

ORANA GARDENS LTD

“Caring For You”



2017

ANNUAL REPORT

Facilities

Orana Gardens

Corner of Windsor Parade and Coronation Drive
DUBBO NSW 2830
125 place aged care facility including:
35 bed dementia specific unit
Respite available

Orana Gardens Estate

Windsor Parade, Royal Parade, Charles Crescent and
Coronation Drive
DUBBO NSW 2830
148 independent living units including:
140 x 2 bedroom units
8 x 1 bedroom units

Bellhaven

Warruga Place
WELLINGTON NSW 2820
46 bed facility
Respite available

Orana Gardens Country Club

Corner of Charles Crescent and Coronation Drive
DUBBO NSW 2830
Fully equipped recreational centre for residents
including:

- Indoor heated swimming pool and spa
- Bowling green
- Snooker table
- Dance floor
- BBQ area

For more information:

www.oranagardens.com.au or

Phone 02 6841 4155



Mission, Vision & Values

MISSION

To work with clients, residents, staff members, families and the community to provide lifestyle care options that are of the highest quality and respects individuals' rights by upholding the values of Orana Gardens Ltd.

VISION

"Caring For You"

VALUES

To realise the Mission all Directors, Officers, Employees and Agents of Orana Gardens Ltd will act in a manner to achieve the following:

- Accountability**
We recognise our responsibility to comply with relevant legislation, regulations, codes and guidelines. We will take responsibility for our decisions and actions.
- Client Focus**
Our clients are valued and treated with dignity, respect and understanding and are encouraged to exercise their independence.
- Continuous Improvement**
We are committed to improve the effectiveness, efficiency, accuracy and reliability of the services which we offer.
- Integrity**
We are committed to dealing with our clients in an ethical, honest and trustworthy manner.
- Mutual Respect**
We value all stakeholders and relate to them with integrity and openness and are responsive to the needs of the local communities in which we operate.
- Quality Service**
Our staff are valued and through integrity, empathy and compassion contribute to the quality of life of the clients which we care for.

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Chairman's Report



I am pleased to present the Chairman's Report on behalf of the Board of Orana Gardens Ltd for the year ended 31st December 2017.

As indicated last year the Board have been reviewing the Constitution. I am pleased to report after numerous meetings and consultations the review was completed this year together with a change of the organisation's name. The Board were very conscious and appreciative for the foresight and commitment of the Dubbo RSL Sub Branch and the Dubbo RSL Memorial Club for the initiative used in establishing and supporting the facilities, an acknowledgment of which is clearly stated in the revised Constitution. The people we welcome to our services come from a wide range of communities and backgrounds reflecting the diversity of the population in the region. Our new name is contemporary and mirrors our regional presence.

The year was another successful year financially resulting in a satisfactory surplus. This year's result, although lower than in the last few years, enables us to carry out necessary refurbishment and to keep the facilities as modern, relevant and commercially competitive in the ever changing dynamic of the aged care industry.

On behalf of the Board I would like to offer our thanks to our excellent management and staff for their commitment and dedication to their work as they care for our customers who have made Orana Gardens Estate, Orana Gardens and Bellhaven their home.

We are very fortunate to have as our Chief Executive Officer, Ms Kristine Saywaker, who has extensive experience and qualifications to lead the organisation. Kristine is ably supported by Mr Anton Clark Chief Financial Officer, Mrs Rebecca McDonald and Ms Tracey Tuohey facility managers of Orana Gardens and Bellhaven, Mrs Sue Trudgett Orana Gardens Estate Manager and Miss Erin Walsh Customer Liaison Coordinator. I would like to thank all the managers for their contribution via monthly reports and for accompanying the Board members on our facility inspections.

Our Board has seven members from a variety of management and professional backgrounds. We meet monthly as a Board and more frequently for sub committee sessions. The Board meetings are also attended by the Chief Executive Officer, the Chief Financial Officer and the minute secretary Ms Jennifer Ferguson, who although not voting members, are there to speak to reports and answer any questions that may arise. The Board has responsibility for the Governance of the organisation whilst the management team deal with operational matters, together we strive to work towards providing a superior service to the customers of Orana Gardens Ltd.

The Organisation is well supported by a number of volunteers who give of their time to assist the staff in caring for residents. Our thanks go to each and every one of them.



Chairman's Report

Cont.

It has been an honour to be the Chairman of Orana Gardens Ltd, a very responsible position which I could not do without the support of each and every member of the Board and senior management. I believe that together we have a Board who are very committed to the organisation each bringing to the discussion experience and skills which compliment each other as we strive to stay on top of the many changes taking place in the industry while at the same time understanding the relevance and impact on the organisation.

Whilst there may be increasing competition in the region for the various levels of aged care programs we are mindful of our purpose to “work with clients, residents, staff members, families and the community to provide lifestyle care options of the highest quality” and we continue to do this by reinvesting in our facilities and services to make them a place of choice for customers.

Bruce Henderson
Board Chairman

Board Members

CHAIRMAN



Mr Bruce Henderson
Director since 2014
Occupation: Financial Advisor
Chairman since April 2015

VICE CHAIRMAN



Mr Tony Kelly
Director since 2007
Occupation: Retired

VICE CHAIRMAN



Dr David E B Schuster
Director since 2005
Occupation: Grazier

TREASURER



Mr Doug Butcherine
Director since 2013
Occupation: Retired

ASSIST. TREASURER



Mr Bill Greenwood
Director since 2010
Occupation: Retired

DIRECTOR



Mrs Ruth O'Brien
Director since 2013
Occupation: Retired

DIRECTOR



Mr John Dixon
Director since 2015
Occupation: Retired

Chief Executive Officer's Report



In August 2017 the Board of Directors approved and registered a new name for the organisation - Orana Gardens Ltd. As well as an organisational name change business units were also renamed - the Dubbo aged care facility was renamed Orana Gardens, formerly Orana Gardens Lodge. The independent living units were renamed Orana Gardens Estate, formerly Orana Gardens Retirement Village. The Wellington aged care facility continues to be known as Bellhaven. The name changes are part of an exciting \$2.7 million dollar upgrade project. The upgrades began in 2016 and include significant refurbishment of buildings, grounds and internal living areas of all facilities and are due for completion over the next twelve months. Orana Gardens Ltd remains committed to continuous improvement while valuing our history and place in the Dubbo and Wellington communities.

