



ALLAMBIE HEIGHTS *Village*

Retirement Villages & Aged Care Facility



2016-2017 Annual Report



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Report of the President



Wendy Kramer, President

I extend a warm welcome to all our Residents and Members, especially to those who have joined us in the past year. I wish you happiness and contentment within your new address. To the family and friends of those who have left our care, the Board extends heartfelt sympathy.

The past year has involved major decision making for the Board and Management of Allambie Heights Village Ltd. The Chief Executive Officer has kept residents informed of the various changes resulting from these decisions. After careful planning, it has been decided to put the designed major renovations to the residential aged care facility on hold. For a Company, there is no elevator to success, sometimes it is necessary to take the stairs step by step.

Our concentration is now on commencing building on our acquired neighbouring site. This has a regulatory time frame to commence construction under the Lease agreement.

These decisions have involved due diligence and the need to satisfy all development requirements. For the pursuit of all necessary clearances to achieve building approval, the Board acknowledges the tireless and professional work of Ciarán Foley. Many people resist change yet it is the only thing that brings about progress. Thinking too small in business is a great risk.

For the residents of our recently acquired William Charlton Village, the transition continues to progress smoothly and our residents there have remained confident and satisfied with the new ownership. This acquisition has provided the Company with an additional steady income. Refurbishment of the William Charlton Village vacant apartments has commenced and are being attractively updated for prospective residents.

The Board and Management have plans to upgrade the street frontage to provide an attractive and inviting appearance for our residents and to passing traffic on Allambie Road.

This acquisition has provided security for expansion of the Village for now and in the future. Going the extra mile can put you miles ahead of your competitors in times of fluctuating change in our Industry.

It is easier to keep up than to catch up and if you wait until all conditions are perfect before you act, you will probably never act.

Despite the fluctuating interest rates and volatile financial markets, the Company is in a stable financial position. The Board continues to monitor all investments via its Investment sub-committee which meets regularly including quarterly meetings with our financial advisors. The Treasurer will provide information in his detailed report.

To maintain a high standard of care and management, a number of people are involved. Continued external accreditation assessments are proof of the high performance of staff members. To the Chief Executive Officer and his colleagues, the Board extends its appreciation of all that has been maintained and all that has been improved. The Catering Service has also maintained its high rating.

The daily running of a Company such as Allambie Heights Village Ltd. involves many people. From the office of the Chief Executive Officer to the daily care staff, from the volunteers to the marketing and sales team, from the catering staff to the maintenance and housekeeping staff and beyond. You are all the face of the Company on who so many depend and the Board thanks you all most sincerely. It is impossible to



accomplish anything worthwhile without the help of other people and Ciarán Foley professionally directs this team of people.

The Board acknowledges the contribution of Lindsay Hatts, Director of Care, to our residents and our thanks for the professional execution of her duties.

The Board and Management have learned never to underestimate the power and potential of the human spirit. So many members of staff who maintain the standard of care and the daily running of the residential aged care facility demonstrate this.

The Board expresses its sincere gratitude to all staff on a job well done.

The Board has continued to meet on a monthly basis as well as communicating via e-mail when necessary. To all my fellow Board Directors, I express thanks for your continuing wise governance and the donation of your own time. You all do what has to be done regardless of the situation and you focus on dreams and not regrets. May we all continue to fight for the things we believe in, as enthusiasm and success seem to go together.

I conclude with the following observations. I have learned that great achievements are often initially considered impossible. We are all challenged with the fact that everything can be done better and that if you take good care of your employees, they will take good care of your residents.

I look forward to another successful and exciting year for Allambie Heights Village Ltd. and I assure you all that the care and security of our residents will remain the Board's primary goal.

Wendy Kramer
President, Board of Directors



Board of Directors



Staff Christmas celebration

Report of the Chief Executive Officer



Ciarán Foley, Chief Executive Officer

There is no standing still at Allambie Heights Village Ltd.! Our level of activity at all levels just increases year on year. I spoke in last year's report about the past year having been, "one of the busiest years in our history as a Company". Well, we have surpassed that accolade.

Acquisition

The acquisition and purchase of the business at William Charlton Village was the fruition of much detailed negotiation over a prolonged period of time. Of course, such discussions are always quiet as Confidentiality Agreements, Memorandum of Understanding, Sale and Purchase Agreements, a new Lease and other legal instruments must be drafted and agreed to the satisfaction of a number of parties. An immense thanks to my colleagues who maintained this level of confidentiality and professionalism over this period of time. We became the owners on 31 August 2016 of this Village and site of approximately 3.8 hectares with unique views beyond the City Skyline to Bondi Junction.

It was a pleasure to present to the residents of William Charlton Village our offering as a quality and forward planning Company with many years demonstrated experience in providing quality accommodation and care and I know that they were reassured greatly to be part of Allambie Heights Village Ltd.

After a series of reported losses by the previous owners, we turned the business around to achieve profitability in nine months of the remaining financial year from 1 September 2016 to 30 June 2017. This has supported our Company's end of year financial results.

We achieved business sustainability with projected positive revenue uplift going forward and at the same time, we invested capital in renovating vacant apartments to high standards. We made all buildings fire safe, we commenced upgrading electrical and TV services and we implemented consistent operational services to our residents involving management, maintenance, housekeeping and gardening colleagues who along with our trusted contractors make up 'the William Charlton Village Team'.

We have plans to do much more to our new Village of 55 apartments which will include further renovation of remaining vacant apartments and improved presentation of the buildings and gardens. Our positioning on Allambie Road offers our Company Allambie Heights Village Ltd. an immense opportunity to market ourselves to a passing audience of thousands of people every day and we intend to optimise this opportunity.

Company Growth

We have commenced the master planning of the 'green fields site' at William Charlton Village and we will develop the very best plans to reflect and respond to our healthy waiting list for quality accommodation. We have reported previously and we are acutely aware that many more prospective residents on our waiting list want to have access to two bedroomed apartments and sometimes to three bedroomed apartments and we will take account of this demand in our planning for the future.

Our plans to expand our residential aged care facility were placed on hold as a consequence of our acquisition of William Charlton Village and time constraints associated with the Lease and the need to develop the site about which we are immensely excited. The turnaround time for building on a 'green fields site' is significantly faster than that involving a development around existing buildings. This assisted



Report of the Chief Executive Officer

in the decision of the Board and Management to hold off on our residential aged care facility expansion for which I am pleased to report Development Consent, was achieved this year 2017.

Strong Financial Results

We are reporting strong financial results for the year ending 30 June 2017 with an EBITDA (Earnings before Income Tax, Depreciation and Amortisation) of almost \$1.9 million and a Net Profit of almost \$1.7 million. We have reported EBITDA (which includes depreciation of \$222,640) as a Company for the first time to allow for proper comparisons and benchmarking with other industry competitors. We believe that this is important too when we are meeting with financial institutions who are interested in funding potential future developments.

Our retirement village at Allambie Heights Village was full as at 30 June 2017 with healthy demand for future vacant apartments. Our residential aged care facility performed well in its occupancy and revenue levels and we project increased and consistent occupancy during 2017-2018 as well as stronger uplift in resident revenue.

William Charlton Village represented strong cashflows during our nine months of ownership and we project increased revenues next year as we fill renovated apartments. Compared with last year's results, this year:

- Total Equity increased by almost 18% (17.76%);
- Resident Revenue increased by 19% (19.4%);
- Cashflow from our three operational segments increased by almost 26%; (25.61%);
- Net Profit increased by almost 52% (51.92%);
- Investment Income increased by almost 87% (86.59%);

I thank our residents for your loyalty and for your consistent payments and I thank my staff team for these operational and financial results.

Excellent Staff

My team of staff are the driving force of our success and it is an honour to be surrounded by such a skilled,

dedicated, caring and fun group of people. I am reminded of that wonderful saying by Isaac Newton which I vary slightly here, 'The reason I can see so far is because I am standing on the shoulders of giants'!

