Doutta Galla Aged Services Limited

ABN 96 088 097 929

2017 Annual Report

Chief Executive Officer

Ms Vanda Iaconese

Company Secretary

Mr George Koulis

Company Details

Doutta Galla Aged Services Limited
ABN 96 088 097 929
Registered Office
75 Moreland Street, Footscray Victoria 3011
Phone (03) 9680 3300 Fax (03) 9689 0744
Internet site: www.dgas.org.au

At the time of this report, Doutta Galla Aged Services owned, delivered and/or managed the following services:

Avondale Heights ACF 120 North Road AVONDALE HEIGHTS VIC 3034 Telephone: (03) 9325 0000 Fax: (03) 9325 0035	P R	Footscray ACF 48 Geelong Road FOOTSCRAY VIC 3011 Telephone: (03) 9687 6744 Fax: (03) 9687 6844	P R
Grantham Green ACF 28-32 Magnolia Street ST ALBANS VIC 3021 Telephone: (03) 9364 5235 Fax: (03) 9364 5237	P R	Harmony Village ACF 20 Zurcas Lane SHEPPARTON VIC 3630 Telephone: (03) 5831 7921 Fax: (03) 5821 7818	P R
Harmony Village 14 & 34 Zurcas Lane SHEPPARTON VIC 3630 Telephone: (03) 5822 4955 Fax: (03) 5821 0313	U	Queens Park ACF 13 The Strand MOONEE PONDS VIC 3039 Telephone: (03) 9372 8888 Fax: (03) 9372 8844	P R U
Lynch's Bridge ACF 44 Market Street KENSINGTON VIC 3031 Telephone: (03) 9376 2111 Fax: (03) 9673 7629	P R	Yarraville Village ACF Cnr Fairlie & Somerville Road YARRAVILLE VIC 3013 Telephone: (03) 9687 0111 Fax: (03) 9687 8266	P R
Woornack ACF 6-8 Killara Street SUNSHINE VIC 3010 Telephone: (03) 9312 0111 Fax: (03) 9310 1208	P R		

P – Permanent Care
R – Respite Care
U – Independent Living Units

Your Directors present their report on the entity for the financial year ended 30 June 2017.

Directors

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

Mr Scott Chapman
Mr Denis Henry
Mr Terry Larkins PSM
Ms Marion Lau OAM
Mr Peter Hertan (appointed 27 February 2017)
Ms Jane Tribe (appointed 10 October 2016)
Ms Rennis Witham

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

Information on Company Secretary

The following person held the position of the entity secretary at the end of the financial year:

George Koulis – Bachelor of Business (Accounting), Fellow of CPA Australia (FCPA), Graduate Diploma in Business Administration, Master of Business Administration.
Mr Koulis has broad senior management experience in finance, information technology, human resources, marketing and sales, legal, risk management, business re-engineering and as a company secretary.
Mr Koulis was appointed company secretary on 27 September 2004.

Operating results

The profit of the entity for the year ended 30 June 2017 amounted to $ 2.163Mn (2016: profit $4.182Mn).

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Review of Operations

Although challenging, the year was one where the organisation achieved continued success and improvements in a number of areas, whilst maintaining its continued focus on its vision and mission. Pleasingly Harmony Village and Woornack achieved full 3 year accreditation. The organisation is particularly proud that it continues to sustain a supported ratio of more than 47%, as well as a diverse resident mix of 47% from culturally and linguistically diverse backgrounds.

This is important in light of the significant changes to the industry and in particular the financial impacts of the ACFI funding changes implemented by the government. Occupancy achieved above industry averages at 98% and the admission of new residents with higher levels of acuity although improved funding, also increases the cost of providing care. This is a result of many elderly members of the community choosing to remain at home longer, thus entering residential aged care with higher care needs. The increase in accommodation bonds has also been positive.

The Board continued to implement improvements in governance, which included initiatives through its Committees in the areas of strategy, service development, risk management, finance, governance, clinical quality and assets. It also made use of working groups for specific purposes such as asset review and redevelopment projects. The Board and Trustees completed the new Doutta Galla Constitution which was adopted in September last year.

In consolidating is position for its long term future, the organisation focused strongly on current operations whilst proactively seeking opportunities for growth. The organisation continued to invest in the infrastructure improvement and building refurbishment program. The organisation has also been reviewing its service models while considering the emerging care needs of current and future clients, and in particular residents with Dementia and complex care needs. There were also continued improvements in a diverse range of other areas including, staff recruitment, on-boarding, injury management and staff development.

As well as the addition of new rooms in some of the facilities, and achieving some additional bed licences Doutta Galla was successful in its application for funding through the Commonwealth Home Support Program. The Domestic Intensive Service will be Doutta Galla's first entrée into providing services in people's homes.

Further investment was made in Information Technology following the development of the ICT Strategy aimed at enhancing the customer experience and care, whilst improving operational efficiency. Further developments in Clinical, as well as Rostering and Time & Attendance systems continued to realise benefits for residents and staff.
The year also saw progress made on innovation projects, the enhancement of the scholarship program and bedding down of the renewed risk framework.

Significant changes in state of affairs

No significant changes in the entity's state of affairs occurred during the financial year.

Principal activities

The principal continuing activity of the organisation is the provision of aged care services. No significant changes in the nature of the entity's activity occurred during the financial year.

After balance date events

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

Future developments

The revised Doutta Galla Aged Services Strategic Plan 2017-2021 provides the opportunity for the Board of DGAS to reaffirm the strategic direction already approved for the organisation for the next 4 years. It clearly links the mission, vision and new values, and the revised objectives as outlined in the new Constitution.

The organisation will continue its extensive investment in Assets, ICT and service development and innovation. The key change in the next plan is lower predicted surpluses, whilst using the gains of the past few years to improve the quality of the assets and stabilise the business.

Although the Strategic Plan has been developed to ensure the continuing financial and clinical sustainability of Doutta Galla, the review of the Strategic Plan has been undertaken in the midst of the continuing uncertainty of Federal Government Policy and funding for residential and aged care services in particular. The proposal for a new funding instrument to replace the ACFI is yet to be finalised and its impacts unknown. Equally the considerations around the deregulation of the residential industry and any consequent outcomes are not known.

