

**UKRAINIAN ELDERLY PEOPLE'S HOME LTD.  
TRADING AS KALYNA CARE**

**A.B.N. 57 006 305 844**

**GENERAL PURPOSE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

**UKRAINIAN ELDERLY PEOPLE'S HOME LTD. TRADING AS KALYNA CARE**  
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**GENERAL PURPOSE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**UKRAINIAN ELDERLY PEOPLE'S HOME LTD. TRADING AS KALYNA CARE**  
**A.B.N. 57 006 305 844**  
**DIRECTORS' REPORT**

Your Directors present their report on the Company for the financial year ended 30 June 2020.

**Principal Activities**

The company's principal activities are the provision of Aged Care services to the community utilising self generated and federal funds.

These principal activities assist in achieving the short-term and long-term objectives of the company by:

- enabling Kalyna Care to continue to be the provider of choice for the Ukrainian and broader multicultural community
- continuing to embrace its Ukrainian heritage and remain true to the vision set by our founding members
- providing non-financial outcomes in response to funding body agreements
- providing turnover, cash flow and surplus to meet the financial objectives of the company

There were no significant changes in the principal activities of the Company during the year.

**Directors' Information**

The names of the Directors in office at any time during, or since the end of the year and the period that each Director has been in office:

Director's Name	Special Responsibilities	Board Sub-Committee Responsibilities	Period as Director	Qualifications and Experience
Hajja Bryndzia	Chair	Remuneration and Nominations (Chair)	Appointed 26/04/2012  Appointed Chair 16/11/2014	Associate Diploma of Business (Marketing), Certificate in Governance Practice (GIA). Has a sales and marketing background obtained in book publishing, food manufacturing and retail industries.
Dr. Igor Jakubowicz	Deputy Chair	Audit, Risk and Compliance (Chair) Remuneration and Nominations	Appointed 28/04/2016  Appointed Deputy Chair 19/11/2017	Dr Jakubowicz's associations and qualifications include LMusA.(AMEB); MBBS (Melbourne); MFM (Monash); GDForMed (Monash); GAICD; MRACGP; GCTravelMed (JCU); Asst Clin Prof UCSD. Igor is a full-time general practitioner with extensive aged-care experience, and over 20 years' experience as director in various roles of not-for-profit community health organisations.
Basil Chamula		Capital Projects (Chair from Sep 2018)	Appointed 24/04/2013	B.Sc. (Monash); B.Ec (Latrobe); MHA (UNSW). Is the Executive Director of Sovereign Health, 10 years' experience as a clinical biochemist, 5 years' experience as a Manager Human Resources at Royal Children's Hospital. Director, General Services & Special Projects (RCH), 20 years' experience as an independent consultant in management of diagnostic services, 5 years' experience as a manager and director of private health and hospital services.
Roman Chamula		Governance (Chair from Aug 2019)	Appointed 19/11/2017	Managing Director of Corporate Documentation Solutions, with 24 years' experience in providing documentation and training solutions for IT system implementations and upgrades for large corporate clients and government departments. Specific experience in business process change management in the mining, energy, manufacturing, retail and Defence sectors. Previously, more than 10 years' experience in industrial corporate communications and public relations.
Borys Anin		Governance (Chair from Sep 2018 - Aug 2019)	Appointed 19/03/2015  (Resigned 05/08/2019)	B.Ec. (Monash); LL. B. (Melbourne). An Australian Legal Practitioner with 32 years' experience specialising in insurance & personal Injury law. Managed private practice and currently operating as a legal costs consultant.

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**DIRECTORS' REPORT**

Director's Name	Special Responsibilities	Board Sub-Committee Responsibilities	Period as Director	Qualifications and Experience
Peter Iwaniw (Co-opted Director)			Co-opted 25/06/2019	Currently as Investment Adviser (Director) for JBWere; Former Australian Equities Adviser for Goldman Sachs JBWere. Qualifications: B.Comms (Corporate Finance).
Roman Rozek (Co-opted Director)			Co-opted 28/11/2019	Chartered Accountant; Professional member of CPA; Tax Agent; Registered Auditor SMSF; Public Practice certificate.
Luba Pryslak			Co-opted 25/06/2019 Elected 10/11/2019	Director of Care of a not for profit aged care provider in Geelong, member of Victorian Multicultural Commission Regional Advisory Council; member of ACSA (Industry peak body - Aged and Community Services Australia) Residential Services Advisory Committee  President of Association of Ukrainians in Victoria – Geelong Branch.  Bachelor of Health Science (Nursing); MBA