To the giants of Allambie Heights Village Ltd. thank you sincerely. Let us all 'strive to be better' in everything that we do, each month, each week, each day and each hour.

Visitors recently stated to me as I walked them around our Villages and Residential Aged Care Facility and as they came in contact with our residents and staff, "What a unique place of employment" we offer and "What a wonderful place to live".

Vibrant Communities

I am constantly in awe of the energy of our residents, staff, volunteers, contractors, relatives and visitors who all contribute something of themselves to our communities and thereby make them vibrant, wonderful places to live, work and visit. We should never be complacent about improving our standards which sets us apart from many of our competitors.

Challenging Times ahead for the Residential Aged Care Sector

I observe on a daily basis the truly wonderful acts of compassion, sensitivity, care and skill demonstrated by my staff towards our residents of our residential aged care facility. In addition to our excellent care and accommodation is added a wide and stimulating range of activities, clean and well maintained buildings and a fantastic diversity in the taste, colour and nutritional content of our food. We celebrated eight years in a row in achieving an 'A' Classification for our catering services from the NSW Food Authority.

We have recorded a reduction in the number of hospital admission incidences this year compared with last year, a total of 10 incidences (sometimes more than one by the same resident) compared with 15 incidences last year. This is indeed demonstrated evidence of the quality nursing and care that our staff provide to prevent resident injury or deterioration and to sustain resident health proactively. During the year, we were planning to celebrate residents reaching 104 years and 100 years of age.

The reason I can see so far is because I am standing on the shoulders of giants.

I believe that Australia faces challenging times ahead for the residential aged care sector. The formation of this industry and the co-funding of it by operators/providers such as Allambie Heights Village Ltd. was based from a financial perspective on residents having at least five years life expectancy upon entering a residential aged care facility. Of course, many residents lived longer than this in the past and many of our own residents have lived very long and fruitful lives with us and continue to do so.

Previous and current Federal Governments' aspirations to achieve a successful delivery of their policy 'Living Longer, Living Better' launched on 1 July 2014 are sadly failing with constant attacks and threats to the ACFI Medicare Funding of residents in Australia's residential aged care facilities. We have an ageing workforce with practically no firm plans by Government to create the infrastructure or incentives to retain existing or recruit new staff. These challenges are left plainly for providers to resolve. And yet, we are faced with increasing 'closed door' attitudes by Governments and Trades Unions to recognise the qualifications of very able and skilled colleagues from abroad and to embrace what they can offer to our industry and to our residents.

Government is committed to a failed policy of keeping older Australians 'living longer, living better' at home. However idealistic and welcoming this approach may seem to us, the evidence shows that since 2014, people are coming to us later and in poorer health conditions than ever before. And the consequence, they are living shorter lives.

Our industry is being pushed more and more towards sub-acute care (just short of hospital care) with a fraction of the funding required and with the highest

of regulatory demands and red tape ever present. The financial consequences will push the weakest of providers away from the industry to be replaced by the very large operators and in time, this will reduce customer and resident choice and perhaps quality in some circumstances.

Government knows that it is cheaper to provide a home care service of a few hours to an older person each week than to be committed to funding the quality care and accommodation available in a residential aged care facility. They also know that it is cheaper to keep a resident in a residential aged care facility than in hospital and much cheaper to have a resident receive palliative care in a residential aged care facility than in a hospice. The playing field needs to be fairer than it is now and everyone needs to understand Government policy which is interfering in our business and in our operations. Apathy is not an excuse. History teaches us that we should not stand idly by when things are not right. And Government policy is not right. It needs changing.

The positive message is that we are a resilient industry and we adapt fast. And the very positive message is that Allambie Heights Village Ltd. is very adaptable and our services are in demand as unique offerings. We will plan to stay ahead of our competitors, be sustainable, place our residents first always and grow.

To all of my Staff, Directors, Residents, Relatives, Volunteers, Contractors, thank you so much for all that you do. It is an honour to be associated with you.

Ciarán Foley
Chief Executive Officer



Knitting Program



Australia Day



Loosley Woven Concert

Report of the Chief Executive Officer



Report of the Treasurer



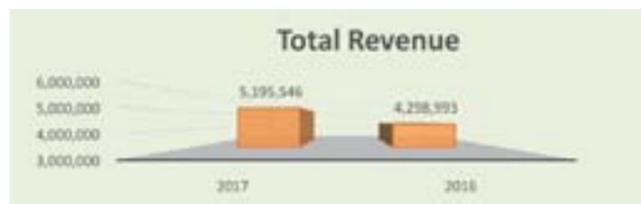
Gerd Wilmer, Treasurer

It is with great pleasure that I present the Annual Report for the year ended 30 June 2017 for Allambie Heights Village Ltd.

The financial result in this financial year has increased from a Net Profit in the previous year of \$1,099,782 to \$1,671,070, this year. For the first time, we are reporting an EBITDA (Earnings before Income Tax, Depreciation and Amortisation) of \$1,893,710. These are outstanding results.

I would also like to point out the following highlights in the Annual Financial Report.

Total revenues increased by \$896,553 from \$4,298,993 to \$5,195,546 as a result of Investment Income and Operational Income from Residents.

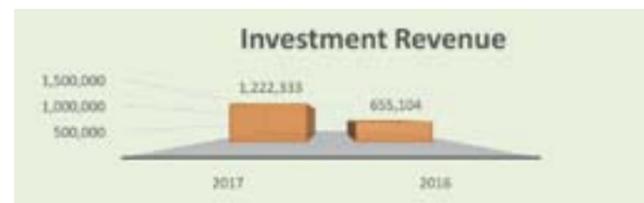


Our acquisition of William Charlton Village (retirement village) on 31 August 2016 added to the positive revenue cashflows experienced in our residential aged care facility and Allambie Heights Village (retirement village). Our operating costs increased by 10.2% compared with last year due to higher expenses associated with higher dependent residents of our residential aged care facility.

The ACFI Medicare Payments resulted in a decrease in ACFI Revenue by 3.0%, \$1,481,103 compared with previous year \$1,527,622, largely due to some vacancies during the year in our residential aged care facility. We expect greater ACFI uplift next year and optimisation of our resident rooms.



Investment revenue has increased from \$655,104 in FY 2016 to \$1,222,333 in FY 2017. This represents an approximate 8% return on the average invested funds (combined Investments and Term Deposit returns) over the period compared with 4% for the previous year. The return on Term Deposits were lower than the previous year due to a change in investment strategy. Rates received varied from 3.0% to 2.65%. Our Managed Asset Portfolios performed with an average of 9% return on investments. Protecting Capital continued to be a requirement during 2017. The Board continues to monitor the performance of the investment portfolio which is managed by our financial advisers to decrease risk and to increase performance.



Operational Revenue amounted to \$3,973,213 and Investment Income amounted to \$1,222,333 which consists of Interest/Dividends on Investments of \$397,845, Capital Growth on Investments \$665,447 and Interest on Term Deposits and other Cash \$159,041. This demonstrates that we have a positive income stream from Operations and do not rely on Investment Income for the day to day operation of the residential aged care facility or retirement villages. It also demonstrates the importance of strong cashflows when investment markets are volatile.



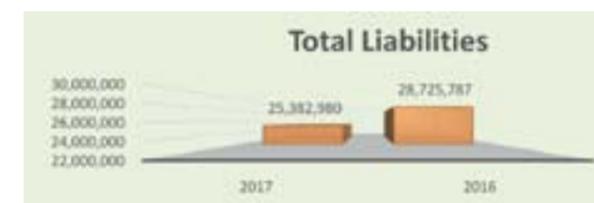
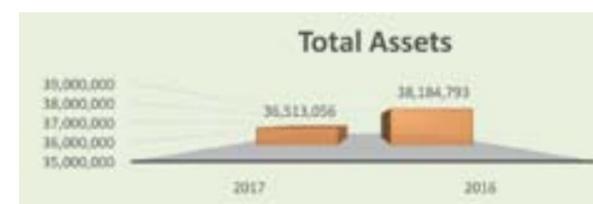
Our term deposit strategy has changed to reflect current market conditions. We have now invested more into our Managed Asset Portfolios. Our term deposits held in 2017 are \$2,059,827 compared with previous year of \$7,645,315, a decrease of 73%.



