairment of receivables:		
- Trade receivables	**-**	52,282

Notes to the Financial Statements

For the Year Ended 30 June 2017

6 Cash and Cash Equivalents

	Note	2017 $	2016 $
Cash at bank and in hand		**3,352,808**	782,473

Reconciliation of cash

Cash and Cash equivalents reported in the consolidated statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

	Note	2017	2016
Cash and cash equivalents		**3,352,808**	782,473
Term deposits	8	**141,899**	138,479
Balance as per consolidated statement of cash flows		**3,494,707**	920,952

7 Trade and Other Receivables

	Note	2017	2016
CURRENT			
Trade receivables		**94,003**	202,882
Provision for impairment	(a)	**(52,282)**	(52,282)
		41,721	150,600
Other receivables		**85,764**	105,514
		127,485	256,114

(a) Impairment of receivables

Reconciliation of changes in the provision for impairment of receivables is as follows:

	2017	2016
Balance at beginning of the year	**52,282**	-
Additional impairment loss recognised	**-**	52,282
Balance at end of the year	**52,282**	52,282

(b) Financial assets classified as loans and receivables

	2017	2016
Trade and other receivables		
- total current	**127,485**	256,114

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

8 Other financial assets

	Note	2017	2016
CURRENT			
Term deposits	6	**141,899**	138,479

Notes to the Financial Statements
For the Year Ended 30 June 2017

9 Other Assets

	2017 $	2016 $
CURRENT		
Prepayments	**52,609**	55,504

10 Property, plant and equipment

	2017 $	2016 $
LAND AND BUILDINGS		
Freehold land		
At fair value	**3,745,000**	3,745,000
Buildings		
At cost	**10,746,915**	10,729,328
Accumulated depreciation	**(2,552,431)**	(2,311,282)
Total buildings	**8,194,484**	8,418,046
Total land and buildings	**11,939,484**	12,163,046
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	**692,608**	581,116
Accumulated depreciation	**(391,786)**	(294,473)
Total plant and equipment	**300,822**	286,643
Furniture, fixtures and fittings		
At cost	**961,740**	961,698
Accumulated depreciation	**(757,146)**	(729,124)
Total furniture, fixtures and fittings	**204,594**	232,574
Motor vehicles		
At cost	**52,060**	52,060
Accumulated depreciation	**(52,060)**	(52,060)
Total motor vehicles	**-**	-
Total plant and equipment	**505,416**	519,217
Total property, plant and equipment	**12,444,900**	12,682,263

Notes to the Financial Statements

For the Year Ended 30 June 2017

10 Property, plant and equipment (continued)

Movements in Carrying Amounts

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

Consolidated	Land $	Buildings $	Plant and Equipment $	Furniture, Fixtures and Fittings $	Total $
Year ended 30 June 2017					
Balance at the beginning of year	**3,745,000**	**8,418,046**	**286,643**	**232,574**	**12,682,263**
Additions	**-**	**17,587**	**111,492**	**42**	**129,121**
Depreciation expense	**-**	**(241,149)**	**(97,313)**	**(28,022)**	**(366,484)**
Balance at the end of the year	**3,745,000**	**8,194,484**	**300,822**	**204,594**	**12,444,900**

11 Trade and other payables

	2017 $	2016 $
CURRENT		
Trade payables	**134,863**	96,811
Sundry payables and accrued expenses	**175,557**	200,987
Accommodation bonds	**7,649,227**	5,995,209
Income received in advance	**86,314**	70,166
	8,045,961	6,363,173

(a) Financial liabilities at amortised cost classified as trade and other payables

	2017 $	2016 $
Trade and other payables:		
- total current	**8,045,961**	6,363,173
Less:		
- amounts received in advance	**(86,314)**	(70,166)
Financial liabilities as trade and other payables	**7,959,647**	6,293,007

No collateral has been pledged for any of the trade and other payable balances.

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

12 Borrowings

	2017 $	2016 $
CURRENT		
Unsecured liabilities:		
Other loans	**125,000**	-

Notes to the Financial Statements

For the Year Ended 30 June 2017

13 Employee Benefits

	2017	2016
	$	$
Current liabilities		
Annual leave	**305,711**	315,481
Long service leave	**371,932**	318,759
	677,643	634,240
Non-current liabilities		
Long service leave	**146,260**	84,112

14 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $ 0.50 each towards meeting any outstandings and obligations of the Company. At 30 June 2017 the number of members was 70 (2016: 70).