**Meetings of Directors**

During the financial year, 11 (eleven) meetings of Directors were held and the attendances by each Director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Hajja Bryndzia (Chair)	11	11
Dr. Igor Jakubowicz (Deputy Chair)	11	8
Basil Chamula	11	10
Borys Anin ( <i>resigned August 2019</i> )	1	-
Roman Chamula	11	10
Peter Iwaniw (Co-opted Director)	11	8
Roman Rozek (Co-opted Director)	11	7
Luba Pryslak	11	10

1 Director resigned during the year and 2 replacement Directors were co-opted as Board Directors until the next Annual General Meeting.

The Directors act in an honorary capacity and are not paid for services as Directors to the Company.

**Short Term Objectives of the Company**

The company has identified the following short term objectives:

- To meet the service outcomes required under funding agreements with Federal and State governments;
- To meet continued financial viability and accountability requirements;
- To provide a workplace that is compliant with industry standards and the Fair Work Act; and
- To prepare for the global COVID pandemic in accordance with requirements provided by health authorities

The company has adopted the following strategies to achieve these short term objectives:

- Ongoing strengthening of clinical leadership and governance of the work plan to achieve the service outcomes required of funding bodies and regular reporting to Management and the Directors;
- The preparation of an annual budget for financial performance and the regular review of the company performance against the budget by Management and Directors;
- The review of the company's compliance with Work Health and Safety, and compliance with employment law including the Fair Work Act and
- Risk management and pro-active approach to research, training and education of infection prevention control measures

**Long Term Objectives of the Company**

The company has identified the following long term objectives:

- To grow awareness and resources to promote residential care services for the Ukrainian and Eastern European community across Victoria;
- To remain financially sustainable; and
- To grow the company operations in accordance with member and community interests.

The company has adopted the following strategies for the achievement of these long term objectives:

- The preparation of a business and strategic plan to identify the opportunities and strengths of the company to provide sustainable residential and community services across Victoria.
- The preparation of a marketing plan to communicate long term objectives to the community, funding bodies, government and employees;
- The preparation of long term budgets that consider the uncertainty of recurrent government grant funding, infrastructure needs, service delivery, employment costs and maintaining prudent levels of working capital and liquidity in investment of funds surplus to current needs; and
- The establishment of a governance framework that ensures policies of the company are acted upon and applied in practice.

Note: The company commenced its 40-bed significant refurbishment project in June 2019 and it was completed in May 2020. The company is also commencing its 40-bed building extension from Sept 2019. Both capital projects will be funded via debt, equity and government (State and Federal) grants, with \$3.8M capital grants committed by the State and Federal government.

**Key Performance Indicators**

The company uses the following key performance indicators to measure performance:

**1. Service Outcomes**

The service outcomes for the 2020 financial year were in accordance with quality standards set for the delivery of aged care services. The funding body requirements were in accordance with the new single aged care quality framework (non-financial requirements) set for the funding of Aged Care services, was effective from 1 July 2019.

**2. Operating Deficit**

Total Comprehensive Deficit for the financial year was \$164,434. This year was an especially challenging year for Kalyna Care. For the first six months of the year, we required significant resources to prepare for Accreditation which resulted in full accreditation in November 2019, as well as operating with offline rooms due to the significant refurbishment project. For the second six months of the year, we and the whole industry faced an unprecedented time of a global COVID-19 Pandemic. Our revenue which was already impacted by the capital projects, was further depleted by the reduction in new admissions caused by the COVID virus, while expenses increased as we stock-piled on personal protective equipment in preparation of the pandemic.

**3. Cash Flow From Operating Activities**

Cash flow from operating activities for the financial year was \$158,729 compared to the cash inflow from operating activities for 2019 of \$1,310,131. As with all companies in a growth phase, significant capital was invested in the preparatory work for the two imminent building projects which will span across several financial years. Operating cashflow was further exacerbated by the costs associated with preparing for the COVID-19 pandemic as required by authorities.