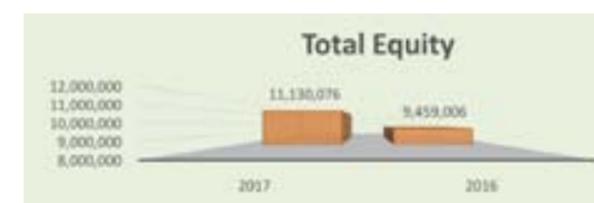
Managed Assets held in our Managed Assets Portfolio in 2017 totalled \$13,401,513 compared with previous year of \$10,434,814 which is an increase of 28.4%.



Assets have decreased by \$1,671,737 and now total \$36,513,056 compared with previous year \$38,184,793, a decrease of 4.4%. Liabilities have reduced by \$3,342,807 and now total \$25,382,980 compared with previous year of \$28,725,787. This is represented by a reduction in the Refundable Accommodation Deposits (RADS) received during the year for incoming residents of the residential aged care facility.



The Statement of Financial Position (Balance Sheet) indicates that the Total Equity of the Company is \$11,130,076 up from \$9,459,006, an increase of 18%.



We are very liquid, solvent and debt-free.

I would like to express my appreciation to Ciarán Foley, Chief Executive Officer and to his management team and staff for the financial growth and development of our Company.

I thank my fellow Directors and Ciarán who are on the Investment sub-committee as well as our Investment Advisors, Evans & Partners and Morgan Stanley.

Overall I can report that the Company has had another excellent result for the 2017 Financial Year and is in a strong financial position going forward.

Gerd Wilmer
Treasurer & Director

Report of the Treasurer



Report of the Retirement Living Manager



Patricia Cearnès, Retirement Living Manager

2016-2017 has been an incredibly busy year and one of great achievements. The acquisition of William Charlton Village at the end of August 2016 was exceptionally good news for the Company. Allambie Heights Village Ltd. now has three segments of business under the Company umbrella, Allambie Heights Village Retirement Village, William Charlton Retirement Village and the Allambie Heights Village Residential Aged Care Facility.

Planning for the extension of the Residential Aged Care Facility continued this year and resulted in successful Development Consent being achieved. We were planning to accommodate 84 residents in very large, single rooms, all with en-suite bathrooms. Beautiful recreation areas, quality finishes, landscaped gardens and latest technology were just some of the inclusions in the design specification. It has been an exciting, challenging and very busy process. The Board and Management decided to place this expansion development on hold in order to focus on the master planning of our William Charlton Village site due to time constraints.

We now look forward to the opportunity of planning for the development on the green fields of the William Charlton Village site.

Residential Aged Care Facility

Allambie Heights Village Ltd. publish information on accommodation prices and costs for our Residential Aged Care Facility. We make ourselves available to sit down with prospective residents and their families and explain the

complex financial obligations, fees and charges involved and help them understand and guide them through the process.

During the 2016-2017 financial year we welcomed fifteen new permanent admissions to our residential aged care facility. Accommodation Payments totalled \$7,700,000 and were made up of a mix of Refundable Accommodation Deposits (RAD) and Daily Accommodation Payments (DAP). In accordance with the July 2014 regulations, there are no retentions charged on this amount and the full Accommodation Payment, RAD component is refundable.

The average age of our residential aged care facility residents at 30 June 2017 was 89 ranging from 77 to 103 years.

Respite care has also been provided throughout the year, which included care to our Village residents. We are proud that unlike many of our competitors, we have always provided residents with single spacious en-suite rooms.

I am proud to work with an outstanding team of staff who provide excellent quality care in a happy, homely environment.

Retirement Village - Allambie Heights Village

The 2016-2017 financial year was another successful year in our Allambie Heights Village retirement village with the Village being full at 30 June 2017.

When an apartment becomes available, it is renovated to meet our high standards with an average cost of \$37,000 each for a full renovation including a new kitchen and bathroom. During the financial year we had four apartments occupied by new residents totaling Entry Contributions of \$1,345,000. We currently offer 12% of our apartments as rentals.

Our beautifully designed Village Dining Room invites residents and their families and friends to enjoy a home cooked 3 course lunch, 7 days a week, at very affordable prices. We continue to offer the very popular mid-week special 'Roast of the Day' and monthly themed lunches along with the annual 'Biggest Morning Tea' fundraiser for Cancer Council and 'Melbourne Cup High Tea'.

The Residents Social Committee continues to refresh the social program and new activities have been introduced to offer more variety and meet the needs of our residents. Our existing recreation and social activity

program includes: Happy Hours; BBQs; ArtGroup; Movie nights; Relaxation and Exercise Program and a Walking Group.

Our Village Bus covered many roads throughout the year at the capable hands of our much appreciated, volunteer drivers. Residents have enjoyed many social bus outings and weekly Shopping Trips.

We have a wonderful mix of residents aged between 60 and 88, with an average age of 72 years. They complement each other and bring immense value to the Village. Many of our Village residents volunteer in the Residential Aged Care Facility and in the Village sharing their talents, skills and life experiences with others. There is an abundance of enthusiasm to be witnessed as you stroll through our Village and Residential Aged Care Facility.

The presentation of the Village and the landscaped gardens are a unique feature. External painting, maintenance and preventative maintenance is continuous throughout the year. Quarterly WH&S staff meetings are held and an Annual WH&S site audit is performed each year with outcomes completed in an efficient manner.

We remain competitive on the Northern Beaches and a clear choice option to people wishing to be cared for and accommodated in this beautiful paradise named Allambie Heights.

Retirement Village - William Charlton Village

William Charlton Village is comprised of 55 studio and one bedroomed apartments offered for rental to residents aged over 55 years.

A website was launched in March 2017 where you can browse Village information, the address is www.williamcharltonvillage.com.au.

Learning to understand and discover the Village buildings and infrastructure has been an ongoing process and after nine months (as at 30 June 2017), the Village has achieved huge progress in repairs and maintenance. Since taking over in August 2016, it has been a hive of activity with our wonderful maintenance team, Dennis, Tony and Rob and our housekeeping team who along with external contractors are working to improve the Village.

The village had a number of vacancies at the time of acquisition of the business. We have been successful in completing renovations on three properties this financial year with another seven planned for the first half of 2017. As apartments become vacant we will plan to renovate and re-let each property.

I wish to thank Cathy for her management service to our residents and for the administration of William Charlton Village. She has played an integral role in the transition of the Village and continues to be a very important part of the team.

It has been a pleasure to meet with the residents and get to know them. We have held several meetings along with a delightful Christmas Luncheon and Easter Morning Tea.

The gardens are being tended to weekly and looking good. I am sure Spring will show the hard work and skills of the gardeners as the plants and shrubs blossom.

My thanks to Cathy and Clare, our friendly and competent Receptionists/Accounts Administration team who interact with residents, their families and visitors and insure that the accounts and administration of the Company run smoothly.

To our Residents, their Families and Friends I thank you for your support throughout the year. I look forward to another successful year in 2017-2018 with many new projects on the horizon as the Company grows.

Patricia Cearnès
Retirement Living Manager



"Flower Power" Luncheon

Report of the Retirement Living Manager



Report of the Recreational Activities and Volunteer Co-ordinator



Virginia Stapleton,
Recreational Activities & Volunteer Co-ordinator

What a difference a year makes!