15 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Company and the Group is $ 457,289 (2016: $ 455,210).

16 Interests in Subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2017	Percentage Owned (%)* 2016
Subsidiaries:			
Manor Court Management Services Pty Ltd	Australia	**100**	100

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

17 Fair Value Measurement

The Group measures the following assets and liabilities at fair value on a recurring basis:

- Property, plant and equipment

Property, Plant and Equipment

The Group's land and buildings were revalued at 11 August 2014 by independent valuers. Valuations were made using the price that would be received to sell the asset in an orderly transaction between market participants at the the measurement date. The revaluation surplus was credited to an asset revaluation reserve in equity. The revaluations at 30 June 2017 was a directors valuation.

Notes to the Financial Statements

For the Year Ended 30 June 2017

18 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2017 (30 June 2016: None).

19 Related Parties

(a) The Group's main related parties are as follows:

Key management personnel - refer to Note 15.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The Company did not have any transactions with related parties during the year ended 30 June 2017 (30 June 2016: None).

20 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	2017 $	2016 $
Surplus for the year	**291,529**	121,392
Non-cash flows in surplus:		
- depreciation	**366,484**	364,075
- bond retentions	**(31,897)**	(71,716)
- impairment of receivables	**-**	52,282
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**128,629**	(94,005)
- (increase)/decrease in other assets	**2,895**	4,751
- increase/(decrease) in trade and other payables	**28,770**	(10,795)
- increase/(decrease) in provisions	**105,551**	88,846
Cashflows from operating activities	**891,961**	454,830

Notes to the Financial Statements

For the Year Ended 30 June 2017

21 Operating Segments

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Segment performance

	Residential Aged Care		Independent Living Units		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**	**$**	**$**
Revenue and other income	**7,212,188**	7,152,248	**112,327**	88,952	**7,324,515**	7,241,200
Depreciation expense	**(361,634)**	(359,815)	**(4,850)**	(4,260)	**(366,484)**	(364,075)
Employee benefits expense	**(5,418,865)**	(5,409,261)	**-**	-	**(5,418,865)**	(5,409,261)
Repairs and maintenance	**(90,113)**	(100,226)	**(3,999)**	(6,044)	**(94,112)**	(106,270)
Other expenses	**(1,126,344)**	(1,221,309)	**(27,181)**	(18,893)	**(1,153,525)**	(1,240,202)
Segment results	**215,232**	61,637	**76,297**	59,755	**291,529**	121,392

Segment assets

Segment assets	**13,369,701**	11,214,833	**2,750,000**	2,700,000	**16,119,701**	13,914,833

Segment liabilities

Segment liabilities	**8,994,864**	7,081,525	**-**	-	**8,994,864**	7,081,525

Notes to the Financial Statements

For the Year Ended 30 June 2017

22 Parent entity

The following information has been extracted from the books and records of the parent, Manor Court Werribee Aged Care Ltd and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Manor Court Werribee Aged Care Ltd has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the consolidated financial statements of the parent entity.

	2017	2016
	$	$
Statement of Financial Position		
Assets		
Current assets	**3,674,801**	1,232,570
Non-current assets	**12,444,900**	12,682,263
Total Assets	**16,119,701**	13,914,833
Liabilities		
Current liabilities	**8,848,604**	6,997,413
Non-current liabilities	**146,260**	84,112
Total Liabilities	**8,994,864**	7,081,525
Equity		
Retained earnings	**3,261,144**	2,969,615
Revaluation surplus	**2,725,000**	2,725,000
General reserve	**1,138,693**	1,138,693
Total Equity	**7,124,837**	6,833,308
Statement of Profit or Loss and Other Comprehensive Income		
Total profit or loss for the year	**291,529**	121,392
Total comprehensive income	**291,529**	121,392

Guarantees

Manor Court Werribee Aged Care Ltd has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiary.

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2017 or 30 June 2016.

Contractual commitments

The parent entity did not have any commitments as at 30 June 2017 or 30 June 2016.

Notes to the Financial Statements

For the Year Ended 30 June 2017

23 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

24 Company Details

The registered office of and principal place of business of the company is:
Manor Court Werribee Aged Care Ltd
5 Hogan Grove
Werribee VIC 3030

Manor Court Werribee Aged Care Ltd

ABN: 51 088 301 713

Directors' Declaration

The directors of the Company declare that, in their opinion:

1. The consolidated financial statements and notes, as set out on pages 6 to 26, are in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

    a. comply with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*; and

    b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Company and controlled entity.