The late Mr James (Jim) Lang was recognised with life membership for his dedication, contribution and long term commitment to the organisation.

I would like to take this opportunity to thank Mr Bruce Henderson Chairman of the Board and all the Directors for their leadership, guidance and support of the executive team throughout the year and their continued commitment to the organisation.

Aged care services in all its forms faced more scrutiny, change and challenges in 2017. Government reviews, changes to legislation and prominent headlines and news stories have lead to rethinking and reflection upon many of the models we use in delivering care and services to customers. Choice, respect and responsiveness are the new values providers are being asked to deliver as part of consumer outcomes and service satisfaction. In order to achieve better customer outcomes not-for-profit organisations need to address changing legislation, review business implications, ensure compliance and find sustainable solutions.

Miss Erin Walsh was appointed to the new position of Customer Liaison Coordinator in late 2016. Since then Erin has been active in the community promoting the organisation, updating our website, assisting in all aspects of the rebranding exercise. Thank you Erin for your enthusiasm and continued support of residents and their families.

I would also like to thank Mrs Rebecca McDonald Facility Manager at Orana Gardens and Ms Tracey Tuohey Facility Manager at Bellhaven for their continued commitment and dedication throughout the year. Thank you also to Mrs Rachael Chifamba Clinical Nurse and Miss Sandra Arida Clinical Nurse who have so capably overseen and assisted in providing quality clinical care to residents at the homes. Thank you for your participation and contribution to a highly effective team.

Mrs Sue Trudgett has had another good year managing the Estate while overseeing customer service, refurbishments and changes. Sue's experience in the sector continues to assist the organisation to remain commercially competitive and relevant to the needs of the local and regional community. Sue is a highly valued team member and her contribution is appreciated.



Chief Executive Officer's Report

Cont.

Thank you to the Orana Gardens Estate Forum Committee and Ms Fran Kelly (Chairperson), Mr Colin Selwood (Secretary) and Ms Judy Kelly (Treasurer) for their contribution to the Village in 2017.

I would particularly like to thank Mr Anton Clark Chief Financial Officer who has consistently provided valuable and thoughtful information to the Board and the senior staff in the past year. Anton works collaboratively with everyone while mentoring and coaching staff on the pace and shape of business performance. Anton's support and assistance is highly valued and appreciated.

Thank you to Ms Jennifer Ferguson Executive Assistant to the CEO for her support to the Board of Directors, the CEO and Managers of the Association.

The contribution in 2017 from the maintenance team led by Mr Ray Hewitt has again been excellent. Maintenance staff are an integral part of our team and their ongoing commitment and flexibility is greatly appreciated. Thank you.

Kristine Saywaker
Chief Executive Officer



Chief Financial Officer's Report

Orana Gardens Ltd had another reasonable financial performance in 2017 despite the ongoing pressure from government having frozen the aged care subsidies.

Both the Orana Gardens Aged Care Facility and the Orana Gardens Retirement Estate made good financial contributions during the year. The Orana Gardens Aged Care Facility benefitted from the ground work laid in the previous year and results improved accordingly.

Bellhaven also delivered better results than in the previous year and returned to profitability in the final quarter. However occupancy levels remain challenging.

Earlier initiatives have been most successful to ensure that we stay abreast of the challenges of being the preferred and most sought after destination for residential aged care and retirement living in the region.

With this in mind we spent over \$1.3m in 2016 and \$1.1m in 2017 with a further \$2m planned for 2018, on various capital projects, equipment and refurbishments. The Significant Refurbishment program is well underway at both aged care facilities. This will continue to improve the residential care experience of our existing and future residents as well as improving the subsidy levels once completed. Ongoing full internal refurbishments of all vacated independent living units continues to receive priority attention, to a premium level of quality, to ensure that we stay in step with the times and continue to maintain the market attractiveness of the Estate.

Measures implemented to keep the business unit managers focused on their dual responsibilities of ensuring excellent high quality service to our residents, coupled with delivering sound financial results, are continuing to prove effective.

Together we stay focused on the ever changing challenges and opportunities on the path ahead. We remain fully committed to the welfare and happiness of every resident and are grateful and mindful of the sacrificial dedication and commitment of the directors and those who have gone before in helping establish the excellent facilities of Orana Gardens Ltd as we have them today.

Anton Clark
Chief Financial Officer



Orana Gardens Estate Manager's Report

Orana Gardens Estate has 148 independent living units (140 two bedroom units and eight one bedroom units). In 2017, 181 residents were in occupancy, 11 units were sold and we welcomed 14 new residents.

All units sold in 2017 had major refurbishments completed. New white goods, light fittings and smoke detectors were installed to these units. Ongoing repairs, replacement of white goods and upgrades to occupied units continued throughout 2017.

Numerous functions were held at the Country Club during 2017, all events arranged by the Social Committee members. Functions held in 2017 were; Australia Day and damper competition, St Patrick's Day, Mother's Day, Father's Day, Spring Fair, Melbourne Cup high tea and the Resident's Christmas luncheon. Entertainment was provided by various local artists and "Our Village People". The Organisation's kitchen staff prepared and served the meals for these events.

The Resident's Social Committee held another successful Spring Fair. The Committee members and residents served a lovely afternoon tea for their guests. Funds raised at this event will be used to purchase various items and fund major functions for the residents. The Social Committee meets monthly to discuss events and purchases for the benefit of all residents at Orana Gardens Estate.

A number of residents volunteered in December 2017 to wrap Christmas gifts at Orana Mall for a gold coin donation. All wrapping supplies are provided and organised by the Orana Mall Centre Manager. As in past years this was another successful fund raising event for the residents in Orana Gardens Estate and was enjoyed by all who participated.

2017 saw new furnishings, prints, blinds and various décor items purchased for the Country Club and Round House. These purchases make these facilities welcoming and comfortable for the Estate residents.