The Plan outlines a bold and confident strategy - the most exciting to date as the Board, management, staff, the community and most importantly our residents will more clearly and physically see the benefits of the efforts over the past few years. Doutta Galla is enacting and consolidating the aspirations it has had for many years, and consolidating itself as the 'go to' place.

Over the course of the next 12 months Doutta Galla will: maintain its commitment to mission, improve the value proposition for the potential and current resident, invest about $10m in asset redevelopment and expansion, expand residential bed numbers, leap frog investment in ICT, invest in new business opportunities, such as Domestic Intensive, Doutta Galla's first entre into provision of community based care, which has already had its funding extended to 2020, and develop its own training and development products, continuing to invest in Doutta Galla's other major resource – staff. Importantly Doutta Galla will be ensuring that it meets its accreditation processes with Avondale Heights due for full re-accreditation in the next financial year.

DGAS will continue consolidating its position as the preferred not for profit community based provider of residential services in the West.

Short and long-term objectives and strategy

The company's short and long-term objectives are to provide high quality aged care and accommodation, especially to elderly people with diverse socioeconomic and cultural backgrounds. The company aims to do this by caring for a resident mix of 40% supported (currently 47%) and those with a non-english speaking background reflective of the community demographic (currently 36%).

Performance measures

The company measures the performance of the organisation through targets set in the annual business plan and these are outlined below:

	2017		2016	
	Target	**Actual**	Target	Actual
Supported Residents	**40%**	**46.7%**	40%	47.1%
Occupancy	**95%**	**98.1%**	95%	98.1%
Salary/revenue ratio	**65%**	**64.2%**	65%	64.3%

Information on Directors

Scott Chapman
Chief Executive – Royal Flying Doctor Service (Victoria)
Bachelor of Education
Graduate Diploma in Management (RMIT)
Master of Business (RMIT)
Fellow – Australian Institute of Company Directors
Fellow - Leadership Victoria
Director or member of various government and non-profit organisations
Deputy Chairman of Royal Agricultural Society
Board Member Melbourne Chamber of Commerce and Western Region Football League
Chairman City Harvest Ltd
Member of Melbourne Day Committee
Former Chairman Outdoors Victoria, Outdoors Education Group and Procurement Australia
Board member of DGAS since 2012.

Denis Henry
Bachelor of Technology
Graduate Diploma Accounting
Certified Practising Accountant
Fellow – Australian Institute of Company Directors
MCIPS
Chairman - Royal Flying Doctor Service (Vic.)
Former Chairman - Grosvenor Management Consulting
Former Advisor to the Board of the Leemark Fire Protection Group
Chair of the DGAS Risk, Audit and Finance Committee
Board member of DGAS since 2013.

Peter Hertan (Appointed 27 February 2017)
Director of Hertan Consulting
Bachelor of Science
Master of Business (RMIT)
PhD Monash University, National Energy Research Scholarship
Fellow – Leadership Victoria
Fellow – Institute of Public Administration Australia
Former Deputy Secretary Victorian Government
Former Chief Executive – Sustainability Victoria (formerly Energy Victoria)
Operations Manager & Deputy CEO – Victorian Bushfire Reconstruction and Recovery Authority
Board member of DGAS since 2017.

Marion Lau OAM, JP
Registered Nurse – Division 1
Diploma in Nursing Administration
Bachelor of Health Services Administration
Management Consultant specialising in aged care with particular interest in the ethnic aged and Human Resource Management
Small Business Mentor and Counsellor
Board member of DGAS since 2001 (Including previous appointments, a total of 19 years).

Terry Larkins PSM, JP
Diploma of Business
Senior Executive in local Government and the Health sectors including Residential Aged Care
Experience as a Board member with Statutory Authorities and Not-for-profit associations
Extensive community involvement in west and north of Melbourne
Currently Board member of Regional Development Australia, Northern Melbourne
Vice-President of the Victorian Local Government Association
Chairman of Western Water
Board member of DGAS since 2013.

Jane Tribe (Appointed 10 October 2016)
Senior Legal Counsel – Education Services Australia Ltd
Master of Science
Master of Education
Master of Laws
Postgraduate Certificate in Education, University of London
Member – Association of Corporate Counsel
Former Board member and Public Officer of Villa Maria Catholic Homes Aged Care
Former Board member of Janet Clarke Hall, University of Melbourne
Current member of The Invergowrie Foundation
Board Member of DGAS since 2016.

Rennis Witham
Bachelor of Social Science
Broad experience as a Director in Public Health and Director Isis Primary Care.
Chair South Western Melbourne Medicare Local
Currently a business consultant
Board member of DGAS since 2007.

Meetings of Directors

During the year several meetings of the directors were held. Attendances by each director were as follows:

	Board		Risk, Audit & Finance Committee		Governance Committee		Quality & Service Development Committee	
Name	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible
S Chapman	6	6	2	4	3	3	1	1
D Henry	5	6	4	4	1	1	1	1
P Hertan	3	3	n/a	n/a	1	1	n/a	n/a
T Larkins	5	6	3	4	2	2	3	3
M Lau	6	6	n/a	n/a	n/a	n/a	3	3
J Tribe	4	4	n/a	n/a	3	3	1	1
R Witham	5	6	n/a	n/a	2	2	3	3

Environmental Issues

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

Options

No options over issued shares or interests in the entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnifying officers or auditors

During the financial year the entity paid a premium in respect of a contract insuring the directors and officers of the company, against a liability incurred as such a director or officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company against a liability incurred as such an officer or auditor.

Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities & Investments Commission, relating to the “rounding off” of amounts in the director’s report. Amounts in the directors’ report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a part for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings.

The entity was not a party to any such proceedings during the year.

Auditor’s independence declaration

The auditor’s independence declaration for the year ended 30 June 2017 has been received and can be found on page 8.