**4. Membership**

Membership for the financial year was 113 (2019 - 127).

**5. Compliance**

- a) The company has complied with all Work Health and Safety, Employment and Environmental reviews.
- b) The company maintained full compliance with all covenant requirements imposed by external financiers with mortgage debt of \$6,568,780 as at 30 June 2020.

**Membership Details**


The company is incorporated as a company limited by guarantee that requires the members of the company to contribute an amount not exceeding \$100 per member towards the company liabilities on the winding up of the company.


Membership Class	Number of Members
Life Members	5
Ordinary Members (who paid membership fees for the year ended 30 June 2020)	108
Total	113

**Auditor's Independence Declaration**

The auditor's independence declaration for the year ended 30 June 2020 has been received and is included in this report on Page 5.

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

  
Halja Bryndzia (Director & Chair)  
22nd day of October 2020

  
Dr. Igor Jakubowicz (Director & Deputy Chair)  
22nd day of October 2020



**Collins & Co  
Audit Pty Ltd**

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**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF  
UKRAINIAN ELDERLY PEOPLE'S HOME LTD TRADING AS KALYNA CARE  
A.B.N. 57 006 305 844**

I declare that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2020 there have been:

- i. no contraventions of the auditor independence requirements of the *Australian Charities and Not for Profits Commission Act 2012* in relation to the audit; and
- ii. No contravention of any applicable code of professional conduct in relation to the audit.

**Frederik Ryk Ludolf Eksteen CA  
ASIC Auditor Registration Number 421448**

**Collins & Co Audit Pty Ltd  
127 Paisley Street  
FOOTSCRAY VIC 3011**

**Dated this 29th day of October 2020**

**Ukrainian Elderly Peoples Home Ltd.****ACN 006 305 844****Statement of Financial Performance & Statement of Comprehensive Income***For the year ended 30 June 2020*

	<i>Note</i>	<b>2020</b>	<b>2019</b>
		\$	\$
<b>Income</b>			
Resident Fees		2,412,469	2,490,547
Government Subsidies		6,487,959	7,025,798
Donations		9,658	4,735
Bequests		-	-
Interest Received		104,196	195,373
Grants Received		804,000	-
Miscellaneous Income		167,479	50,080
	<b>2</b>	<b>9,985,761</b>	<b>9,766,533</b>
<b>Expenses</b>			
Overheads		858,823	934,687
Utilities		351,934	352,237
Food		399,792	432,714
Employee Benefits	<b>3</b>	7,575,779	7,120,162
Repairs & Maintenance		275,032	295,654
Depreciation & Amortisation	<b>4</b>	682,428	557,549
Loan Interest		7,830	19,082
		<b>10,151,618</b>	<b>9,712,085</b>
<b>Surplus/ (Deficit) for the year</b>		<b>(165,857)</b>	<b>54,448</b>
<b>Other Comprehensive Income/ (Expenses)</b>			
Revaluation increment		-	-
Other	<b>2a</b>	1,423	-
<b>Total Comprehensive Surplus/ (Deficit) for the year</b>		<b>(164,434)</b>	<b>54,448</b>

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes and the auditors report.