Regular activities for residents include; swimming, birthday BBQ and bingo, knit and natter, cards, monthly movie afternoon, painting group at the Round house, happy hour Friday evenings, weekly shopping to the Orana Mall, recharge exercise, water aerobic classes and monthly fish and chip luncheon at the Country Club. Residents are attending these activities in increasing numbers and are enjoyable for all who participate. The Round House offers a great Library and has a wide range of books for residents to borrow.

The Social Committee organised a bus trip to Wellington for morning tea then to Molong for lunch and a shopping spree, returning to Dubbo via Yeoval. The bus trip was enjoyed by all who attended.

The Macquarie River Cruise was a popular event in 2017. Residents showed great interest in the cruise with two groups of 20 residents attending. Langley's River Cruise's supplied a light meal and refreshments. Residents reported they had an enjoyable and relaxing time.

Residents continue to use the heated pool and spa, Round house, Country Club and BBQ area to entertain family and friends.



Orana Gardens Estate Manager's Report Cont.

In 2017 the external painting to units continued throughout the Estate. The external painting of units will continue in 2018. The garages and carports in stages 1-5 will have external painting completed including the roller doors. Bitumen repairs were attended to throughout the Estate. In August 2017 the Board of Directors approved and registered a new name for the Organisation. New signage has been erected throughout Orana Gardens Estate.

The Estate grounds are an ongoing project and grounds and gardens continue to be maintained to a high standard. The Irrigation Contractor continues to maintain the irrigation system attending to all faults and required repairs.

I would like to thank our maintenance team for attending to repairs and maintenance requests in the Estate units and the gardening team for the upkeep of the grounds and gardens throughout the Estate.

Thank you to the 2017 Orana Gardens Estate Executive Committee. Ms. Fran Kelly (Chairperson), Mr. Col Selwood (Secretary) and Ms. Judy Kelly (Treasurer). Management looks forward to working with your newly elected Committee in 2018.

I would also like to thank all staff, management and residents for their continued support and co-operation during 2017.

Sue Trudgett
Estate Manager



Orana Gardens Facility Manager Report

Orana Gardens provides residential aged care and respite services to 125 people. The home has 50 places in John Whittle House, 40 places in the Lodge and 35 places in the Special Care Unit.

The continued support and commitment of the Management team to the Vision, Mission and Values of Orana Gardens Ltd is vital in achieving the strategic goals and through a dedicated team of staff we continually strive to promote and achieve optimum levels of care and a safe and comfortable environment for all.

Orana Gardens achieved Accreditation in July 2017 with 44 out of 44 expected outcomes met and three years Accreditation. A fantastic achievement by all involved.

Mrs Rachel Chifamba and Ms Sandrae Arida our Clinical Registered Nurses continue in their role of managing and supporting quality clinical care at the home. Support Services continues to be managed by Mrs Cherie Higgs. I thank them for their dedication and ongoing support.

Thank you to Mr Ray Hewett, Mr Michael Kelly and Mr Troy Driver in the Maintenance Department for their hard work in maintaining the facilities and equipment at Orana Gardens.

Orana Gardens has many volunteers who are a loyal and long standing group with some new volunteers coming to us in 2017. These generous and giving people come to us each week to give their time to residents, thank you so very much to all.

Allied health services have continued with speech pathologist, dietitian, physiotherapy and podiatrist. Doctors, mental health and palliative care teams have remained supportive and proactive in the care residents.

Orana Gardens continues to undergo upgrades and major refurbishments as part of our Continuous Quality Improvement program. The program commenced in 2016 and will continue through 2018 seeing internal living areas, external significant refurbishment areas and new landscaping being upgraded.

I would like to take this opportunity to thank all staff for their commitment and hard work, residents, volunteers, families, the Board of Directors, Ms Kristine Saywaker CEO and the Management Team for their ongoing dedication and support.

Rebecca McDonald
Orana Gardens Facility Manager



Bellhaven Facility Manager's Report

Bellhaven Aged Care Facility provides residential aged care to 46 residents, including respite and dementia care.

In February 2017 I had the pleasure of commencing in the role of Acting Facility Manager, before being appointed to the role in September 2017. Whilst the new role has been a challenge I have enjoyed the interaction between residents, families and staff.

Bellhaven, now under the parent name of Orana Gardens Ltd, continues its improvement program. Some of these changes have included new furniture and accessories, a new entry sign, garden upgrade, shade sails replaced in the courtyards and the introduction of a tea/coffee station for the enjoyment of residents, families and friends.

Improvements in 2018 will include the installation of solar panels, painting of the internal areas of the home, room refurbishments, courtyard improvements etc.

At Bellhaven we continue to focus on maintaining and improving the standard of care and services provided to residents. I would like to take this opportunity to thank staff for their dedication and commitment to residents and in particular the Registered Nurses who oversee the clinical care provided to residents 24 hours a day.

Thank you to the staff, residents, families and volunteers at Bellhaven for their support in 2017.

I wish to thank Ms Kristine Saywaker, CEO, for giving me this opportunity as well as my appreciation to the Board of Directors for their ongoing support and encouragement.

Tracey Tuohey
Bellhaven Facility Manager



Customer Liaison Coordinator's Report

In 2017 we changed our name to Orana Gardens Ltd. and with our new name came the need to undergo rebranding of signage, logos, promotional material, the website and many other publications.

The project to address these changes also gave us an opportunity to ensure consistency in our presentation and image.

The creation and release of the new website reflects a more contemporary image while enhancing the public's access to information, the ability to register interest and apply for residency online.

The organisation also introduced other forms of media communication with the release of a Facebook Page. The page boosts interaction with family, friends and the community – allowing those who live away to stay in touch with the social activities and interests at the facilities.

Orana Garden's Ltd has a strong and meaningful connection with the Dubbo & Wellington communities; maintaining relationships with health services, home and respite care, community groups, schools, preschools, volunteers and other agencies. This interagency collaboration assists in developing tailored solutions for individuals and helps to ensure people can continue their social interaction within the community. Thank you to all those groups for your continued support throughout 2017.