2. There are reasonable grounds to believe that the Company is able to pay all of 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 Regulation 60-15 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Director .... Dr C Scott

Director .... Mr R A Smith

Dated this ....26.......... day of ....October.......... 2017

Manor Court Werribee Aged Care Ltd

ABN: 51 088 301 713 NAPS ID: 823

Independent Auditor's Report to the Members of Manor Court Werribee Aged Care Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Manor Court Werribee Aged Care Ltd (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Manor Court Werribee Aged Care Ltd 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 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013.*

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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* and for 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.

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In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nexia

Nexia Melbourne Audit Pty Ltd
Melbourne

Geoff S. Parker
Director

Dated this 26 day of OCTOBER 2017

Manor Court Werribee Aged Care Ltd
ABN: 51 088 301 713 NAPS ID: 823

Independent Auditor's Report to the Directors of Manor Court Werribee Aged Care Ltd and the Secretary of the Department of Health

Report on Manor Court Werribee Aged Care Ltd's compliance with the Aged Care Act 1997 and the *Fees and Payments Principles 2014 (No.2)*.

We have audited the compliance of Manor Court Werribee Aged Care Ltd with the requirements of Part 5 of the *Fees and Payments Principles 2014 (No.2)* (Fees and Payments Principles) for the period 1 July 2016 to 30 June 2017.

Opinion

In our opinion, Manor Court Werribee Aged Care Ltd has complied, in all material respects, with the requirements of Part 5 of the *Fees and Payments Principles 2014 (No.2)* for the period 1 July 2016 to 30 June 2017.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Guide, we are required to report all instances of non-compliance with the requirements of the Act and the Fees and Payments Principles by Manor Court Werribee Aged Care Ltd that came to our attention during the course of our audit.

No instances of non-compliance with the requirements of the Act and the Fees and Payments Principles by Manor Court Werribee Aged Care Ltd have come to our attention during the course of our audit.

Directors' Responsibility

The directors of Manor Court Werribee Aged Care Ltd are responsible for compliance with the Act and the Fees and Payments Principles and for such internal control as the directors determine is necessary for compliance with the Act and the Fees and Payments Principles. The responsibilities of the directors include requirements under the Act and the Fees and Payments Principles for the preparation and presentation of the Annual Prudential Compliance Statement (APCS) and compliance with the Prudential Standards contained within the Fees and Payments Principles.

Auditor's Responsibility

Our responsibility is to form and express an opinion on Manor Court Werribee Aged Care Ltd's compliance, in all material respects, with the prudential requirements of the Act and the Fees and Payments Principles.

Our audit has been conducted in accordance with the applicable Standards on Assurance Engagements (ASAE 3100 *Compliance Engagements*), issued by the Auditing and Assurance Standards Board and with the requirements of the Department of Health as set out in the Guide to the Audit of the Approved Provider's Compliance with the Prudential Requirements (the Guide). Our audit has been conducted to provide reasonable assurance that Manor Court Werribee Aged Care Ltd has complied with the requirements of the Fees and Payments Principles. ASAE 3100 requires that we comply with relevant ethical requirements.

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Audit procedures selected depend on the auditor's judgement. The auditor designs procedures that are appropriate in the circumstances and incorporate the audit scope requirements set out in the Guide. The audit procedures have been undertaken to form an opinion on compliance of Manor Court Werribee Aged Care Ltd with Part 5 of the Fees and Payments Principles. Audit procedures include obtaining evidence relating to refundable deposits, accommodation bonds and entry contributions held; refunds of refundable deposits, accommodation bond balances and entry contributions; limits on charging refundable deposits, accommodation bonds; compliance with the Prudential Standards relating to liquidity, records, governance and disclosure; and use of refundable deposits and accommodation bonds.

Use of Report and Restriction on Distribution

This auditor's report has been prepared for the directors of Manor Court Werribee Aged Care Ltd and the Secretary of the Department of Health for the purpose of fulfilling the requirements of the Disclosure Standard. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the directors and the Secretary of the Department of Health, or for any purpose other than that for which it was prepared. Our report is intended for the directors of Manor Court Werribee Aged Care Ltd and the Secretary of the Department of Health and should not be distributed to other parties.