**Ukrainian Elderly Peoples Home Ltd.****ACN 006 305 844****Statement of Financial Position**

as at 30 June 2020

	<i>Note</i>	<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
<b>Current Assets</b>			
Cash and cash equivalents	<b>5</b>	2,872,244	1,996,257
Trade and other receivables	<b>6</b>	230,838	800,284
Financial Assets	<b>7</b>	3,866,947	6,908,211
Other Assets	<b>8</b>	115,877	85,091
<b>Total Current Assets</b>		<b>7,085,906</b>	<b>9,789,843</b>
<b>Non-Current Assets</b>			
Financial Assets	<b>7</b>	-	-
Property, Plant & Equipment	<b>9</b>	30,242,925	18,102,034
<b>Total Non-Current Assets</b>		<b>30,242,925</b>	<b>18,102,034</b>
<b>Total Assets</b>		<b>37,328,831</b>	<b>27,891,877</b>
<b>Current Liabilities</b>			
Trade and other payables	<b>10</b>	1,218,945	572,897
Borrowings	<b>11</b>	13,699,825	13,503,679
Provisions	<b>12</b>	1,238,315	1,055,500
Other Liabilities	<b>13</b>	2,248,083	232,760
<b>Total Current Liabilities</b>		<b>18,405,168</b>	<b>15,364,836</b>
<b>Non-Current Liabilities</b>			
Borrowings	<b>11</b>	6,568,780	-
Provisions	<b>12</b>	62,286	70,010
<b>Total Non-Current Liabilities</b>		<b>6,631,066</b>	<b>70,010</b>
<b>Total Liabilities</b>		<b>25,036,234</b>	<b>15,434,846</b>
<b>Net Assets</b>		<b>12,292,597</b>	<b>12,457,031</b>
<b>Equity</b>			
Assets Revaluation Reserve		3,332,369	3,332,369
Bequest Reserve	<b>14</b>	752,824	752,824
Accumulated Funds		8,207,404	8,371,838
<b>Total Equity</b>		<b>12,292,597</b>	<b>12,457,031</b>

The Statement of Financial Position should be read in conjunction with the accompanying notes and the auditors report.

**Ukrainian Elderly Peoples Home Ltd.****ACN 006 305 844****Statement of Changes in Equity***For the year ended 30 June 2020*

2020	Assets			Total Equity
	Accumulated Funds	Revaluation Reserve	Bequest Reserve	
	\$	\$	\$	\$
<b>Total Equity At The Beginning Of The Financial Year</b>	<b>8,371,838</b>	<b>3,332,369</b>	<b>752,824</b>	<b>12,457,031</b>
Total Comprehensive Surplus for the year	(164,434)	-	-	(164,434)
Revaluation increment / (decrement)	-	-	-	-
Transfer to bequest reserve	-	-	-	-
<b>Total Equity At The End Of The Financial Year</b>	<b>8,207,404</b>	<b>3,332,369</b>	<b>752,824</b>	<b>12,292,597</b>

2019	Assets			Total Equity
	Accumulated Funds	Revaluation Reserve	Bequest Reserve	
	\$	\$	\$	\$
<b>Total Equity At The Beginning Of The Financial Year</b>	<b>8,317,390</b>	<b>3,332,369</b>	<b>752,824</b>	<b>12,402,583</b>
Total Comprehensive Surplus for the year	54,448	-	-	54,448
Revaluation increment / (decrement)	-	-	-	-
Transfer to bequest reserve	-	-	-	-
<b>Total Equity At The End Of The Financial Year</b>	<b>8,371,838</b>	<b>3,332,369</b>	<b>752,824</b>	<b>12,457,031</b>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes and the auditors report.

**Ukrainian Elderly Peoples Home Ltd.****ACN 006 305 844****Statement of Cash Flows***For the year ended 30 June 2020*

	<i>Note</i>	<b>2020</b> \$	<b>2019</b> \$
		Inflows (Outflows)	Inflows (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments (inclusive of goods and services tax)</b>			
Employee costs		(6,498,178)	(7,288,130)
Interest on loan		(7,830)	(19,082)
Payments to suppliers & others		(2,171,155)	(1,764,215)
		<u>(8,677,163)</u>	<u>(9,071,427)</u>
<b>Receipts (inclusive of goods and services tax)</b>			
Resident Fees		2,423,777	2,023,006
Interest		168,956	113,847
Other		962,277	85,750
<b>Government Receipts</b>			
Subsidies		5,700,442	7,007,553
		<u>9,255,452</u>	<u>9,230,156</u>
<b>Net cash provided by operating activities</b>	<b>17</b>	<u><b>578,289</b></u>	<u><b>158,729</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Payments for:</b>			
Property, plant and equipment		(12,825,254)	(818,835)
Proceeds from government grant for refurbishment		2,800,000	-
Proceeds on disposal on property, plant and equipment		1,932	-
<b>Net cash used in investing activities</b>		<u><b>(10,023,322)</b></u>	<u><b>(818,835)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment /Proceeds from Resident/Unit Bonds/ RADs		710,977	971,634
Repayment /Proceeds from Mortgage Loans		6,568,779	(755,924)
<b>Net cash provided by financing activities</b>		<u><b>7,279,756</b></u>	<u><b>215,710</b></u>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>(2,165,277)</b>	<b>(444,396)</b>
Cash at the beginning		8,904,468	9,348,864
<b>CASH AT THE END</b>	<b>5</b>	<u><u><b>6,739,191</b></u></u>	<u><u><b>8,904,468</b></u></u>

The Statement of Cash Flows should be read in conjunction  
with the accompanying notes and the auditors report.