At Orana Gardens Ltd we recognise the most important feature of our service is to provide our customers with superior specialised care, support and lifestyle. We want our brand to reflect our commitment to the quality of services we offer, we seek to ensure every customer is greeted with a welcoming attitude and a helping hand when considering the move into independent living or residential aged care.

Innovative technologies have been introduced to the facilities to enhance and contribute to residents' lifestyle choices. The organisation recently introduced Virtual Reality technology for people living with dementia. The Virtual goggles allow residents to have a 360 degree view of such things as; tours of the Eiffel Tower; scenic forest walks; boat rides along picturesque lakes and observing a concert. Studies have proven Virtual Reality to be very successful and beneficial for people with Dementia. We also purchased Apple TV's with applications which allow residents to access libraries of both modern and classical films, documentaries, YouTube, concerts and sporting events.

I very much enjoy my role as Customer Liaison Coordinator and the opportunity it has given me to build relationships internally with residents, families, staff and with the wider Dubbo & Wellington communities. I would like to express my appreciation to Ms Kristine Saywaker, CEO; The Board of Directors; management; staff and the community for their continued support and assistance in 2017.

Erin Walsh
Customer Liaison Coordinator

Orana Gardens Ltd

ACN 081 776 687

(Formally known as Dubbo RSL Aged Care Association Ltd)

Financial Statements

For the Year Ended 31 December 2017

Orana Gardens Ltd

ACN 081 776 687

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For the Year Ended 31 December 2017

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Orana Gardens Ltd

ACN 081 776 687

Directors' Report

31 December 2017

The directors present their report on Orana Gardens Ltd (formally known as Dubbo RSL Aged Care Association Ltd) for the financial year ended 31 December 2017.

1 General information

(a) Directors

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

Names	Position
Mr Bruce Henderson	Chairman
Mr Anthony Kelly	
Dr David Schuster	
Mr William Greenwood	
Mrs Ruth O'Brien	
Mr Doug Butcherine	
Mr John Dixon	

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

(b) Principal activities

The principal activities of Orana Gardens Ltd during the financial year were to provide:

- Residential aged care services
- Retirement village accommodation
- Ancillary services related to the provision of residential aged care and retirement village accommodation

No significant changes in the nature of the company's activity occurred during the financial year.

(c) Short term objectives

Orana Gardens Ltd's short term objective is to achieve improved financial performance within the constraints of providing high quality services to our residents and clients whilst ensuring the long term financial sustainability of the company.

(d) Long term objectives

Orana Garden Ltd's long term objective is to provide high quality residential aged care services and retirement village living that will meet the future demand of Dubbo and the Orana Region.

Directors' Report

31 December 2017

1 General information

(e) Strategy for achieving the objectives

Orana Garden Ltd has implemented a management structure supported by the Board of Directors and sub-committees which promotes greater responsibility and accountability to achieve the set objectives as per the company's twenty [20] year strategic plan.

(f) Performance measures

Orana Gardens Ltd considers its results by analysing actual results achieved compared to the budgeted expectation and the previous year result on a monthly basis.

(g) Members' guarantee

Orana Gardens Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$1.

2 Operating results and review of operations for the year

(a) Operating results

The profit of the company for the year ended 31 December 2017 was \$ 206,681 (2016: \$ 1,239,027).

(b) Review of operations

The Association only achieved a 1.3% operating net profit as a percentage of total income vs 2.4% (excluding the sale of the thirteen surplus aged care places) in the previous year. This reflects the downwards pressure on government subsidies and the low occupancy levels at Bellhaven, Wellington.

The Orana Gardens Aged Care Facility made a reasonable financial contribution during the year. Bellhaven however continued throughout 2017 with low occupancy levels, keeping it in negative financial territory. During the last quarter however Bellhaven achieved a small profit.

Looking ahead it remains a challenge to maintain high occupancy levels.

3 Other items

(a) Significant changes in state of affairs

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

(b) Events after the reporting date

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

Orana Gardens Ltd

ACN 081 776 687

Directors' Report

31 December 2017

4 Information on directors

Mr Bruce Henderson
Experience

Financial planner
Served on the Board of Directors of Orana Gardens Ltd for 3 years

Mr Anthony Kelly
Experience

Retired
Served on the Board of Directors of Orana Gardens Ltd for 10 years

Dr David Schuster
Experience

Grazier
Served on the Board of Directors of Orana Gardens Ltd for 12 years

Mr William Greenwood
Experience

Retired
Served on the Board of Directors of Orana Gardens Ltd for 7 years

Mrs Ruth O'Brien
Experience

Retired
Served on the Board of Directors of Orana Gardens Ltd for 4 years

Mr Doug Butcherine
Experience

Retired
Served on the Board of Directors of Orana Gardens Ltd for 4 years

Mr John Dixon
Experience

Retired
Served on the Board of Directors of Orana Gardens Ltd for 2 years

Directors' Report 31 December 2017

5 Meetings of directors

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

	Directors' Meetings		Extraordinary Board Meetings		Sub-Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Bruce Henderson	11	10	1	1	-	-
Mr Anthony Kelly	11	10	1	1	1	1
Dr David Schuster	11	10	1	1	-	-
Mr William Greenwood	11	10	1	-	-	-
Mrs Ruth O'Brien	11	10	1	-	-	-
Mr Doug Butcherine	11	11	1	1	1	1
Mr John Dixon	11	10	1	1	1	1

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



.....
Chairman

Dated 29 March 2017

Independent Auditor's Report to the members of Orana Gardens Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Orana Gardens Ltd (the company), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 31 December 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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Cooma Dubbo Goulburn Moree Wagga Wagga



In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance

The directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the directors determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the company's financial reporting process.

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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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Knowledge. Insight. Experience.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Director

Dubbo

Dated 29 March 2018

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Dubbo NSW 2830

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Cooma Dubbo Goulburn Moree Wagga Wagga



Knowledge. Insight. Experience.

Orana Gardens Ltd

ACN 081 776 687

Directors' Declaration

The directors declare that in their opinion:

- there are reasonable grounds to believe that the company is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.