I am pleased to report that we provide approximately 20 activities on a weekly basis to the residents of our Residential Aged Care Facility, which includes 2 bus outings and an array of interesting and stimulating sessions including Trivia, Carpet Bowling, Bingo, Exercises/Physio Classes, Art Therapy, Reminiscing, Knitting Group, Garden Walks and Dog Therapy.

Most of these activity sessions are run by our wonderful team of volunteers who never fail to put a smile on our residents' faces! We currently have 25 active volunteers who dedicate 1-2 hours a week to our residents. We are so grateful to them for giving up their valuable time, they all do such an amazing job!

Our regular Trivia sessions continue to be hugely popular with our residents. We now have 3 trivia sessions per week (as requested by residents) which aims to stimulate memory function. Our residents are always finding new, innovative ways to find the correct answers (through song or poetry) which is always so encouraging.

The twice-weekly bus outings are another very popular activity for our residents and we thank our regular drivers, Bob Willatt (Mondays) and Bruce Cohn (Wednesdays) for their commitment and expertise. They are always finding new and exciting places to visit. We also thank Harold Hanlen for his dedication to the retirement village residents of Allambie Heights Village and for taking them

on weekly shopping trips on Thursday mornings. Well done drivers.

Music Therapy is always a winner. We are fortunate to have two talented pianists, David Stevens and Sonya Wilson who come and play for our residents during lunch time on Thursdays and Fridays. Our residents are so familiar with piano tunes and they look forward to them every week. Song requests are always forthcoming and welcome. Thank you David and Sonya for your wonderful performances.

Our residents were treated to a special event at the end of June 2017 when Hannah's Miniature Horses came to visit Allambie Heights Village! The residents were thrilled to meet, pat and feed two miniature horses called Crunch and Lippy. It was a wonderful morning filled with laughter and amazement when they performed their tricks. We look forward to welcoming Crunch and Lippy back in 2018!

Our events calendar has been keeping us all so busy this year. We've had many wonderful performances, concerts and themed lunches which our residents thoroughly enjoy. Krissy's Feathered Friends visited us in May with her array of exotic and colourful birds which was a highlight of the year! We also had a special Antique Doll Presentation by one of our resident's daughters, Vicki Kimmorley who brought in her award-winning array of beautiful antique porcelain dolls from all over the world. It brought back a lot of childhood memories for some of our residents.

We celebrated a range of themed lunches including Australia Day, St. Patrick's Day, Easter, Best of British and most recently Christmas in July which was a huge success. We can look forward to Vive La France, followed by Hawaiian Cruise and Oktoberfest in the coming months, and of course our Melbourne Cup High Tea in November.

It has been a very productive and exciting year for our recreational and activity programs. We have received positive feedback from our residents through open communication as well as via the regular resident meetings.

I express sincere thanks to our residents, our volunteers who make magical things happen and to our staff and management for a successful and active year.

Virginia Stapleton
Recreational Activities and Volunteer Co-ordinator

Annual Financial Report

Directors Report

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

Directors

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

Ms Wendy Kramer

President, Public Officer and Director

Bachelor of Medical Science, University of Melbourne. Appointed President of the Board in 2009, Director since 2007 and current Member of the Investment sub-committee. Previously served on the Board of SCEGGS Redlands School for 17 years (resigned 2006). Working career covered 40 years in public and private health sectors as Director of Radiotherapy Services and as associate lecturer at University of Sydney. Regional and Commercial Operations Manager for Medical Imaging Australasia (MIA) Corporation. Retired.

Mr Wolfgang Müller

Vice-President and Director

Bachelor of Communications, University of Cologne. Director and Member of the Board since 2005 and current Member of the Investment sub-committee. Founder and owner of Media Advantage Production Company. Former Senior Journalist with SBS TV News. Current Producer with SBS. Member of the Foreign Correspondents' Association of Australia and the South Pacific.

Mr Gerd Wilmer

Treasurer and Director

Bachelor of Arts, University of New England. Director and Member of the Board since 2005. Current Chairperson of the Investment sub-committee. Director of Elzson Pty Ltd since 1978 and Naveco P/L since 1993.

Mr Ben Bowley

Director

Director and Member of the Board since 2014. Managing Director of Today's Plan, an Australian sports technology business. Working career has been spent with global technology firms. These roles and Companies have included: Managing Director,

Apple Australia/New Zealand; Managing Director & President, Raymarine Asia and Director of Business Systems, Panasonic.

Mr Cameron Harris

Director

Bachelor of Economics, University of Sydney. Graduate Diploma in Applied Finance, Securities Institute of Australia. Director and Member of the Board since 2015. Head of Direct Sales for Macquarie Bank's Personal Banking division having worked at Macquarie for 12 years and in Financial Services for 20 years. Areas of expertise include Asset Management, Equities and Personal Banking.

Principal Activities

Allambie Heights Village Ltd. is a not-for-profit Company Limited by Guarantee providing quality accommodation and care in Retirement Villages and a Residential Aged Care Facility. The Company has been firmly established in the community of Allambie Heights on Sydney's Northern Beaches since opening a Retirement Village in 1966 and its Residential Aged Care Facility in 1996.

The Company acquired William Charlton Village (Retirement Village) on 31 August 2016.

Allambie Heights Village Ltd., a public benevolent institution was endorsed by the Australian Taxation Office (ATO) to access the following tax concessions:

- Income tax exemption
- GST concessions
- FBT concessions
- Deductible gift recipient

The Company's endorsement to access charity concessions, together with the date or period of effect, has been entered in the public register maintained by the Australian Business Registrar at www.abn.business.gov.au

Mission Statement

The Company's mission statement is "to exercise the best possible duty of care, providing safe accommodation and facilities for residents cognizant of their health needs and rights, irrespective of sex, creed, colour, race or nationality".



Annual Financial Report

The Company's Objectives are:

- To provide quality accommodation to persons over 55 years within its retirement villages in accordance with the Retirement Villages Act 1999 No 81, the Retirement Villages Regulations 2009, the Residential Tenancies Act 2010 No 42 and as regulated by the New South Wales Office of Fair Trading.
- To provide quality respite and permanent care and accommodation to older persons and to persons with dementia within the accredited residential aged care facility in accordance with the Aged Care Act 1997 and as regulated by the Commonwealth Department of Health and the Australian Aged Care Quality Agency.

To achieve these objectives, the Company implements the following strategies:

- Maximisation of occupancy within the residential aged care facility (42 rooms/42 bed licences);
- Maximisation of occupancy within the retirement villages (110 independent living units);
- Achievement of all of the Australian Aged Care Quality Agency's 44 Outcomes for the residential aged care facility which is audited twice annually. We applied for re-accreditation during 2015 and successfully received a Certificate of Accreditation for a further 3 year period (the maximum period permitted) until September 2018;
- Maximisation of accommodation payments for the residential aged care facility;
- Maintenance of our excellent record of staff retention, staff training/development, staff remuneration and conditions. We have established ourselves as a workplace of choice and we continue to receive regular expressions of interest from people wishing to work with us. An increasing number of our staff have achieved 10 years service;
- During 2016-2017, staff hours, staff and management positions were increased to respond to the changing needs of our residents;

- Supporting our volunteers who enrich the lives of our residents and support the services that we provide;
- Assessment of the needs of all aged care residents so as to make accurate application for government payments within the Aged Care Funding Instrument (ACFI) and to maximize our income streams;
- The active promotion and marketing of our services so that we can plan appropriately with prospective residents and families when wishing and needing to move to our residential aged care facility and retirement villages. This ensures that we plan proactively for future income opportunities;
- Adding value to vacant retirement village apartments thereby increasing the entry contributions (apartment prices) that we can charge and sustaining the short and long term viability of the Company;
- Managing costs efficiently and effectively through an adherence at all levels of line management to budgetary cost controls;
- Negotiating best value from our contractors;
- Collaborating and networking with other providers so as to exchange experience and ideas that benefit our services and our industry;
- We completed a building extension during 2012 achieving 4 additional bedrooms in our residential aged care facility thereby maximizing the use of our 42 bed licences. We provided a dining room for use by our retirement village residents and visitors and we built a new library and internet suite. In 2014, we renovated lounge and activity areas for residents of the residential aged care facility as well as staff operational areas by creating a new staff station and renovating our laundry. We created a BBQ area in the retirement village, installed an entertainment centre/cinema in the community hall in 2015 and we are consistently improving our gardens and facilities for our residents;