#### **Note 1. Statement of Significant Accounting Policies**

The financial statements are for Ukrainian Elderly People's Home Ltd. Ukrainian Elderly People's Home Ltd trading as Kalyna Care an individual company, incorporated and domiciled in Australia. Ukrainian Elderly People's Home Ltd trading as Kalyna Care is a company limited by guarantee.

#### **Policies Basis of preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the ACNC Act 2012. The company is a not-for-profit company for financial reporting purposes under Australian Accounting Standards.

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

#### **Going Concern**

The statement of financial position shows a deficit in working capital (current assets less current liabilities) at 30 June 2020 of \$11,319,262 (2019: \$5,574,993). Current liabilities include resident funded loans in the form of residents' entry contributions, accommodation bonds and refundable accommodation deposits (RAD's) which are repayable at call, subject to applicable conditions. According to historical turnover statistics, only a small percentage of resident funded loans were likely to be required to be repaid within the next twelve months, with resident numbers that remained fairly consistent. However, the COVID-19 Pandemic had a significant impact on the percentage of resident funded loans that will have to be paid out in the foreseeable future.

On 26 July 2020, Kalyna Care experienced a Covid outbreak, which resulted in the number of residents in the facility decreasing significantly from 85 at 30 June 2020 to 52 at time of the issue of the financial report. The Board of the company plans to finance the potential shortfall with a contingency facility with Dnister Ukrainian Credit Co-Operative Limited.

The Department of Health is aware of significant cash outflow due to RAD refunds being experienced by many aged care providers during these unprecedented times. Kalyna Care secured an early grant application approval from the Dept to submit a grant application to recoup the significant operating costs associated with the COVID outbreak. The grant application was submitted on 8 Oct 2020.

Further, improved occupancy is anticipated following being 'stood down' from active outbreak status.

In July 2020 and during the Covid outbreak, the Aged Care Quality and Safety Commission (ACQSC) undertook a desktop audit and issued an assessment report outlining 5 Unmet conditions.

Kalyna Care was also issued a Notice to Agree to Act (NTA) by the ACQSC as a result of the Covid outbreak. As part of process, Kalyna Care appointed a Nurse Adviser to assist the organisation through the outbreak to clearance by the Commission and Public Health Unit.

Notwithstanding the above circumstances, Directors believe operational resources and cash reserves are sufficient to meet all financial commitments as and when they fall due for the coming 12 month period.

As a result of the above, Directors have determined that it is appropriate for the financial statements to be prepared on a going concern basis.

## Note 1. Statement of Significant Accounting Policies

### Accounting Policies

#### a. Property, Plant and Equipment

##### *Property*

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

##### *Plant and Equipment*

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using both the diminishing value and prime cost basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Buildings and Building Improvements	2.50% - 10%
Furniture and Fixtures	20% - 30%
Office Equipment	20% - 40%
Plant and Equipment	20% - 30%
Motor Vehicles	10% - 20%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

#### b. Impairment of Assets

At each reporting date, the company reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

## Note 1. Statement of Significant Accounting Policies

### c. Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

### d. Financial Instruments

#### Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

#### Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as (i) the amount at which the financial asset or financial liability is measured at initial recognition (ii) less principal repayments (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

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

#### Financial assets at fair value through the profit & loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

**Note 1. Statement of Significant Accounting Policies**

**d. Financial Instruments (*continued*)**

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

**Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of reporting period. If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments would be tainted and reclassified as available-for-sale.

**Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

**Fair value**

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

**Impairment**

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

**Derecognition**

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

**e. Employee Benefits**

**Short term benefits**

The provisions for employee entitlements to wages, salaries, annual and paid maternity leave represent obligations resulting from employees' services provided up to reporting date, calculated at undiscounted amounts based on wage and salary rates, including related on-costs, which the company expects to pay at the end of each reporting period.