Signed in accordance with a resolution of the Board of Directors

…………………………………………………………………………
Scott Chapman – Chair of the Board of Directors

…………………………………………………………………………
Denis Henry – Director

Dated this 16th day of October 2017
Melbourne

AUDITOR'S INDEPENDENCE DECLARATION

To the Board of Directors of Doutta Galla Aged Services Ltd:

As engagement partner for the audit of Doutta Galla Aged Services Ltd for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

i. No contraventions of the independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. No contraventions of any applicable code of professional conduct in relation to the audit.

A.G. Roberts
Partner

McLean Delmo Bentleys Audit Pty Ltd

Melbourne
Dated this 16th day of October 2017

Statement of Comprehensive Income
For the year ended 30 June 2017

	Notes	2017 $'000	2016 $'000
Revenue from transactions			
Revenue from operating activities	2	**45,209**	46,449
Revenue from non-operating activities	2	**533**	634
Total revenue from transactions		**45,742**	47,083
Expenses from transactions			
Employee benefits expense	3	**(29,445)**	(30,222)
Depreciation and amortisation	3	**(3,677)**	(3,150)
Finance costs	3	**(9)**	(5)
Direct care expense		**(3,715)**	(3,675)
Property & maintenance expense		**(3,020)**	(3,040)
Other expenses		**(3,713)**	(2,809)
Total expenses from transactions		**(43,579)**	(42,901)
Net result for the year		**2,163**	4,182
Other comprehensive income			
Gain on Revaluation of Assets		**15,275**	12,622
Total comprehensive income for the year		**17,438**	16,804

The statement of comprehensive income is to be read in conjunction with the accompanying notes.

Statement of Financial Position
As at 30 June 2017

	Notes	2017	2016
		$'000	$'000
ASSETS			
Current assets			
Cash and cash equivalents	**5, 18**	**31,684**	19,394
Trade and other receivables	**6**	**26,897**	22,226
Other assets		**41**	45
Total current assets		**58,622**	41,665
Non-current assets			
Investment property	**7**	**25,390**	25,080
Property, plant & equipment	**8**	**72,099**	59,584
Intangible assets	**9**	**13,128**	13,128
Total non-current assets		**110,617**	97,792
Total assets		**169,239**	139,457
LIABILITIES			
Current liabilities			
Trade and other payables	**10**	**4,076**	3,358
Interest bearing liabilities	**11**	**39**	37
Provisions	**13**	**4,253**	3,661
Other financial liabilities	**12**	**108,412**	96,761
Total current liabilities		**116,780**	103,817
Non-current liabilities			
Provisions	**13**	**863**	1,471
Interest bearing liabilities	**11**	**108**	119
Total non-current liabilities		**971**	1,590
Total liabilities		**117,751**	105,407
Net assets		**51,488**	34,050
EQUITY			
Asset revaluation reserves	**14**	**32,774**	17,499
Accumulated surplus		**18,714**	16,551
Total equity		**51,488**	34,050
Contingent liabilities and contingent assets	**23**		
Commitments for expenditure	**15**		

The statement of financial position is to be read in conjunction with the accompanying notes.

Statement of Changes in Equity
For the year ended June 2017

2017	**Equity at 1 July 2016**	**Comprehensive income**	**Changes in Asset Revaluation Reserves**	**Equity at 30 June 2017**
	$'000	**$'000**	**$'000**	**$'000**
Accumulated surplus	**16,551**	**2,163**	**-**	**18,714**
Asset Revaluation Reserve	**17,499**	**15,275**	**-**	**32,774**
Total equity at end of financial year	**34,050**	**17,438**	**-**	**51,488**

2016	Equity at 1 July 2015	Comprehensive income	Changes in Asset Revaluation Reserves	Equity at 30 June 2016
	$'000	$'000	$'000	$'000
Accumulated surplus	12,369	4,182	-	16,551
Asset Revaluation Reserve	4,877	12,622	-	17,499
Total equity at end of financial year	17,246	16,804	-	34,050

The statement of changes in equity is to be read in conjunction with the accompanying notes.

Statement of Cash flows
For the year ended June 2017

	Notes	2017 $'000	2016 $'000
Cash flow from operating activities			
Receipts from government operating grants		**32,605**	33,956
Receipts from residents		**11,697**	8,126
Payments to suppliers and employees		**(39,187)**	(40,717)
Interest received		**1,176**	1,019
Finance costs		**(9)**	(5)
Donations and other receipts		**546**	4,406
Net cash flows from/(used in) operating activities	**18 (b)**	**6,828**	6,785
Cash flow from investing activities			
Payments for property, plant and equipment		**(917)**	(1,404)
Net cash flows used in investing activities		**(917)**	(1,404)
Cash flow from financing activities			
Proceeds from borrowings		**20**	-
Repayments of borrowings		**(29)**	(28)
Net receipts/(payments) of accommodation bonds		**6,388**	8,947
Net cash provided by/(used in) financing activities		**6,379**	8,919
Net increase/(decrease) in cash held		**12,290**	14,300
Cash and cash equivalents at the beginning of the financial year		**19,394**	5,094
Cash and cash equivalents at the end of the financial year	**18(a), 5**	**31,684**	19,394

The statement of cash flows is to be read in conjunction with the accompanying notes.

Note 1 Summary of significant accounting policies

Statement of Compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (AAS's) (including Australian Accounting Interpretations), the Australian Charities and Not-for-profit Commission Act 2012, and the Australian Charities and Not-for-profit Commission regulations 2013.

The entity is a not-for-profit entity and therefore applies the additional paragraphs applicable to "not-for-profit" entities under the AAS's.

The financial report covers Doutta Galla Aged Services Limited as an individual entity. Doutta Galla Aged Services Limited is a public company limited by guarantee, incorporated and domiciled in Australia.

The financial report of Doutta Galla Aged Services Limited as an individual entity complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

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

Basis of Preparation

The financial report has been prepared on an accruals basis in accordance with the historical cost convention, except for the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

In the application of AAS's management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.

The accounting policies set out below have been applied in preparing the financial report for the year ended 30 June 2017, and the comparative information presented in these financial statements for the year ended 30 June 2016.

Accounting policies

(a) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(b) 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 losses.