Inherent Limitations

Because of the inherent limitations of any compliance procedures, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements of the Act and Fees and Payments Principles, as the audit procedures are not performed continuously throughout the year and are undertaken on a test basis.

The auditor's opinion expressed in this report has been formed on the above basis.

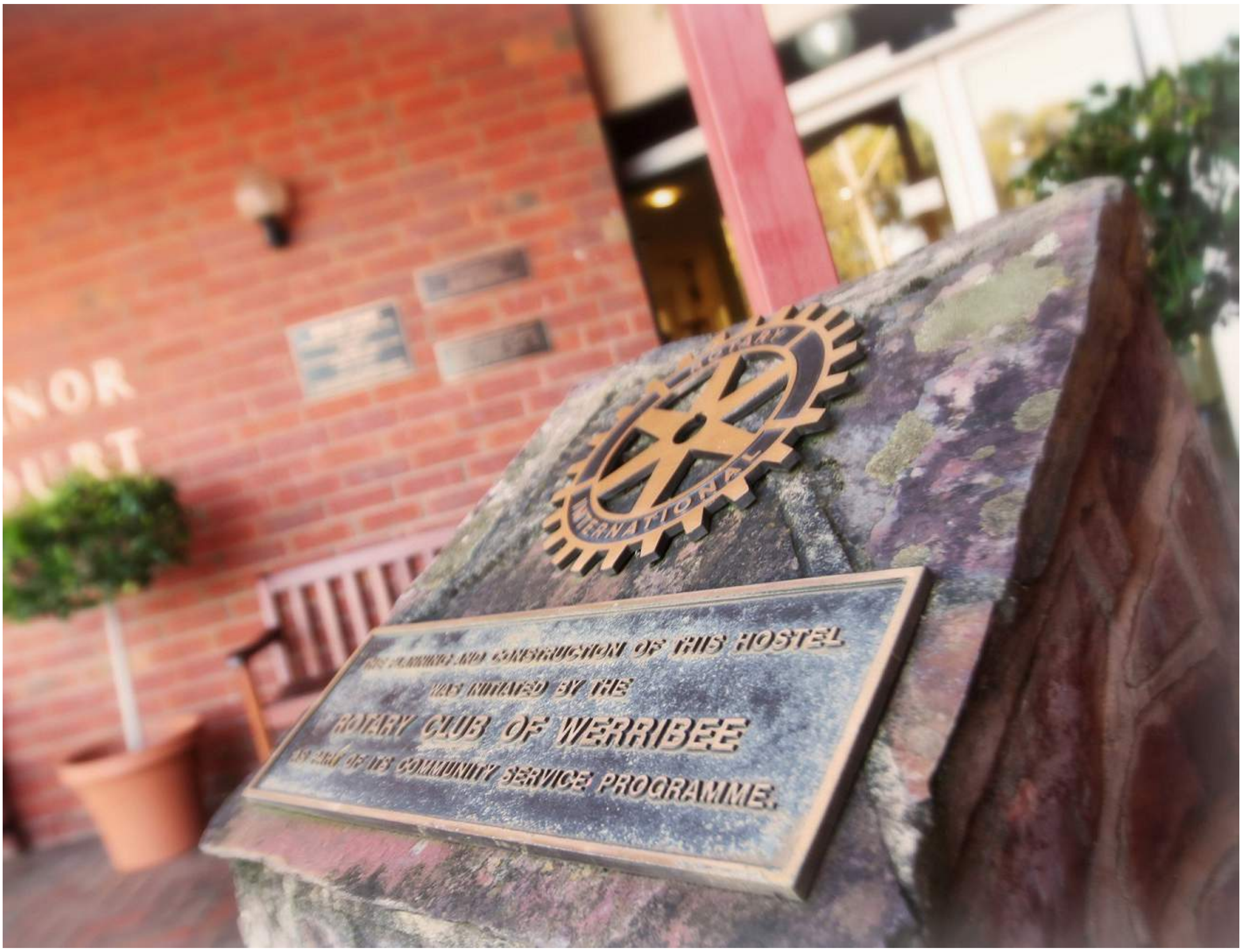
Nexia

Nexia Melbourne Audit Pty Ltd
Melbourne

Geoff S. Parker
Director
Registration Number:

Dated this 26 day of October 2017

Manor Court Staff



Manor Court

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