**Long term benefits**

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to reporting date.

**Superannuation**

Superannuation contributions are made by the company to approved superannuation funds for all employees. The costs are charged as employee expenses as they are incurred. The company has no legal obligation to cover any shortfall in the superannuation funds' obligations to provide benefits to employees on retirement.

**Note 1. Statement of Significant Accounting Policies**

**f. 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.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**g. Cash and Cash Equivalents**

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

**h. Revenue**

Revenue comprises revenue from the resident fees, government grants and subsidies, retention fees and interest.

***Resident Fees***

Residents are liable to pay a basic daily fee, a means tested care fee and an accommodation charge under the government's determination based on the Aged Care Act 1997. These fees are recognised as revenue when the service is provided.

**AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities**

The mandatory date of adoption for AASB 15 and AASB 1058 was 1 January 2019. The Company has elected to apply the modified retrospective approach allowable under the Standard, reflecting the cumulative impact arising from adoption (if any) as an adjustment to opening accumulated surplus at 1 January 2019. As a result, comparative financial information has not been restated.

AASB 15 involves the use of a five-step recognition model for recognising revenue, the steps are:

- Step 1 – Identify the contract with the customer
- Step 2 – Identify the sufficiently specific performance obligations to be satisfied
- Step 3 – Measure the expected consideration
- Step 4 – Allocate that consideration to each of the performance obligations in the contract
- Step 5 – Recognise revenue

AASB 1058 measures income by reference to the fair value of the asset received. The asset received, which could be a financial or non-financial asset, is initially measured at fair value when the consideration paid for the asset is significantly less than fair value, and that difference is principally to enable the entity to further its objectives. Otherwise, assets acquired are recognised at cost.

Where the asset has been measured at fair value, AASB 1058 requires that elements of other Accounting Standards are identified before accounting for the residual component. These standards are:

- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 1004 Contributions
- AASB 137 Provisions, Contingent Liabilities & Contingent Assets
- AASB 9 Financial Instruments

***Retention Fees***

Monthly retention fees are deducted from each bond account according to statutory requirements and are recognised as revenue.

***Government Subsidies***

Government subsidies are funding under government determinations and are recognised as revenue when the service is provided.



**Note 1. Statement of Significant Accounting Policies**

**h. Revenue (*continued*)**

***Interest Revenue***

Interest revenue is recognised on a time proportional basis taking into account the interest rates applicable to the financial assets.

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

**i. Trade & Other Payables**

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**j. Borrowing Costs**

Borrowing costs are capitalised during the construction period. Borrowing costs are expensed after the construction finishes.

**k. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a net basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows excluded from the receipts from customers or the payments to suppliers.

**l. Taxes**

***Income Tax***

As the company is a charitable company in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

***Land Tax***

The company is exempt from land tax because the property is used exclusively for a charitable purpose.

***Payroll Tax***

The company is exempt from payroll tax because it is classified as a Public Benevolent Institution, as well as being a not-for-profit with a dominant charitable purpose.

***Stamp Duty***

The company is exempt from stamp duty because the company's purpose and activities are exclusively charitable.

**Note 1. Statement of Significant Accounting Policies**

**m. Fair Value Measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**n. Accommodation Bonds and Refundable Accommodation Deposits (RAD)**

Accommodation bonds are measured at the principal amount less retention amounts permitted under the Aged Care Act (1997).

All Accommodation Bonds and Refundable Accommodation Deposits (RAD's) are recognised as current liabilities in accordance with AASB101 Presentation of financial statements; however, historical turnover statistics indicate that only a small percentage of Accommodation Bonds or Refundable Accommodation Deposits (RAD's) are likely to be required to be repaid within the next twelve months. The rolling nature of resident funded Accommodation Bonds or Refundable Accommodation Deposits (RAD's) is such that the repayment of a bond is usually offset by a new resident funded RAD.