Property

Freehold land and buildings are measured on a fair value basis.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and 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 asset's employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost or for nominal cost are valued at the fair value of the asset at the date it is acquired.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Recognition of intangible assets (aged care bed licences)

Aged care bed licences are initially recognised in the accounts based on fair value and the recognition of new bed licences received in the statement of comprehensive income. The licences are deemed to have an indefinite useful life and are not subject to amortisation.

An annual review for impairment of the carrying value of the assets is undertaken and where the recoverable amount exceeds the carrying value, the asset will be written down to the recoverable amount.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of fixed asset	*Depreciation rate*	*Depreciation basis*
Buildings	2.5% to 5%	Straight line
Plant, fixture & fittings & motor vehicles	5% to 33%	Straight line

The asset's residual value and useful lives are reviewed, and adjusted if appropriate, at each financial reporting date.

The asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Financial instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through the statement of comprehensive income
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139*: Recognition and measurement of financial instruments*. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments
These investments have fixed maturities, and it is the entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the entity are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets
Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities
Not-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment
At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(d) Impairment of assets

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets 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 the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

(e) Employee benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to the financial reporting date. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the net present value.

Contributions are made by the entity to various employee superannuation funds and are charged as expenses when they are incurred.

(f) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that the outflow of economic benefits will result and that outflow can be reliably measured.

(g) Unearned accommodation bonds

In accordance with the Commonwealth Department of Social Services guidelines, aged care providers are entitled to retain a portion of a resident's accommodation bond. The amount which may be retained depends on the amount of the contribution and the length of time the resident has stayed with the provider. Accommodation bond liability at balance date represents the gross value of the accommodation bonds, received by the entity.

Amounts due to the entity in respect to outstanding accommodation bonds, deferred management fees, interest and other fees are recorded in the receivable balance. Amounts receivable will be deducted from amounts payable to residents should they leave the facility.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowing in current liabilities on the statement of financial position.

(i) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payment for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(j) Construction costs

Buildings included in non-current assets comprise all construction costs incurred by external contractors and consultant together with borrowing costs incurred on projects that exceed 12 months construction time.

(k) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the residents.

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

Donations and bequests are recognised as revenue when received unless they are designated for a specific purpose, where they are carried forward as prepaid income in the statement of financial position.

Interest revenue and distribution income from investments is recognised on a proportional basis taking into account the interest rates applicable to the financial asset.

Resident deferred management fees are recognised as revenue as they accrue to the entity.

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

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

(m) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST receivable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

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

(n) Comparative figures

Where required by accounting standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(o) Company status

The Australian Securities & Investments Commission pursuant to Section 150 of the Corporations Act 2001 has authorised Doutta Galla Aged Services to be registered as a Company with limited liability without the addition of the word "Limited" to its name.

(p) Unexpended grants

The entity received grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the entity to treat grants monies as unexpended grants in the statement of financial position where the entity is contractually obliged to provide the services in the subsequent financial period to when the grant is received or in the case of specific project grants where the project has been completed.

(q) Contributions

Doutta Galla Aged Services receives non-reciprocal contributions from the government and other parties for no or a nominal value. These contributions are recognised at the fair value on the date of acquisition upon which time an asset is taken up in the statement of financial position and revenue is in the statement of comprehensive income.

(r) Economic dependence

Doutta Galla Aged Services is dependent on the Department of Social Services for the majority of its revenue used to operate the business. At the date of this report the Board of Directors have no reason to believe the Department will not continue to support Doutta Galla Aged Services.

(s) Critical accounting estimates and judgements

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

Key estimates – impairment
The entity assessed impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. When the impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to sell or current replacement costs calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(t) Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(u) Investment properties

Investment properties include Independent Living Units held to earn rentals or for capital appreciation or both. These properties are recognised in accordance with AASB 140: *Investment Property*.

Investment properties are initially recognised at cost. Costs incurred subject to initial acquisition are capitalised when it is possible that future economic benefits in excess of the originally assessed performance of the asset will flow to the entity.

Subsequent to the initial recognition at cost, investment properties are revalued to fair value with changes in the fair value recognised as income or expenses in the period in which they arise. The properties are not depreciated.
Rental revenue from the leasing of investment properties is recognised in the statement of comprehensive income in the periods in which it is receivable, as this represents the pattern of service rendered through the provision of the properties.

(v) Interest bearing liabilities

Interest bearing liabilities in the statement of financial position are recognised at fair value upon initial recognition. Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the statement of comprehensive income over the period of the interest bearing liability using the effective interest rate method.

(w) Non current assets classified as held for sale

Non current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation.

Non current assets are classified as held for sale if their carrying amount will be received through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probably and the assets sale is expected to be completed within 1 year from the date of classification.

(x) Going concern basis of accounting

The financial report has been prepared in accordance with generally accepted accounting principles which are based on the entity continuing as a going concern.

The operating position of the company improved over the last twelve months due to higher revenues as well as reductions in some cost areas. Cash flows generated from operations remained positive.

The company has negotiated a Business Finance Agreement with its financier which is acceptable to both parties. To date, the company has met all criteria in relation to the covenants and requirements of the agreement and expects to maintain this.

Doutta Galla Aged Services is dependent on the Department of Social Services for the majority of its revenue used to operate the business. At the date of this report the Board of Directors have no reason to believe the Department will not continue to support Doutta Galla Aged Services.

The proportion of liabilities that are classified as current liabilities in accordance with accounting standards are not expected to be settled within the next 12 months as discussed in Note 12 and 13.

The directors believe that the company will continue as a going concern and consequently will realise assets and settle liabilities and commitments in the ordinary course of business and at the amounts stated in the financial report.

(y) New Accounting Standards and Interpretations

As at 30 June 2017, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for the reporting periods commencing after the stated operative dates as detailed in the table below. The entity has not and does not intend to adopt these standards early.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2019	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised

			immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.
AASB 1058 Income of Not-for- Profit Entities	The core principle of AASB 1058 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2019	The changes in Income of Not-for- Profit Entities in AASB 1058 may result in changes to the disclosure and amount of revenue recorded in the financial statements arising from voluntary services received and assets transferred at a significantly lower value than the fair value of the asset.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which arer currently not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase. Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement. No change for lessors.