.....
Mr Bruce Henderson
Chairman

Dated 29 March 2018

Orana Gardens Ltd

ACN 081 776 687

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2017

		2017	2016
	Note	\$	\$
Revenue	4(a)	15,233,090	15,034,480
Other income	4(b)	617,840	1,408,957
Agent staff		(228,753)	(160,743)
Capital gains paid to residents		(392,870)	(174,557)
Cleaning		(88,647)	(103,479)
Consultancy fees		(141,231)	(430,226)
Depreciation and impairments	5	(1,124,732)	(1,009,118)
Employee benefits expense		(9,926,807)	(9,688,333)
Electricity and gas		(268,344)	(267,708)
IT expenses		(199,155)	(198,507)
Provisions for residents		(811,236)	(712,875)
Rates and charges		(251,652)	(216,595)
Repairs and maintenance		(712,516)	(644,755)
Resident care and aids		(645,857)	(619,134)
Workers compensation insurance		(263,530)	(336,029)
Other expenses		(588,919)	(642,351)
Profit / (loss) for the year		206,681	1,239,027
Other comprehensive income			
Revaluation of land	11(a)	1,409,300	-
Movement in liability to pay 50% of estate capital growth to exiting residents		123,932	88,349
Total comprehensive income for the year		1,739,913	1,327,376

Orana Gardens Ltd

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Statement of Financial Position 31 December 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	4,079,074	2,553,887
Trade and other receivables	8	349,893	248,988
Financial assets	9	17,185,053	17,850,295
Other assets	10	171,649	135,407
TOTAL CURRENT ASSETS		21,785,669	20,788,577
NON-CURRENT ASSETS			
Property, plant and equipment	11	25,207,503	23,748,639
TOTAL NON-CURRENT ASSETS		25,207,503	23,748,639
TOTAL ASSETS		46,993,172	44,537,216
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	1,470,544	1,383,240
Payables to residents	13	26,276,100	25,784,101
Other liabilities	14	807,658	725,256
Employee benefits	15	970,635	900,515
TOTAL CURRENT LIABILITIES		29,524,937	28,793,112
NON-CURRENT LIABILITIES			
Employee benefits	15	129,877	145,659
TOTAL NON-CURRENT LIABILITIES		129,877	145,659
TOTAL LIABILITIES		29,654,814	28,938,771
NET ASSETS		17,338,358	15,598,445
EQUITY			
Reserves		3,618,024	2,084,792
Retained earnings		13,720,334	13,513,653
TOTAL EQUITY		17,338,358	15,598,445

Statement of Changes in Equity For the Year Ended 31 December 2017

2017

	Retained earnings \$	Asset revaluation reserve \$	Future capital gains \$	Total \$
Balance at 01 January 2017	13,513,653	3,514,025	(1,429,233)	15,598,445
Profit / (loss) attributable to members	206,681	-	-	206,681
Revaluation increment (decrement)	-	1,409,300	-	1,409,300
Movement in liability to pay 50% of estate capital growth to exiting residents	-	-	123,932	123,932
Balance at 31 December 2017	13,720,334	4,923,325	(1,305,301)	17,338,358

2016

	Retained earnings \$	Asset revaluation reserve \$	Future capital gains \$	Total \$
Balance at 01 January 2016	12,274,626	3,514,025	(1,517,582)	14,271,069
Profit / (loss) attributable to members	1,239,027	-	-	1,239,027
Movement in liability to pay 50% of estate capital growth to exiting residents	-	-	88,349	88,349
Balance at 31 December 2016	13,513,653	3,514,025	(1,429,233)	15,598,445

Orana Gardens Ltd

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Statement of Cash Flows For the Year Ended 31 December 2017

	2017	2016
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from government subsidies and residents	15,237,610	14,879,565
Payments to suppliers and employees	(14,021,246)	(13,851,096)
Interest received	588,847	571,455
Net cash provided by/(used in) operating activities	21 1,805,211	1,599,924
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	45,455	32,529
Purchase of property, plant and equipment	11(a) (1,213,781)	(1,081,092)
Proceeds from sale of bed licences	-	844,000
(Investments in)/proceeds from term deposits	665,241	(2,129,155)
Net cash provided by/(used in) investing activities	(503,085)	(2,333,718)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Resident proceeds and repayments	223,061	172,447
Net cash used by financing activities	223,061	172,447
Net increase/(decrease) in cash and cash equivalents held	1,525,187	(561,347)
Cash and cash equivalents at beginning of year	2,553,887	3,115,234
Cash and cash equivalents at end of financial year	7(a) 4,079,074	2,553,887

Orana Gardens Ltd

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Notes to the Financial Statements

For the Year Ended 31 December 2017

The financial report covers Orana Gardens Ltd (formally known as Dubbo RSL Aged Care Association Ltd) as an individual entity. Orana Gardens Ltd is a not-for-profit company limited by guarantee, registered and domiciled in Australia.

The principal activities of the company for the year ended 31 December 2017 are described in the Directors' Report.

The functional and presentation currency of Orana Gardens Ltd is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of preparation

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

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

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

2 Summary of significant accounting policies

(a) Income Tax

Orana Gardens Ltd is recognised by the Australian Taxation Office as a public benevolent institution. It is therefore exempt from income tax pursuant to section 23(e) of the *Income Tax Assessment Act 1997*.

(b) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(c) Revenue and other income

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

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2017

2 Summary of significant accounting policies

(c) Revenue and other income

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest is recognised using the effective interest method.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably.

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Other income

Other income is recognised on an accruals basis when the company is entitled to it.

Notes to the Financial Statements

For the Year Ended 31 December 2017

2 Summary of significant accounting policies

(d) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST.

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

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Property, plant and equipment

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date at fair value.

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

Land and buildings

Land is measured using the revaluation model. Buildings and improvements are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

Notes to the Financial Statements For the Year Ended 31 December 2017

2 Summary of significant accounting policies

(e) Property, plant and equipment

Depreciation

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

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

Fixed asset class	Depreciation rate
Buildings and improvements	2.5%
Plant and equipment	10% - 33%

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

(f) Financial instruments

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

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

Financial assets

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

- loans and receivables; and
- held-to-maturity investments.