- On 31 August 2016, we acquired William Charlton Village, a retirement village of 55 independent living apartments on 3.8 hectares of land and we have commenced master planning the green fields site considering future development. We continue to add value to properties that we renovate within our retirement villages;
- In 2017, we achieved Development Consent to rebuild our residential aged care facility and expand the number of resident rooms from its existing 42 to 84 rooms. The Board and management decided during 2017 to place these expansion plans on hold as we prioritise the master planning of the William Charlton Village site;
- We continue to explore opportunities to expand our operations so as to achieve greater economies of scale, cost control and increased income given that as a Company, our residential aged care facility and retirement villages are in demand and we have a healthy waiting list. This strategy will allow us to respond to current and future demand as well as to grow and develop our revenue opportunities and overall sustainability.

Members Liability

The entity is a Company Limited by Guarantee under the Corporations Act 2001. If the entity is wound up, the Constitution states that each member is required to contribute a maximum of \$20.00 each towards meeting any obligations of the Company.

At 30 June 2017, the collective liability of the members was \$500.00 for full members.

Auditors

SCS Audit & Corporate Services Pty Ltd.

Auditor's Declaration of Independence

The Auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set on page 14.

Wendy Kramer
President, Board of Directors
15 September 2017

Meetings of Directors

During the financial year 11 meetings of Directors were held. Attendances by each Director were as follows:

	Number eligible to attend	Number attended
Ms Wendy Kramer	11	11
Mr Wolfgang Müller	11	7
Mr Gerd Wilmer	11	8
Mr Ben Bowley	11	4
Mr Cameron Harris	11	8

Directors Benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest.



Auditor's Declaration of Independence



**SCS AUDIT &
CORPORATE SERVICES PTY LTD**

ABN 99 165 260 444

AUDITOR'S DECLARATION OF INDEPENDENCE

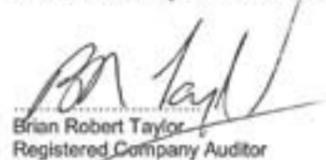
To the directors of Allambie Heights Village Ltd

In relation to our audit of Allambie Heights Village Ltd for the year ended 30 June 2017, I declare that, to the best of my knowledge, there have been:

- (a) no contravention of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contravention of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Allambie Heights Village Ltd.

SCS Audit & Corporate Services Pty Ltd


Brian Robert Taylor
Registered Company Auditor

Sydney

12 September, 2017.

Liability limited by a scheme approved under Professional Standards Legislation.



Statement of Comprehensive Income

	Note	2017	2016
		\$	\$
Revenue and Other Revenue	4	5,195,546	4,298,993
Catering	5	(433,507)	(437,339)
Depreciation	5	(222,640)	(204,364)
Employment Expenses	5	(1,882,108)	(1,778,637)
Insurance	5	(98,671)	(74,677)
Repairs and Maintenance	5	(79,606)	(50,209)
Other operating expenses	5	(807,944)	(653,985)
Profit for the year		1,671,070	1,099,782
Other comprehensive income:		-	-
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR		1,671,070	1,099,782



Statement of Financial Position

	Note	2017	2016
		\$	\$
Current Assets			
Cash and cash equivalents	7	1,229,068	2,038,650
Receivables	8	81,168	266,393
Financial assets at fair value	9	15,468,117	18,090,130
Prepayments and deposits		50,140	44,495
Total Current Assets		16,828,493	20,439,668
Non-Current Assets			
Property plant and equipment	10	18,284,006	16,345,125
Intangibles	11	1,400,557	1,400,000
Total Non-Current Assets		19,684,563	17,745,125
TOTAL ASSETS		36,513,056	38,184,793
Current Liabilities			
Payables	12	25,138,827	28,517,557
Provisions	13	139,465	126,061
Total Current Liabilities		25,278,292	28,643,618
Non-Current Liabilities			
Provisions	13	104,688	82,169
Total Non-Current Liabilities		104,688	82,169
TOTAL LIABILITIES		25,382,980	28,725,787
NET ASSETS		11,130,076	9,459,006
Equity			
Accumulated funds	14	6,847,211	5,176,141
Asset revaluation reserve	15	4,282,865	4,282,865
TOTAL EQUITY		11,130,076	9,459,006



Statement of Changes in Equity

	Note	2017	2016
		\$	\$
Total equity at the start of the financial year		9,459,006	8,359,224
Gain from asset revaluation		-	-
Total comprehensive income for the year		1,671,070	1,099,782
TOTAL EQUITY AT END OF FINANCIAL YEAR		11,130,076	9,459,006



Statement of Cash Flows

	Note	2017	2016
		\$	\$
Cash flow from operating activities			
Receipts from residents and government		4,029,269	3,643,595
Interest and dividends received		629,550	590,580
Payments to suppliers and employees		(3,337,259)	(3,182,081)
Net cash provided by (used in) operating activities	16	1,321,560	1,052,094
Cash flow from investing activities			
Purchase of property plant and equipment		(2,162,078)	(1,610,933)
Realisation (purchase) of investments		3,384,825	392,280
Net cash provided by (used in) investing activities		1,222,747	(1,218,653)
Cash flow from financing activities			
Net Proceeds from tenants deposits		(3,353,889)	805,272
Net cash provided by (used in) financing activities		(3,353,889)	805,272
Net increase (decrease) in cash held		(809,582)	638,713
Cash at beginning of the Year		2,038,650	1,399,937
Cash at end of year	17	1,229,068	2,038,650



Notes to and Forming Part of the Accounts

For the year ended 30 June 2017

1. Summary of Significant Accounting Policies
2. Financial Instruments
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4. Revenue from Ordinary Activities
5. Expenses from Ordinary Activities
6. Investment Income (Loss)
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9. Financial Assets at Fair Value
10. Property, Plant and Equipment
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12. Creditors and Borrowings
13. Provisions
14. Accumulated Funds
15. Reserves
16. Reconciliation of Cash Flow from Operations with Operating Profit
17. Reconciliation of Cash
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20. Segment Information
21. Fundraising



Notes to and Forming Part of the Accounts

1. Summary of Significant Accounting Policies

Basis of Preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations of the Australian Accounting Standards Board (AASB), the Corporations Act 2001 and the Australian and Not-For-Profits Commission Act 2012.

The financial statements of Allambie Heights Village Ltd. also complies with International Financial Reporting Standards (IFRS).

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

Critical Accounting Estimates

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 group.

a) Income Tax

The Company is exempt from income tax as it is an income tax exempt charity under section 50-5 of the Income Tax Assessment Act 1997.

b) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value. For the purposes of the statement of cash flows, cash consists of cash at bank and investments which can readily be converted into cash. The Company had no bank overdrafts at 30 June 2017 (2016: \$nil).

c) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Short-term receivables with no stated interest rate are measured at the nominal amount due where the effect of discounting is immaterial. Collectibility of receivables is reviewed

on an ongoing basis and, where necessary, an impairment provision is recorded. Bad debts are written off as incurred.

d) Financial assets at fair value

Allambie Heights Village Ltd. classifies its financial assets after initial recognition and, when allowed and appropriate, re-evaluates them at each financial year end. The Company's investments are measured at "fair value through profit or loss". This classification applies to investments classified as "held for trading" and the investments are measured at fair value. Financial assets are classified as "held for trading" if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading. Gains or losses on these assets are recognised in the operating statement.