Note 2 Revenue from transactions

	2017 $'000	2016 $'000
Revenue from operating activities		
Revenue from government subsidies	**32,605**	33,956
Residents' accommodation fees and sundry charges	**10,898**	10,640
Accommodation bond retention and charges	**799**	925
Bond Interest income	**750**	836
Management fees	**19**	-
Donations, Grants and other income	**138**	92
	45,209	46,449
Revenue from non-operating activities		
Bank interest	**269**	183
Other income	**264**	342
Net gain on Acquisition of Business	**-**	109
	533	634

Note 3 Expenses from transactions

Significant expenses

	2017 $'000	2016 $'000
Employee benefits		
Total employee benefit expense	**29,445**	30,222
Provision for Doubtful Debts	**(132)**	(31)
Depreciation		
Buildings	**2,650**	2,186
Plant & equipment	**1,027**	964
Total depreciation	**3,677**	3,150
Finance costs - external		
Interest and finance charges paid/payable	**9**	5

Auditors remuneration	**2017 $'000**	2016 $'000
Auditing or reviewing the financial report	**34**	34
Other services	**-**	-
Total audit remuneration	**34**	34

Note 4 Key management personnel compensation

Short term benefits	**955**	880
Post employment benefits	**83**	76
Total compensation	**1,038**	956

Total compensation includes Directors and Key Management personnel amounts in aggregate.

Note 5 Cash and cash equivalents

Cash on hand and at bank	**31,684**	19,394

Note 6 Trade and other receivables

Accommodation bonds receivable	**19,991**	14,672
Other receivables	**6,929**	7,349
GST refund due	**150**	256
Provision for doubtful debts	**(173)**	(51)
	26,897	22,226

Note 7 Investment property

Independent living units	**25,390**	25,080
	25,390	25,080

Note 8 Property, plant and equipment

	2017	2016
	$'000	$'000
Land and buildings		
Land at fair value	**28,506**	13,231
Total land	**28,506**	13,231
Buildings at fair value	**66,098**	66,098
Accumulated depreciation	**(25,932)**	(23,292)
Total buildings	**40,166**	42,806
Work in progress	**78**	459
Total land and buildings	**68,750**	56,496
Plant and equipment		
Fixtures and fittings at cost	**5,427**	10,035
Accumulated depreciation	**(2,267)**	(7,167)
Total fixtures and fittings	**3,160**	2,868
Motor vehicles-owned at cost	**-**	49
Accumulated depreciation	**-**	(43)
Total owned vehicles	**-**	6
Motor vehicles-leased	**301**	268
Accumulated amortisation	**(112)**	(54)
Total leased vehicles	**189**	214
Total plant and equipment	**3,349**	3,088
Total property, plant and equipment	**72,099**	59,584

Note 8 Property, plant and equipment (continued)

(a) Movements in carrying amounts

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

	Freehold land	Buildings	Work in progress	Minor Assets on Hand	Fixtures & fittings	Motor vehicles at cost	Motor vehicles leased	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2016	**13,231**	**42,806**	**459**	**-**	**2,868**	**6**	**214**	**59,584**
Additions	**-**	**-**	**519**	**-**	**555**	**-**	**33**	**1,107**
Disposals	**-**	**(107)**	**-**	**-**	**(80)**	**(3)**		**(190)**
Transfer from WIP	**-**	**117**	**(900)**	**-**	**783**	**-**	**-**	**-**
Gain on Revaluation	**15,275**	**-**	**-**	**-**	**-**	**-**	**-**	**15,275**
Depreciation & Amortisation	**-**	**(2,650)**	**-**	**-**	**(966)**	**(3)**	**(58)**	**3,677**
Balance at 30 June 2017	**28,506**	**40,166**	**78**	**-**	**3,160**	**-**	**189**	**72,099**

(b) Movements in carrying amounts

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

	Freehold land	Buildings	Work in progress	Minor Assets on Hand	Fixtures & fittings	Motor vehicles at cost	Motor vehicles leased	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2015	12,031	33,501	259	12	2,784	11	264	48,862
Additions	-	69	200	-	989	-	4	1,262
Disposals	-	-	-	(12)	-	-	-	(12)
Gain on Revaluation	1,200	11,422	-	-	-	-	-	12,622
Depreciation & Amortisation	-	(2,186)	-	-	(905)	(5)	(54)	(3,150)
Balance at 30 June 2016	13,231	42,806	459	-	2,868	6	214	59,584

(c) Fair value measurement hierarchy for assets as at 30 June 2017

	Fair value measurement at end of reporting period using (i)			
	Carrying amounts as at 30 June 2017	Level 1	Level 2	Level 3
	$'000		$'000	
Land at fair value	28,506	-	28,506	-
Buildings at fair value	40,166	-	40,167	-
Total at 30 June 2017	68,672	-	68,672	-

(i) Classified in accordance with the fair value hierarchy, see Note 1.

There have been no transfers between levels during the period.

Land and Buildings are valued using a directors fair value approach, having consideration for valuations conducted by independent valuers CBRE and Ernst & Young which compares assets to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value. To the extent that there are no significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

Note 9 Intangible assets

	2017	2016
	$'000	$'000
Bed licences		
Bed licences	**13,128**	13,128
Total bed licences	**13,128**	13,128

(a) Movements in carrying amounts

Movement in carrying amounts for intangible assets between the beginning and the end of the current financial year.

	Bed licences $'000	**Total $'000**
Balance at 1 July 2016	**13,128**	**13,128**
Additions	**-**	**-**
Revaluations	**-**	**-**
Amortisation expense	**-**	**-**
Balance at 30 June 2017	**13,128**	**13,128**

(b) Movements in carrying amounts

Movement in carrying amounts for intangible assets between the beginning and the end of the previous financial year.

	Bed licences $'000	Total $'000
Balance at 1 July 2015	13,128	13,128
Additions	-	-
Revaluations	-	-
Amortisation expense	-	-
Balance at 30 June 2016	13,128	13,128

The valuation of bed licences has been determined by the entity based on an assessment of average market values.