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

Notes to the Financial Statements

For the Year Ended 31 December 2017

2 Summary of significant accounting policies

(f) Financial instruments

Loans and receivables

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

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

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

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

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

Held-to-maturity investments

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

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

Financial liabilities

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

The company's financial liabilities include resident loans, bonds and refundable accommodation deposits, and trade and other payables, which are measured at amortised cost using the effective interest rate method.

Notes to the Financial Statements

For the Year Ended 31 December 2017

2 Summary of significant accounting policies

(f) Financial instruments

Impairment of financial assets

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

Financial assets at amortised cost

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

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

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

(g) Intangibles

Bed licences

From 31 December 2011 all bed licences were impaired in full (to nil) as a result of a determination there is no active market for these licences.

(h) Cash and cash equivalents

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

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

Notes to the Financial Statements

For the Year Ended 31 December 2017

2 Summary of significant accounting policies

(i) Employee benefits

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

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(j) Provisions

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

Provision for estate capital gains

Some estate residents are entitled to receive 50% of the uplift in value when a unit becomes occupied by a new resident. Under AASB 139, the company is required to recognise a liability for the 50% of estimated future capital growth in unit value which it is obliged to pay to exiting residents. This requirement commenced with the adoption of A-IFRS on 1 January 2005.

By necessity, the liability for payment of 50% of capital gains to affected residents requires the company to make estimates regarding the weighted average length of time that residents spend in the village and the rate of capital growth in the value of the units. As a result, these estimates may be subject to adjustment in future years in the light of more relevant and reliable information becoming available.

As this liability is not due and payable until an exit event, the accompanying debit is recorded through the reserves of the company. As exit events occur, the provision and reserve is unwound such that the costs of the capital gain payable to the exiting resident are released to the statement of profit or loss and other comprehensive income.

(k) Economic dependence

Orana Gardens Ltd is dependent on the recurring subsidies from the Department of Health for the majority of its revenue used to operate residential aged care. At the date of this report the directors have no reason to believe the Department will not continue to support Orana Gardens Ltd.

Notes to the Financial Statements

For the Year Ended 31 December 2017

2 Summary of significant accounting policies

(l) Adoption of new and revised accounting standards

The company has adopted all standards which became effective for the first time at 31 December 2017, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the company.

(m) New accounting standards and interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The company has decided not to early adopt these Standards. The following table summarises those future requirements and their impact on the company where the standard is relevant:

Standard name	Effective date for entity	Requirements	Impact
AASB 15 Revenue from Contracts with Customers	1 January 2018	AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue and depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects be entitled in exchange for those goods or services. Accounting policy changes will arise in timing of revenue recognition.	The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.
AASB 1058 Income for NFP Entities	1 January 2019	ASB 1058 supersedes all the income recognition requirements relating to private sector NFP entities, previously in AASB 1004 Contributions. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), related to an asset (such as cash or another asset) received by an entity.	No significant impact on the company's revenue recognition is expected.

Notes to the Financial Statements

For the Year Ended 31 December 2017

3 Critical accounting estimates and judgements

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

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

The significant estimates and judgements made have been described below.

(a) Key estimates - impairment of property, plant and equipment

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

(b) Key estimates - Estate capital gains

Some estate residents are entitled to receive 50% of the uplift in value when a unit becomes occupied by a new resident. Under AASB 139, the company is required to recognise a liability for the 50% of estimated future capital growth in unit value which it is obliged to pay to exiting residents. This requirement commenced with the adoption of A-IFRS on 1 January 2005.

By necessity, the liability for payment of 50% of capital gains to affected residents requires the company to make estimates regarding the weighted average length of time that residents spend in the village and the rate of capital growth in the value of the units. As a result, these estimates may be subject to adjustment in future years in the light of more relevant and reliable information becoming available.

As this liability is not due and payable until an exit event, the accompanying debit is recorded through the reserves of the company. As exit events occur, the provision and reserve is unwound such that the costs of the capital gain payable to the exiting resident are released to the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements

For the Year Ended 31 December 2017

4 Revenue and other income

(a) Revenue from continuing operations

	2017	2016
	\$	\$
- Government care subsidies	10,261,534	10,056,585
- Residential care fees	3,358,131	3,288,290
- Bond retentions	14,861	44,365
- Estate maintenance fees	724,218	718,599
- Estate long term maintenance levies	477,982	483,303
- Estate retained entry contributions	339,103	400,031
- Sale of meals	31,398	21,726
- Childcare fees	-	1,729
- Miscellaneous revenue	25,863	19,853
	<u>15,233,090</u>	<u>15,034,480</u>

(b) Other income

Other income		
- Interest received	568,298	517,313
- Rent received	32,467	34,644
- Net gain on disposal of property, plant and equipment	17,075	13,000
- Net gain on disposal of bed licences	-	844,000
	<u>617,840</u>	<u>1,408,957</u>

5 Result for the year

The result for the year includes the following specific expenses:

Finance costs:

- Interest paid		106	197
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Depreciation and impairments

- Depreciation	11(a)	1,135,836	1,000,424
- Bad and doubtful debts expense		(11,104)	8,694
		<u>1,124,732</u>	<u>1,009,118</u>

Notes to the Financial Statements

For the Year Ended 31 December 2017

6 Auditors' remuneration

	2017 \$	2016 \$
Remuneration of the auditor, Boyce Assurance Services Pty Ltd, for:		
- Audit and preparation of the financial statements	23,770	21,018
- Review of the Estate	3,000	3,000
- Other accounting services	1,405	2,500
- Audit of the APCS	1,500	1,699
	<u>29,675</u>	<u>28,217</u>

7 Cash and cash equivalents

Cash at bank and in hand	<u>4,079,074</u>	2,553,887
	<u>4,079,074</u>	<u>2,553,887</u>

(a) Reconciliation of cash

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

Cash and cash equivalents	<u>4,079,074</u>	2,553,887
	<u>4,079,074</u>	<u>2,553,887</u>