The Company's Managed Investment facilities are designated at fair value through profit or loss. These financial assets are managed and their performance is evaluated on a fair value basis, in accordance with the Company's risk management strategy.

Designation at fair value through profit or loss is consistent with the Company's risk management strategy because that strategy requires the Board to monitor the fair value of its managed investments as a basis for assessing the risk associated with the investments.

The movement in the fair value of the Managed Investment facilities incorporates distributions received as well as unrealised movements in fair value and is reported in the income statement line item 'investment income (loss)'.

e) Impairment of financial assets

All financial assets are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due.

Any reversals of impairment losses are reversed through the income statement, where there is objective evidence that the reversal is necessary.

f) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial assets expire, or
- the Company transfers the financial asset such that substantially all the risks and rewards are transferred or control of the financial asset is lost.

A financial liability is derecognised when the obligation specified in the contract is discharged or the obligation is cancelled or expires.

g) Consumable materials

Purchases of consumable materials, including food and other supplies, has been expensed in the year of purchase.

h) Fundraising Activities

The Charitable Fundraising Act 1991 and Regulations prescribe the manner in which fundraising appeals are conducted, controlled and reported in NSW. The amounts shown in note 21 are in accordance with the Act. Although the Act specifies that unsolicited donations, members' donations and bequests are not to be treated as fundraising income, they have been included in note 21 in the interests of full disclosure. Donations and bequests are reported as income when received by the Company.

No costs were incurred in earning fundraising income.

i) Property, Plant and Equipment

Property plant and equipment is carried at cost less any accumulated depreciation and any impairment in value.

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. No such impairment was identified during the year ended 30 June 2017.

The depreciable amounts of property, plant and equipment assets are depreciated on a straight line basis over their estimated useful lives using the following rates:

Building and Roads	1%
Furniture and Fittings	10%
Plant and Equipment	15%
Motor Vehicles	15%

j) Payables

Payables represent liabilities for goods and services provided to the Company. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Trade accounts payable are unsecured and are generally settled within their due date.

k) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions relate to employee annual leave and long service leave benefits. These liabilities are recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' service up to that date. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The outstanding amount of superannuation, which is consequential to employment, is recognised as liabilities and expenses where the employee entitlements to which they relate, have been recognised.

l) Revenues

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

m) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

n) Going Concern

The financial statements have been prepared on a going concern basis.

The continued operations of the Company is dependent upon its ability to attract residents with the capacity to provide entry contributions and accommodation payments that may be required to replace accommodation payments in the normal course of business and to maximise Government Subsidies.



Notes to and Forming Part of the Accounts

Allambie Heights Village Ltd. continues to refund all accommodation payments and all entry contributions on time and in compliance with the Prudential Requirements of the Aged Care Act 1997 and the Principles and involving compliance with Liquidity and Governance Standards.

o) Leasing

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

p) Disclosures

Allambie Heights Village Ltd. has recorded Resident payments and resident entry contributions as current liabilities for the current financial year ended 30 June 2017 in accordance with Australian Accountancy Standard AASB 101 (69).

The comparatives for 30 June 2016 have also been disclosed as current liabilities.

2. Financial Instruments

Allambie Heights Village Ltd's. principal financial instruments comprise cash, investments, receivables, payables and funds held in trust. The Company manages its exposure to key financial risks in accordance with its risk management policy. The objective of the policy is to facilitate the effective management of potential opportunities and adverse effects.

The main risks arising from the Company's financial instruments are interest rate risk, credit risk and

liquidity risk. The Company uses different methods to measure and manage the different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, and liquidity risk is monitored through the development of budgets.

Primary responsibility for identification and control of financial risks rests with the Board.

a) Financial instrument categories

	2017	2016
	\$	\$
Financial Assets		
Cash and cash equivalents	1,229,068	2,038,650
Receivables	81,168	266,393
Investments	15,468,117	18,090,130
Financial Liabilities		
PAYABLES	25,138,827	28,517,557

b) Credit risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents, investments and receivables. The Company's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these financial assets (net of any allowance for impairment). The Company trades only with

recognised, creditworthy third parties, and as such collateral is not requested. The Company has not securitised its trade and other receivables and has not granted any financial guarantees. Credit risk associated with the Company's financial assets, other than receivables, is managed through the selection of counter parties and investment managers.

Cash

Cash comprises cash on hand and at bank and in short-term investments.

Receivables

All debtors relate to amounts receivable from residents. Collectibility of debtors is reviewed on an ongoing basis. Established procedures are followed to recover outstanding amounts. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the Company will not be able to collect all amounts due.

Based on past experience, no receivables are considered impaired. There are no debtors which would otherwise be past due or impaired whose terms have been renegotiated.

Investments

Allambie Heights Village Ltd. has an investment portfolio which is managed by Evans & Partners and Morgan Stanley. The objective is to achieve a balance between risk and return, whilst ensuring adequate liquidity. During the year a net gain in investment income amounting to \$1,222,333 was recorded (2016: \$655,104 Gain).

c) Liquidity risk

The Company's exposure to liquidity risk is considered to be low. Liquidity risk is the risk that Allambie Heights Village Ltd. will be unable to meet its payment obligations when they fall due. The Company continuously manages liquidity risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets when required. The objective is to maintain a balance between continuity of funding and flexibility through the use of available liquid resources.

During the current and prior years, there were no defaults or breaches on any amounts payable. No assets have been pledged as collateral.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with normal trade terms.

The table below summarises the expected maturity profile of the Company's financial liabilities, together with the interest rate exposure. All obligations are shown at undiscounted cash flow amounts. Residents' entry contributions and accommodation payments have no specific maturity date as repayment is required on the resident's departure. Expected maturity dates have been estimated based on past experience.

	Amount Due	Maturity Dates		
		< 1 year	1-5 years	> 5 years
30 June 2017				
Financial Assets				
Cash	1,229,068	1,229,068	-	-
Receivables	81,168	81,168	-	-
Financial Liabilities				
Creditors	237,168	237,168	-	-
Contributions and payments	24,901,658	24,901,658	-	-
30 June 2016				
Financial Assets				
Cash	2,038,650	2,038,650	-	-
Receivables	266,393	266,393	-	-
Financial Liabilities				
Creditors	260,970	260,970	-	-
Contributions and payments	28,256,587	28,256,587	-	-



Notes to and Forming Part of the Accounts

Interest Rate Exposure	Interest Rate	Fixed Rate	Variable Rate	Non-interest Bearing
30 June 2017				
Cash	0.01%	-	1,229,068	-
Receivables	5.00%	81,168	-	-
Creditors	-	-	-	237,168
Contributions and payments	-	-	-	24,901,658
30 June 2016				
Cash	0.01%	-	2,038,650	-
Receivables	5.00%	266,393	-	-
Creditors	-	-	-	260,970
Contributions and payments	-	-	-	28,256,587

d) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Allambie Heights Village Ltd.'s exposure to market risk is primarily through price risks associated with the movement in the market prices of its investments. The Company has limited exposure to foreign currency risks.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Company operates and the time frame for the assessment (i.e. until the end of the next annual reporting period).

The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2016. The analysis assumes that all other variables remain constant.

Interest Rate Risk

The Company also has some exposure to interest rate risk arising from its investment in interest-bearing cash balances. In assessing sensitivity, a reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Company's exposure to interest rate risk is set out below.

	Carrying Amount	+/- 2% Profit
2017		
Cash and cash equivalents	1,229,068	24,581
BT Portfolio - Cash Account	9,500	190
LLL Account	20,007	400
2016		
Cash and cash equivalents	2,038,650	40,773
BT Portfolio - Cash Account	2,500	50
LLL Account	19,423	388

Other Price Risk

Exposure to 'other price risk' primarily arises through the investment in the Evans & Partners & Morgan Stanley Portfolio facilities, which are held for strategic rather than trading purposes. Allambie Heights Village Ltd. has investments in the following categories:

- Interest Bearing Securities
- Australian Equities
- Global Equities
- Property
- Cash

The majority of the investments are listed and the value is determined by reference to market prices.