(c) Fair value measurement hierarchy for assets as at 30 June 2017

	Fair value measurement at end of reporting period using (i)			
	Carrying amounts as at 30 June 2017	Level 1	Level 2	Level 3
	$'000		$'000	
Bed licenses	13,128	-	13,128	-
Total at 30 June 2017	13,128	-	13,128	-

(ii) Classified in accordance with the fair value hierarchy, see Note 1.

There have been no transfers between levels during the period.

Note 10 Trade and other payables

	2017	2016
	$'000	$'000
Trade payables	**1,471**	1,368
Accruals	**2,499**	1,897
Residents' funds in trust	**106**	93
	4,076	3,358

Note 11 Interest bearing liabilities

Current		
Finance Leasing - Motor Vehicles	**39**	37
	39	37
Non-Current		
Finance Leasing - Motor Vehicles	**108**	119
	108	119

Security for borrowings

Bank loans totalling $0 at 30 June 2017 (2016 $0) were secured by mortgage over all land and buildings owned by the entity. The statutory charge over some of these properties under the Retirement Villages Act takes priority over that mortgage.

Financing arrangements

At balance date, the following facilities had been approved by ANZ Banking Group.

		Available	Unused
		$'000	$'000
1.	Variable rate fully drawn advanced facility	**8,000**	**8,000**
2.	Bond facility	**5,000**	**5,000**
3.	Multi option facility	**500**	**500**
4.	Commercial loan facility	**15**	**15**
		13,515	**13,515**

At balance date in the previous financial year, the following facilities had been approved by ANZ Banking Group.

		Available	Unused
		$'000	$'000
1.	Variable rate fully drawn advanced facility	8,000	8,000
2.	Bond facility	5,000	5,000
3.	Multi option facility	500	500
4.	Commercial loan facility	15	15
		13,515	13,515

The current interest rate on the bank loan is 3.28%. All facilities are reviewed annually.

Note 12 Other financial liabilities

	2017	2016
	$'000	$'000
Current		
Accommodation bonds held	**83,022**	71,681
Unconditional & expected to be settled within 12 months	**27,397**	10,154
Unconditional & expected to be settled after 12 months	**55,625**	61,527
	83,022	71,681
Independent living units lease premiums		
Unconditional & expected to be settled within 12 months	**2,793**	2,685
Unconditional & expected to be settled after 12 months	**22,597**	22,395
	25,390	25,080
Total other liabilities	**108,412**	96,761

In accordance with the Lease and Management Agreement with each resident and the Retirement Villages Act 1986 the above amounts are required to be repaid within a specified period to the respective residents under relevant conditions of the Lease and Management Agreement and the Act. Therefore these amounts are recorded as a current liability in accordance with AASB 101 which required unconditional liabilities to be recorded as a current liability.

Security for borrowings

In accordance with the Retirement Villages Act 1986, the retirement village residents paying an ingoing contribution to the entity have a statutory charge over the relevant retirement village land to secure the repayable portion of their in-going contribution.

Note 13 Provisions

Current	**2017 $'000**	2016 $'000
Employee benefits - annual leave	**2,255**	2,350
Employee benefits - long service leave	**1,998**	1,311
	4,253	3,661
Non-current		
Employee benefits - long service leave	**863**	1,471
	863	1,471

The number of employees at 30 June 2017 was 653 (2016 – 593).

Provision for long-term employee benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the value of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 of this report.

Note 14 Asset revaluation reserves

	2017 $'000	2016 $'000
Asset revaluation reserves		
Land revaluation reserve	**18,775**	3,500
Building revaluation reserve	**11,422**	11,422
Bed licence revaluation reserve	**2,577**	2,577
Total asset revaluation reserves	**32,774**	17,499

(a) Movements in carrying amounts

Movement in carrying amounts for asset revaluation reserves between the beginning and the end of the current financial year.

	Bed licences $'000	**Building $'000**	**Land $'000**	**Total $'000**
Balance at 1 July 2016	**2,577**	**11,422**	**3,500**	**17,499**
Revaluations	**-**	**-**	**15,275**	**15,275**
Balance at 30 June 2017	**2,577**	**11,422**	**18,775**	**32,774**

(b) Movements in carrying amounts

Movement in carrying amounts for asset revaluation reserves between the beginning and the end of the previous financial year.

	Bed licences $'000	Building $'000	Land $'000	Total $'000
Balance at 1 July 2015	2,577	-	2,300	4,877
Revaluations	-	11,422	1,200	12,622
Balance at 30 June 2016	2,577	11,422	3,500	17,499

Note 15 Capital and leasing commitments

	2017	2016
	$'000	$'000
Capital commitments		
(i) Commitments in relation to capital projects:		
Not later than one year	**148**	-
Later than one year but not later than two years	**-**	-
Later than two years but not later than five years	**-**	-
Later than 5 years	**-**	-
	148	-
Operating lease commitments		
(ii) Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not capitalised in the financial statements:		
Not later than one year	**-**	-
Later than one year but not later than two years	**-**	-
Later than two years but not later than five years	**-**	-
Later than 5 years	**-**	-
	-	-
Finance lease commitments		
(iii) Commitments in relation to non-cancellable finance leases contracted for at the reporting date and capitalised in the financial statements:		
Payable - minimum lease payments		
Not later than one year	**39**	37
Later than one year but not later than two years	**39**	37
Later than two years but not later than five years	**69**	82
Later than 5 years	**-**	-
Minimum lease payments	**147**	156
Less future finance charges	**-**	-
	147	156
Representing lease liabilities		
Current	**39**	37
Non-current	**108**	119
	147	156

Note 16 Related parties

Board of directors

The names of persons who were directors during the year were:

Scott Chapman Denis Henry Peter Hertan Terry Larkins Marion Lau Jane Tribe Rennis Witham

Transactions with directors and director related entities

Doutta Galla Aged Services has purchased a 1 year license of Web CM until December 2018. Denis Henry has an interest in the internet based product. Total Fees 2017: $10,320 (2016 $10,320).

All agreements are based on normal commercial terms and conditions.