8 Trade and other receivables

CURRENT		
Trade receivables	40,441	57,132
Provision for impairment	(13,107)	(24,092)
	<u>27,334</u>	33,040
Deposits	2,314	1,494
GST receivable	63,961	39,205
Sundry debtors	19,979	18,407
Accrued interest	136,293	156,842
Withholding tax receivable	100,012	-
	<u>349,893</u>	248,988

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Notes to the Financial Statements For the Year Ended 31 December 2017

9 Financial assets

	2017 \$	2016 \$
CURRENT		
Held-to-maturity investments:		
- Term deposits	<u>17,185,053</u>	17,850,295
	<u>17,185,053</u>	<u>17,850,295</u>

10 Other assets

CURRENT		
Prepayments	<u>171,649</u>	135,407
	<u>171,649</u>	<u>135,407</u>

11 Property, plant and equipment

LAND AND BUILDINGS		
Freehold land		
At valuation	<u>6,600,800</u>	5,191,500
Total land	<u>6,600,800</u>	<u>5,191,500</u>
Buildings		
At cost	<u>28,188,371</u>	28,034,679
Accumulated depreciation	<u>(12,160,437)</u>	(11,459,022)
Total buildings	<u>16,027,934</u>	<u>16,575,657</u>
Total land and buildings	<u>22,628,734</u>	<u>21,767,157</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	<u>8,200,582</u>	7,231,986
Accumulated depreciation	<u>(5,621,813)</u>	(5,250,504)
Total plant and equipment	<u>2,578,769</u>	<u>1,981,482</u>
Total property, plant and equipment	<u>25,207,503</u>	<u>23,748,639</u>

Notes to the Financial Statements

For the Year Ended 31 December 2017

11 Property, plant and equipment

The last independent valuation for land at Dubbo was the value provided by the Valuer General in the 2017 year with an effective 1 July 2016 rating period. The last independent valuation for land at Wellington was the value provided by the Valuer General in the 2017 year with an effective 1 July 2016 rating period.

(a) Movements in carrying amounts of property, plant and equipment

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

	Land \$	Buildings and improvements \$	Plant and equipment \$	Total \$
Year ended 31 December 2017				
Balance at the beginning of year	5,191,500	16,575,657	1,981,482	23,748,639
Additions	-	153,692	1,060,089	1,213,781
Disposals	-	-	(28,381)	(28,381)
Depreciation expense	-	(701,415)	(434,421)	(1,135,836)
Revaluation increase	1,409,300	-	-	1,409,300
Balance at the end of the year	6,600,800	16,027,934	2,578,769	25,207,503

	Land \$	Buildings and improvements \$	Plant and equipment \$	Total \$
Year ended 31 December 2016				
Balance at the beginning of year	5,191,500	16,893,536	1,602,463	23,687,499
Additions	-	172,905	908,187	1,081,092
Disposals	-	-	(19,528)	(19,528)
Transfers	-	202,338	(202,338)	-
Depreciation expense	-	(693,122)	(307,302)	(1,000,424)
Balance at the end of the year	5,191,500	16,575,657	1,981,482	23,748,639

Notes to the Financial Statements

For the Year Ended 31 December 2017

12 Trade and other payables

	2017	2016
	\$	\$
CURRENT		
Trade payables	1,287,414	1,219,674
Accrued expenses	107,770	116,487
Estate surplus*	75,360	47,079
	<u>1,470,544</u>	<u>1,383,240</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

* In accordance with Division 7, Part 7 of the *Retirement Villages Act 1999*, any surplus in the annual accounts of the Estate is to be carried forward and spent on capital maintenance in the next financial year.

13 Payables to residents

CURRENT		
Estate resident loans	16,152,375	15,517,302
Provision for capital growth in estate units	1,305,301	1,429,233
Refundable accommodation deposits and bonds	8,818,424	8,837,566
	<u>26,276,100</u>	<u>25,784,101</u>

Whilst the resident loans and deposits are classified as current under accounting standards as they may be called upon at any time, they are not likely to be paid out within the next 12 months.

14 Other liabilities

CURRENT		
Subsidy income received in advance	807,658	725,256
	<u>807,658</u>	<u>725,256</u>

Notes to the Financial Statements
For the Year Ended 31 December 2017

15 Employee benefits

	2017 \$	2016 \$
CURRENT		
Provision for employee benefits	667,456	599,173
Long service leave	303,179	301,342
	970,635	900,515
NON-CURRENT		
Long service leave	129,877	145,659
	129,877	145,659

Provisions for employee entitlements includes provisions for annual, special and sick leave.

16 Reserves

(a) Asset revaluation reserve

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

(b) Future capital gains reserve

The future capital gains reserve records future capital gains payable to applicable estate residents upon exiting the Village.

17 Financial risk management

The company is exposed to a variety of financial risks through its use of financial instruments. The most significant financial risks to which the company is exposed to are Liquidity risk and market risk - interest rate risk.

The principal categories of financial instrument used by the company are:

- Trade receivables
- Cash at bank
- Term deposits
- Trade and other payables

Notes to the Financial Statements

For the Year Ended 31 December 2017

17 Financial risk management

(a) Liquidity risk

Liquidity risk arises from the company's management of working capital, refundable accommodation bonds, refundable accommodation deposits (RADs) and refundable village loan balances.

Orana Gardens Ltd is mandated under the *Fees and Payments Principles 2014* to comply with liquidity standards which require the company to maintain sufficient liquidity to ensure that the company can refund (in accordance with the Act and the Fees and Payments Principles) refundable deposit balances and bond balances (including entry contributions) that can be expected to fall due in the following 12 months.

In accordance with the Principles, Orana Gardens Ltd maintains a Liquidity Management Strategy (LMS). Under the LMS, the company manages its liquidity needs by carefully monitoring the Bond, RAD and Loan registers, and ensuring a minimum level of liquidity is maintained. A minimum level of liquidity is then held in highly liquid, low risk term deposits. Term deposits are taken out with any bank with an A+ rating or better as issued by the Australian Money Market website.