One property investment is unlisted, and the value of this investment is determined on the basis of net tangible asset backing. A provision for impairment has been recorded in relation to some investments at 30 June 2017 as trading has ceased in those investments and recovery is uncertain.

Investment in the Portfolio is intended to manage the Company's exposure to risk, as it allows diversification across a pool of funds, with different investment horizons and a mix of investments.

The investment facilities are designated at fair value through profit or loss and therefore any change in value impacts directly on profit (rather than equity).

	Book Value	Change In Value	Impact
2017			
Interest Bearing Securities	2,554,978	+/- 1%	25,550
Term deposits and Cash	2,645,954	+/- 1%	26,460
Global & Australian Equities	9,542,247	+/- 10%	954,225
Property	718,161	+/- 20%	143,632
2016			
Interest Bearing Securities	2,588,675	+/- 1%	25,887
Term deposits and Cash	9,081,054	+/- 1%	90,811
Global & Australian Equities	5,615,234	+/- 10%	561,523
Property	804,338	+/- 20%	160,868

3. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual

results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.



Notes to and Forming Part of the Accounts

Significant Accounting Judgements

Impairment of non-financial assets

Allambie Heights Village Ltd. assesses impairment of all assets at each reporting date by evaluating possible impairment conditions. These include changes in technology, economic and political environments and future resident expectations. If an impairment trigger exists, the recoverable amount of the asset is determined. In relation to the year ended 30 June 2017, management did not identify significant triggers for impairment testing and as such these assets have not been tested for impairment.

Long service leave provision

Long service leave is measured on a nominal basis. Allambie Heights Village Ltd. periodically compares the difference between using the nominal method and the full present value method. The calculation using the full present value method requires assumptions such as application of employment legislation, and expected future salary levels and expected future salary on-cost expenses. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Additional Financial Information

The additional financial data presented below is in accordance with the books and records of Allambie Heights Village Ltd. which have been subjected to the auditing procedures applied by SCS Audit & Corporate Services Pty Ltd in this statutory audit of the Company for the year ended 30 June 2017.

It will be appreciated that the statutory audit performed by SCS Audit & Corporate Services Pty Ltd did not cover all details of the financial data presented in the accounts. Accordingly, SCS Audit & Corporate Services Pty Ltd does not express an opinion on such financial data and no warranty of accuracy or reliability is given. SCS Audit & Corporate Services Pty Ltd does not undertake any responsibility in any way whatsoever to any person in respect of such data, including any error or omissions therein however caused.

4. Revenue from Ordinary Activities

	2017	2016
Income from residents	\$	\$
Retirement Village and RACF fees	2,134,682	1,787,811
Services fees	256,005	264,612
Other income		
Government subsidies	1,481,103	1,527,622
Fundraising and donations	17,207	12,533
Kitchen income	7,795	12,321
Other income	76,421	38,990
Investment Income	1,222,333	655,104
	5,195,546	4,298,993

5. Expenses from Ordinary Activities

	2017	2016
Accounting services	40,446	36,824
Advertising	9,122	11,950
Audit fees	15,792	15,708
Bank fees	1,283	257
Capital Works Fund	21,245	-
Cleaning, waste disposal, medical and care supplies	97,221	87,524
Contractors	73,155	58,313
Depreciation	222,640	204,364
Donations	600	4,000
Electricity and gas	76,429	44,672
Function and meeting expenses	6,414	22,845
Insurance	46,389	29,375
Interest Paid	85,299	19,106
Kitchen expenses	433,507	437,339
Legal and accreditation fees	3,990	3,615
Loss on disposal	-	1,246
Memberships and subscriptions	2,570	2,907
Motor vehicle expenses	23,529	12,933
Payroll services	13,269	12,453
Postage, printing, stationery and software	25,329	21,665
Rates and crown lease	36,544	29,944
Recreational activities	1,912	2,450
Repairs and maintenance	79,606	50,209
Salaries and salary sacrifice	1,882,108	1,778,637
Security and fire monitoring	16,456	9,181
Software/iCare	12,654	3,728
Staff Recruitment	10,286	4,224
Staff training	6,869	6,604
Strategic Development	7,188	26,404
Subsidies Training & Support	6,000	6,000
Sundry expenses	9,020	13,214
Superannuation	177,304	170,030
Telephone	11,358	9,881
Water and sewage	16,661	16,307
Workers compensation	52,281	45,302
	3,524,476	3,199,211



Notes to and Forming Part of the Accounts

	2017	2016
6. Investment Income (Loss)		
Interest and dividends received	556,886	640,946
Gain / Loss on investments	762,812	88,283
Investment advisor fees	(97,365)	(74,125)
	1,222,333	655,104
7. Cash		
Westpac trading account	90,074	568,682
Westpac investment account	1,122,433	1,441,405
Petty cash	16,561	28,563
	1,229,068	2,038,650
8. Receivables		
Residents payments in arrears	24,038	13,493
Net GST receivable	15,344	138,449
Investment income receivable	41,786	114,451
	81,168	266,393
9. Financial Assets at Fair Value		
Mirvac Property Trust (at current value)	76,297	70,924
Managed Asset Trusts (at current value)	13,401,513	10,443,994
Term Deposits	2,059,827	7,645,316
LLL investment account	20,007	19,423
Loan to Residents - Petty Cash Float	10,000	10,000
Provision for diminution in investments	(99,527)	(99,527)
	15,468,117	18,090,130
10. Property, Plant & Equipment		
Buildings at 2013 valuation	15,335,000	15,335,000
Additions - at cost	2,335,999	311,604
Less Accumulated Depreciation	(647,776)	(473,193)
Buildings at 2013 valuation and cost	17,023,223	15,173,411
Plant & Equipment at 2013 valuation	631,100	631,100
Additions - at cost	218,034	162,718
Less Accumulated Depreciation	(87,231)	(54,054)
Plant & Equipment at 2013 valuation and cost	761,903	739,764
Motor Vehicles at 2013 valuation	46,000	46,000
Additions - at cost	103,064	103,064
Less disposal	(49,867)	(49,867)
Less accumulated depreciation	(38,240)	(23,360)
Motor Vehicles at 2013 valuation and cost	60,957	75,837
Work in Progress	437,923	356,113
TOTAL PROPERTY, PLANT & EQUIPMENT	18,284,006	16,345,125

Revaluation 2013

Building improvements, plant and equipment and motor vehicles were revalued as of 30 June 2013 by RHAS Chartered Valuers and Brokers by James Munroe B.Com AAPI.

Buildings were revalued using Depreciated Replacement Cost Approach. Plant & Equipment & Motor Vehicles used a variety of methods including sales comparison, reference to reputable dealers, or discount to new basis.

11. Intangibles

Approved places at Cost

	2017	2016
Approved places at Cost	1,400,557	1,400,000
	1,400,557	1,400,000

During the 2016 year the Company acquired a number of approved places as a strategic investment.

12. Creditors and Borrowings

Current

Residents' deposits	24,901,658	28,256,587
Residents' fees received in advance	91,817	97,634
Payables and accruals	145,352	163,336
	25,138,827	28,517,557

Non-Current

Residents' deposits	-	-
Residents' accommodation payments	-	-
	-	-

The Australian Securities and Investments Commission (ASIC) and the Australian Accounting Standard AASB 101 (69) require accommodation payments and resident entry contributions be treated as current liabilities and not as non-current liabilities.

Allambie Heights Village Ltd. has recorded resident accommodation payments and resident entry contributions as current liabilities in accordance with Australian Accounting Standard AASB 101 (69).

Allambie Heights Village Ltd. continues to refund all accommodation payments and all entry contributions on time and in compliance with the Prudential Requirements of the Aged Care Act 1997 and the Principles and involving compliance

with a Liquidity Standard; a Records Standard; a Disclosure Standard and a Governance Standard. We provide to the Department of Health an Annual Compliance Statement in this regard each financial year along with an Independent Audit Report on the Annual Prudential Compliance Statement.