Note 17 Segment information

Primary reporting – business segments

The company has the following two business segments:

2017	Residential aged care $'000	Independent living units $'000	Total $'000
Revenue from transactions			
Government subsidies	**32,605**	**-**	**32,605**
Resident charges	**9,615**	**1,283**	**10,898**
Other	**2,239**	**-**	**2,396**
Total segment revenue	**44,459**	**1,283**	**45,742**
Unallocated revenue			**-**
Total revenue			**45,742**
Expenses from transactions			
Employee expenses	**(29,352)**	**(93)**	**(29,445)**
Depreciation	**(3,651)**	**(26)**	**(3,677)**
Finance costs (Interest expense)	**(9)**	**-**	**(9)**
Other	**(9,578)**	**(870)**	**(10,448)**
Total expense	**(42,590)**	**(989)**	**(43,579)**
Unallocated expense			
Total expense			**(43,579)**
Net result before income tax expense	**1,869**	**294**	**2,163**
Income tax expense	**-**	**-**	**-**
Net result after income tax expense	**1,869**	**294**	**2,163**
Assets			
Current assets	**58,187**	**435**	**58,622**
Non-current assets	**80,440**	**30,177**	**110,617**
Total segment assets	**138,627**	**30,612**	**169,239**
Unallocated assets			**-**
Total assets			**169,239**
Liabilities			
Current liabilities	**91,390**	**25,390**	**116,780**
Non-current liabilities	**971**	**-**	**971**
Total segment liabilities	**92,361**	**25,390**	**117,751**
Unallocated liabilities			**-**
Total liabilities			**117,751**
Net Assets	**46,266**	**5,222**	**51,488**

Note 17 Segment information (continued)

2016	**Residential aged care** $'000	**Independent living units** $'000	**Total** $'000
Revenue from transactions			
Government subsidies	33,956	-	33,956
Resident charges	9,365	1,275	10,640
Other	2,378	-	2,378
Gain on acquisition of business	109	-	109
Total segment revenue	45,808	1,275	47,083
Unallocated revenue			-
Total revenue			47,083
Expenses from transactions			
Employee expenses	(30,049)	(173)	(30,222)
Depreciation	(3,127)	(23)	(3,150)
Finance costs (Interest expense)	(5)	-	(5)
Other	(8,761)	(763)	(9,524)
Total expense	(41,942)	(959)	(42,901)
Unallocated expense			-
Total expense			(42,901)
Net result before income tax expense	3,866	316	4,182
Income tax expense	-	-	-
Net result after income tax expense	3,866	316	4,182
Assets			
Current assets	41,200	465	41,665
Non-current assets	68,221	29,571	97,792
Total segment assets	109,421	30,036	139,457
Unallocated assets			-
Total assets			139,457
Liabilities			
Current liabilities	78,737	25,080	103,817
Non-current liabilities	1,590	-	1,590
Total segment liabilities	80,327	25,080	105,407
Unallocated liabilities			-
Total liabilities			105,407
Net Assets	29,094	4,956	34,

Note 18 Cash flow information

	2017	2016
	$'000	$'000
(a) Reconciliation of cash and cash equivalents		
Cash on hand and at bank at the end of the financial year	**31,684**	19,394
(b) *Reconciliation of cash flow from operations with comprehensive result*		
Comprehensive result	**2,163**	4,182
Depreciation and amortisation	**3,677**	3,150
Net (profit)/loss on purchase of business	**-**	(109)
Net (gain)/loss on disposal of assets	**317**	123
Movement in assets and liabilities		
Decrease/(increase) in receivables	**(35)**	(1,153)
Decrease/(increase) in prepayments	**4**	78
Increase in provisions	**(16)**	677
Increase/(decrease) in payables	**718**	(163)
Net cash from/(used in) operating activities	**6,828**	6,785
(c) Credit stand-by arrangement and loan facilities		
Loan facilities	**13,515**	13,515
Amount utilised	**-**	-
Unused loan facilities	**13,515**	13,515

Note 19 Financial instruments

(a) Financial risk management

The entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

The entity does not have any derivative instruments at 30 June 2017.

i. Treasury risk management

Senior committee members meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii. Financial risks

The main risks the entity is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2017 all debt is fixed as no debt has been drawn on the loan facility.

Foreign currency risk

The entity is not exposed to fluctuations in foreign currencies.

Liquidity risk

The entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the entity.

Price risk

The entity is not exposed to any material commodity price risk.

Interest rate risk

The entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial asset and financial liabilities, is as follows:

Note 19 Financial instruments (continued)

(b) Credit risk

Doutta Galla Aged Services exposure to credit risk and effective weighted average interest rate by ageing periods set out in the following table.

Interest rate exposure and ageing analysis of financial assets as at 30 June 2017.

			Interest rate exposure				Past due but not impaired					
2017	**Weighted average effective interest Rates (%)**	**Gross Carrying amount $'000**	**Fixed interest rate $'000**	**Variable interest rate $'000**	**Non interest bearing $'000**	**Not past due and not impaired $'000**	**Less than 1 month**	**1-3 months $'000**	**3 months – 1 year $'000**	**1-5 years $'000**	**Over 5 years $'000**	**Impaired financial assets $'000**
Financial assets												
Cash & cash equivalents	**1.60%**	**31,684**	**-**	**31,684**	**-**	**31,684**	-	**-**	**-**	**-**	**-**	**-**
Receivables	**5.82%**	**27,070**	**-**	**19,991**	**7,079**	**1,375**	**665**	**3,947**	**20,910**	**-**	**-**	**173**
Total financial assets		**58,754**	**-**	**51,675**	**7,079**	**33,059**	**665**	**3,947**	**20,910**	**-**	**-**	**173**

			Interest rate exposure				Past due but not impaired					
2016	Weighted average effective interest Rates (%)	Gross Carrying amount $'000	Fixed interest rate $'000	Variable interest rate $'000	Non interest bearing $'000	Not past due and not impaired $'000	Less than 1 month	1-3 months $'000	3 months – 1 year $'000	1-5 years $'000	Over 5 years $'000	Impaired financial assets $'000
Financial assets												
Cash & cash equivalents	2.00%	19,394	-	19,394	-	19,394	-	-	-	-	-	-
Receivables	6.20%	22,227	-	14,672	7,605	1,462	466	1,787	18,511	-	-	51
Total financial assets		41,671	-	34,066	7,605	20,856	466	1,787	18,511	-	-	51

Note 19 Financial instruments (continued)

(c) Liquidity risk

The following table discloses the contractual maturity analysis for Doutta Galla Aged Services financial liabilities.