The company's financial liabilities are summarised below:

	2017	2016
	\$	\$
Estate loans	16,152,375	15,517,302
Bonds and RAD's	8,818,424	8,837,566
Estate capital gains	1,305,301	1,429,233
Trade and other payables	1,470,544	1,383,240
Total	27,746,644	27,167,341

The company's financial liabilities do not have contracted maturities as loan, bond and RAD balances only become payable when an exit event occurs.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +2.00% and -2.00% (2016: +2.00%/-2.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions and economist reports.

Notes to the Financial Statements
For the Year Ended 31 December 2017

17 Financial risk management

	2017		2016	
	+2.00%	-2.00%	+2.00%	-2.00%
	\$	\$	\$	\$
Net results	81,562	(81,562)	51,015	(51,015)
Equity	81,562	(81,562)	51,015	(51,015)

18 Contingencies

In the opinion of the directors, the company did not have any contingencies at 31 December 2017 (31 December 2016:None).

19 Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director of the company.

The totals of remuneration paid to the key management personnel of Orana Gardens Ltd during the year have not been disclosed to protect the privacy of the staff members and directors who qualify as key management personnel.

20 Related parties

The company's related parties include key management personnel and other related parties including close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

No transactions with related parties occurred during the year.

Notes to the Financial Statements
For the Year Ended 31 December 2017

21 Cash flow information

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

	2017	2016
	\$	\$
Profit / (loss) for the year	206,681	1,239,027
Cash flows excluded from profit attributable to operating activities		
- capital gains paid to residents	392,870	174,557
Non-cash flows in profit:		
- depreciation and impairments	1,124,732	1,000,424
- gain on disposal of assets	(17,075)	(13,000)
- net gain on sale of bed licences	-	(844,000)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(89,860)	(14,772)
- (increase)/decrease in prepayments	(36,242)	3,467
- increase/(decrease) in income in advance	82,402	(112,151)
- increase/(decrease) in trade and other payables	87,304	33,568
- increase/(decrease) in employee benefits	54,399	132,805
Cashflows from operations	<u>1,805,211</u>	<u>1,599,924</u>

22 Operating segments

Segment information

(a) Identification of reportable segments

Under the *Aged Care Act 1997* and *Accountability Principles 2014*, Orana Gardens Ltd is required to treat residential care as a reportable segment and prepare a segment report in accordance with Australian Accounting Standards that sets out the revenue, expenses, assets and liabilities of the residential care service. The company's other segment for management reporting purposes is the Orana Gardens Estate.

Notes to the Financial Statements

For the Year Ended 31 December 2017

22 Operating segments

(b) Accounting policies adopted

Unless stated below, all amounts reported with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of Orana Gardens Ltd.

(c) Segment report

	Residential Aged Care		Estate		Total	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
REVENUE						
Government care subsidies	10,261,534	10,031,265	-	-	10,261,534	10,031,265
Residential care fees	3,358,131	3,313,610	-	-	3,358,131	3,313,610
Bond retentions	14,861	44,365	-	-	14,861	44,365
Village maintenance fees	-	-	724,218	718,599	724,218	718,599
Long term maintenance levy	-	-	477,982	483,303	477,982	483,303
Retained entry contributions	-	-	339,103	400,031	339,103	400,031
Sale of meals	31,398	21,726	-	-	31,398	21,726
Childcare fees	-	1,729	-	-	-	1,729
Miscellaneous revenue	45,695	27,526	12,635	12,971	58,330	40,497
Interest received	209,359	185,922	358,939	331,391	568,298	517,313
Gain on disposal of assets	17,075	871,000	-	-	17,075	871,000
Total segment revenue	13,938,053	14,497,143	1,912,877	1,946,295	15,850,930	16,443,438
Agent staff	(228,753)	(160,743)	-	-	(228,753)	(160,743)
Capital gains paid to residents	-	-	(392,870)	(174,557)	(392,870)	(174,557)
Cleaning	(79,725)	(93,377)	(8,922)	(10,102)	(88,647)	(103,479)
Consultancy	(141,231)	(430,197)	-	-	(141,231)	(430,197)
Employee benefits expense	(9,572,976)	(9,368,380)	(353,830)	(319,953)	(9,926,806)	(9,688,333)
Depreciation and impairments	(735,571)	(659,551)	(389,161)	(349,567)	(1,124,732)	(1,009,118)
Electricity and gas	(258,374)	(258,150)	(9,970)	(9,558)	(268,344)	(267,708)
IT expenses	(198,783)	(198,507)	(372)	-	(199,155)	(198,507)
Provisions for residents	(811,236)	(712,875)	-	-	(811,236)	(712,875)
Rates and charges	(122,440)	(103,442)	(129,211)	(113,153)	(251,651)	(216,595)
Repairs and maintenance	(326,654)	(253,446)	(385,862)	(391,309)	(712,516)	(644,755)
Residential care and aids	(645,857)	(619,134)	-	-	(645,857)	(619,134)
Workers' compensation insurance	(256,427)	(327,192)	(7,103)	(8,837)	(263,530)	(336,029)
Other expenses	(201,875)	(235,922)	(387,046)	(406,430)	(588,921)	(642,352)
Total segment expenses	(13,579,902)	(13,420,916)	(2,064,347)	(1,783,466)	(15,644,249)	(15,204,382)
Segment operating profit	358,151	1,012,097	(151,470)	198,680	206,681	1,239,027
Segment assets	35,437,345	33,164,879	11,555,827	11,372,337	46,993,172	44,537,216
Segment liabilities	12,197,138	12,219,566	17,457,676	16,719,205	29,654,814	28,938,771

Orana Gardens Ltd

ACN 081 776 687

Notes to the Financial Statements For the Year Ended 31 December 2017

23 Capital commitments

Prior to 31 December 2017, the association had entered into a contract for the installation of a new solar power system. The value of the contract was \$330,000 with the installation occurring in February 2018.

24 Events after the end of the reporting period

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

25 Statutory information

The registered office of and principal place of business of the company is:

Orana Gardens Ltd
Orana Gardens
81 Windsor Parade
DUBBO EAST NSW 2830

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2017, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Director
Boyce Assurance Services Pty Limited

29 March 2018

Dubbo

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