During the current and prior years, there were no defaults or breaches on any amounts payable.



Notes to and Forming Part of the Accounts

13. Provisions	2017	2016
Current		
Provision for annual leave	139,465	126,061
Non-current		
Provision for long service leave	104,688	82,169
	244,153	208,230
Movements in provisions		
i) Annual leave		
Carrying amount at the beginning of the year	126,061	106,563
Additional provision	13,404	19,498
Carrying amount at the end of the year	139,465	126,061
ii) Long Service Leave		
Carrying amount at the beginning of the year	82,169	68,050
Additional provision	22,519	14,119
Carrying amount at the end of the year	104,688	82,169
14. Accumulated Funds		
Accumulated funds at beginning of period	5,176,141	4,076,359
Transfer from Capital Maintenance Reserve	-	-
Profit /(Loss) From Ordinary Activities	1,671,070	1,099,782
Accumulated funds at end of period	6,847,211	5,176,141
15. Reserves		
The asset revaluation reserve is used to record increments and decrements in the value of non-current assets.		
Balance at beginning of year	4,282,865	4,282,865
Gain from revaluation	-	-
Balance at end of year	4,282,865	4,282,865
16. Reconciliation of Cash Flow from Operations with Operating Profit		
Operating Profit (Loss)	1,671,070	1,099,782
Non-Cash Flows in Operating Profit		
Depreciation	222,640	204,364
Loss on disposal	-	1,246
Unrealistic investment losses (gains)	(762,812)	(88,283)
Changes in Assets and Liabilities		
Decrease (increase) in Receivables	43,234	(56,412)
Decrease (increase) in Prepayments	(6,685)	2,079
Decrease (increase) in Creditors and Provisions	154,113	(110,682)
CASH FLOW FROM OPERATIONS	1,321,560	1,052,094

17. Reconciliation of Cash	2017	2016
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related item in the Statement of Financial Position as follows:		
Cash on Hand and at Bank	1,229,068	2,038,650
	1,229,068	2,038,650
18. Capital Expenditure Commitments		
Estimated capital expenditure contracted for at the reporting date, but not provided for, payable not later than one year	750,000	1,000,000
later than one year and not later than five years	5,000,000	4,000,000
later than five years	-	-
	5,750,000	5,000,000
19. Auditor's Remuneration		
Amounts received or due and receivable by the auditor:		
Auditing the financial report for the Company	16,000	14,500
	16,000	14,500

20. Segment Information

The Company operates in a single geographical location (Australia) and has two operating segments (Retirement Village and Residential Aged Care Facility). There are no transactions between the segments. Joint costs are shared between the segments based on management's estimate of the benefit derived by each segment.

	Retirement Villages	Residential Aged Care Facility	Non-Segment
	2017	2017	2017
Revenue			
Government Subsidies	-	1,481,103	-
Resident Fees	753,067	1,117,792	-
Capital Grants	-	-	-
Retentions	469,258	50,571	-
Other	726,074	677,839	(80,158)
Total Revenue	1,948,399	3,327,305	(80,158)
Expenses			
Employee Expenses	(347,678)	(1,534,430)	-
Interest	-	(85,296)	-
Depreciation	(114,867)	(107,773)	-
Other	(380,632)	(1,029,320)	75,520
Total Expenses	(843,177)	(2,756,819)	75,520
SEGMENT RESULT	1,105,222	570,486	(4,638)



Notes to and Forming Part of the Accounts

	Retirement Villages	Residential Aged Care Facility	Non-Segment
	2017	2017	2017
Assets			
Current Assets	84,836	106,059	16,637,598
Non-Current Assets	9,776,514	9,908,049	-
	9,861,350	10,014,108	16,637,598
Liabilities			
Current Liabilities	(12,017,045)	(13,261,247)	-
Non-Current Liabilities	(20,938)	(83,750)	-
	(12,037,983)	(13,344,997)	-
Other segment information			
Accommodation Payment Liabilities	-	12,980,112	-
Entry Contribution Liabilities	11,905,935	-	-
Borrowings	-	-	-

	Retirement Village	Residential Aged Care Facility	Non-Segment
	2016	2016	2016
Revenue			
Government Subsidies	-	1,527,622	-
Resident Fees	356,580	1,120,795	-
Capital Grants	-	-	-
Retentions	482,277	92,770	-
Other	382,885	397,656	(61,592)
Total Revenue	1,221,742	3,138,843	(61,592)
Expenses			
Employee Expenses	(298,809)	(1,479,828)	-
Interest	-	(19,105)	-
Depreciation	(99,670)	(104,694)	-
Other	(268,035)	(997,949)	68,879
Total Expenses	(666,514)	(2,601,576)	68,879
SEGMENT RESULT	555,228	537,267	7,287

	Retirement Village	Residential Aged Care Facility	Non-Segment
	2016	2016	2016
Assets			
Current Assets	389,391	399,029	19,651,248
Non-Current Assets	7,794,240	9,698,391	252,494
	8,183,631	10,097,420	19,903,742
Liabilities			
Current Liabilities	(11,779,553)	(16,864,065)	-
Non-Current Liabilities	(16,434)	(65,735)	-
	(11,795,987)	(16,929,800)	-
Other segment information			
Accommodation Payment Liabilities	-	16,574,043	-
Entry Contribution Liabilities	11,600,693	-	-
Borrowings	-	-	-

21. Fundraising

Information furnished under the Charitable Fundraising Act 1991.

	2017	2016
Fundraising monies received		
Donations	17,207	12,533
Fundraising	-	-
	17,207	12,533
Costs incurred in fundraising	-	-

Director's Declaration

The Directors of the Company declare that:

The Financial Report and Notes, as set out on pages 11 to 33 are in accordance with the Corporations Act 2001, including

- (a) Giving a true and fair view of the financial position as at 30 June 2017 and of the performance and cash flows for the year ended on that date; and
- (b) Complying with Accounting Standards (including Australian Interpretations) in Australia and the Corporations Regulation 2001 and other mandatory professional reporting requirements; and
- (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The declaration is made in accordance with a resolution of the Board of Directors.



Wendy Kramer
Director

Dated this 15 September 2017
Sydney

Independent Auditor's Report



**SCS AUDIT &
CORPORATE SERVICES PTY LTD**

ABN 99 165 260 444

ALLAMBIE HEIGHTS VILLAGE LTD

ABN 37 137 083 964

Independent Auditor's Report to the Members

Report on the Audit of the Financial Report

We have audited the financial report of Allambie Heights Village Ltd, which comprises the statement of Financial Position as at 30 June 2017, the statement of income, statement of changes in equity and statement of cash flows for the period 1 July 2016 to 30 June 2017 then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial report of Allambie Heights Village Ltd, has been prepared in accordance with the *Corporation Act 2001* and Division 60 of the Australian Charities and Not-for-Profits Commission Act 2012, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2017 and of its financial performance for the period then ended; and
- b) complying with Australian Accounting Standards, the Corporations Regulations 2001 and Division 60 the Australian Charities and Not-for-profits Commission Regulation 2013.
- c) the financial report also complies with International financial Reporting Standards as disclosed in Note 1 to the financial statements.

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 registered 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.

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

**Director' Responsibility for the Financial Report**

The Directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the ACNC Act and the *Corporations Act 2001*, and for such internal control as directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, directors are responsible for assessing the Allambie Heights Village Ltd.'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 responsible entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

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 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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of the responsible entity'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 registered 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 registered 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 the responsible entity 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.

SCS AUDIT & CORPORATE SERVICES PTY LTD

Brian Taylor

Registered Company Auditor

Sydney

Date: 12 September, 2017



ALLAMBIE HEIGHTS *Village*



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