Interest rate exposure and maturity analysis of financial liabilities as at 30 June 2017.

			Interest rate exposure				Maturity date				
	Weighted average effective interest	Carrying amount	Fixed interest rate	Variable interest rate	Non interest bearing	Contractual cash flows	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	Over 5 years
2017	Rates (%)	$'000	$'000	$'000	$'000	$'000		$'000	$'000	$'000	$'000
Trade creditors & accruals		4,076	-	-	4,076	4,076	4,076	-	-		-
Interest bearing liabilities	5.07%	147	147	-	-	147	3	6	30	108	-
Other financial liabilities		25,390	-	-	25,390	25,390	-	-	2,793	22,597	-
Accommodation bonds	3.75%	83,022	-	83,022	-	83,022	750	2,390	24,257	55,625	-
Total financial liabilities		112,635	147	83,022	29,466	112,635	4,829	2,396	27,080	78,330	-

Note 19 Financial instruments (continued)

			Interest rate exposure				Maturity date				
	Weighted average effective interest	Carrying amount	Fixed interest rate	Variable interest rate	Non interest bearing	Contractual cash flows	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	Over 5 years
2016	Rates (%)	$'000	$'000	$'000	$'000	$'000		$'000	$'000	$'000	$'000
Trade creditors & accruals		3,358	-	-	3,358	3,358	3,282	76	-		-
Interest bearing liabilities	5.07%	156	156	-	-	156	3	6	28	119	-
Other financial liabilities		25,080	-	-	25,080	25,080	-	-	2,685	22,395	-
Accommodation bonds	3.75%	71,681	-	71,681	-	71,681	-	3,040	7,114	61,527	-
Total financial liabilities		100,275	156	71,681	28,438	100,275	3,285	3,122	9,827	84,041	-

Note 19 Financial instruments (continued)

(d) Market risk

Interest risk
Exposure to interest rate risk might arise primarily through the entity's interest bearing assets and liabilities.

Sensitivity disclosure analysis
Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the entity believes the following movements are 'reasonably possible' over the next 12 months – a parallel shift of +1% or -1% in market interest rates (AUD) from year-end rates.

The following tables disclose the impact on net operating results and equity for each category of financial instrument held by the Company as presented to key management personnel, if changes in the relevant risk occur.

		Interest rate risk			
		-1%		+ 1%	
	Carrying amount	Profit	Equity	Profit	Equity
2017	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Cash & cash equivalents	31,684	(317)	(317)	317	317
Receivables	26,897	(269)	(269)	269	269
Financial liabilities					
Trade creditors & accruals	4,076	-	-	-	-
Interest bearing liabilities	147	1	1	(1)	(1)
Other financial liabilities	25,390	-	-	-	-
Accommodation bonds	83,022	830	830	(830)	(830)
		245	245	(245)	(245)

Note 19 Financial instruments (continued)

		Interest rate risk			
		-1%		+ 1%	
	Carrying amount	Profit	Equity	Profit	Equity
2016	$'000	$'000	$'000	$'000	$'000
Financial assets					
Cash & cash equivalents	19,394	(194)	(194)	194	194
Receivables	22,226	(222)	(222)	222	222
Financial liabilities					
Trade creditors & accruals	3,358	-	-	-	-
Interest bearing liabilities	156	2	2	(2)	(2)
Other financial liabilities	25,080	-	-	-	-
Accommodation bonds	71,681	717	717	(717)	(717)
		303	303	(303)	(303)

Note 20 Subsequent events

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

Note 21 Members guarantee

The entity is limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $20 each towards meeting any outstanding obligations of the entity. At 30 June 2017 there were 7 members (2016 – 3 members).

Note 22 Company details

The registered office and principal place of business of the entity is Ground Floor, 75 Moreland Street, Footscray, Victoria.

Note 23 Contingent liabilities and contingent assets

1. As required under Section 29 of the Retirement Villages Act 1986, a charge has been created over land held by Doutta Galla Aged Services Limited. The charge has priority over all encumbrances created or arising in relation to the land. The amount of the charge is the amount of refundable contributions less any amount refunded to residents.
2. Section 173 agreements are in place with various Councils in respect of the facilities which impose certain obligations and restrictions upon Doutta Galla Aged Services Limited in respect to the particular property.

Directors' Declaration
30 June 2017

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 9 to 38, are in accordance with the Corporations Act 2001; and

   (a) comply with Australian Accounting Standards (including Australian Accounting Interpretations), the Australian Charities and Not-for-profit Commission Act 2012, and the Australian Charities and Not-for-profit Commission regulations 2013; 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.

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.

…………………………………………………….
Scott Chapman
Chair of the Board of Directors

…………………………………………………….
Denis Henry
Director

Dated this 16th day of October 2017
Melbourne

McLean Delmo Bentleys
THINKING AHEAD

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DOUTTA GALLA AGED SERVICES LTD

Opinion
We have audited the financial report of Doutta Galla Aged Services Ltd, which comprises the statement of financial position as at 30 June 2017, the statement of 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 other explanatory information, and the directors' declaration.

In our opinion, the financial report of Doutta Galla Aged Services Ltd is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

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

(b) complying with Australian Accounting and Division 60 of the Australian Charities and Not-for-profits Commission Regulations 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 Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

In conducting our audit, we have complied with the independence requirements of the Australian Charities and Not-for-profits Commission Act 2012, which has been 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.

Responsibilities of the Directors for the Financial Report
The Directors of the Entity 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 a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DOUTTA GALLA AGED SERVICES LTD (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Entity'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 Entity 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 those charged with governance 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.

McLean Delmo Bentleys Audit Pty Ltd

Adam Roberts **Hawthorn**
Partner 2017