**o. Comparative Figures**

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

When a company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

**p. Critical Accounting Estimates and Judgments**

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, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

**Employee Benefits**

As discussed in note 1(e), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account

**Impairment of Assets**

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

**Useful Lives of Depreciable Assets**

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

**Ukrainian Elderly Peoples Home Ltd.**  
**ACN 006 305 844**  
**Notes to the Financial Statements**  
For the year ended 30 June 2020

	2020 \$	2019 \$
<b>Note 2 REVENUE FROM CONTINUING OPERATIONS</b>		
<b>ORDINARY ACTIVITIES</b>		
Resident Fees	2,412,469	2,490,547
Government Subsidies	6,487,959	7,025,798
Donations	9,658	4,735
Bequests	-	-
Interest Received	104,196	195,373
Grants Received	804,000	-
Miscellaneous Income	167,479	50,080
<b>TOTAL</b>	<u>9,985,761</u>	<u>9,766,533</u>

Miscellaneous Income consists of: Expense Reimbursement From Residents & Staff Lunches \$17,699, WorkCover reimbursements \$28,835 and various other sundry income.

**Note 2a COMPREHENSIVE INCOME/ (EXPENSES) - OTHER**

Profit on sale of assets	1,423	-
	<u>1,423</u>	<u>-</u>

**Note 3 EMPLOYEE BENEFIT EXPENSE**

Wages and salaries	6,418,636	5,660,316
Superannuation	596,647	553,605
Other employment costs (includes WorkCover and oncosts)	560,496	906,241
	<u>7,575,779</u>	<u>7,120,162</u>

**Note 4 DEPRECIATION AND AMORTISATION EXPENSES**

Depreciation and Amortisation was charged in respect of:

Buildings & Improvements	444,107	390,352
Furniture & Fixtures	92,606	66,537
Office Equipment	25,599	21,192
Plant & Equipment	91,778	60,594
Motor Vehicles	10,395	11,578
Computer Software	12,789	7,296
Work-in-Progress	5,155	-
	<u>682,429</u>	<u>557,549</u>

**Note 5 CASH AND CASH EQUIVALENTS**

Cash on hand	1,676	2,659
Cash at bank	2,870,568	1,993,598
	<u>2,872,244</u>	<u>1,996,257</u>

Cash deposits earn interest of 0.25% per annum for balances of \$50,000 or over.

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

Balances as above	2,872,244	1,996,257
Add Investments (see Note 7)	3,866,947	6,908,211
Balances per cash flow statement	<u>6,739,191</u>	<u>8,904,468</u>

**Ukrainian Elderly Peoples Home Ltd.**  
**ACN 006 305 844**  
**Notes to the Financial Statements**  
For the year ended 30 June 2020

	2020 \$	2019 \$
<b>Note 6 TRADE AND OTHER RECEIVABLES</b>		
Resident Fees	179,409	663,084
Interest receivable on Bond Held	5,943	26,955
Accrued Income	45,486	110,245
	<u>230,838</u>	<u>800,284</u>
<b>Note 7 FINANCIAL ASSETS</b>		
<b>Current</b>		
Cash Management Account	100	1,250
Term of Investment - 3 months	3,866,847	6,252,101
Term of Investment - 5 months	-	654,860
	<u>3,866,947</u>	<u>6,908,211</u>
<b>Non-Current</b>		
Term of Investment - 12 months	-	-
	<u>-</u>	<u>-</u>
<b>Total Financial Assets</b>	<u>3,866,947</u>	<u>6,908,211</u>
All investments are at call or term deposits held with Dnister Ukrainian Credit Co-Operative Limited. These investments are currently earning between 1.73% and 1.75% per annum.		
<b>Note 8 OTHER ASSETS</b>		
Prepayments	115,877	85,091
	<u>115,877</u>	<u>85,091</u>
<b>Note 9 PROPERTY, PLANT &amp; EQUIPMENT</b>		
<b>Land &amp; Building</b>		
Land & Buildings - At Fair Value	21,813,929	18,381,717
Less Accumulated Depreciation	(1,917,780)	(1,473,673)
	<u>19,896,149</u>	<u>16,908,044</u>
<b>Furniture &amp; Fixtures</b>		
At Cost	1,074,766	832,779
Less Accumulated Depreciation	(761,334)	(672,561)
	<u>313,432</u>	<u>160,218</u>
<b>Office Equipment</b>		
At Cost	250,849	225,465
Less Accumulated Depreciation	(194,547)	(168,948)
	<u>56,302</u>	<u>56,517</u>
<b>Plant &amp; Equipment</b>		
At Cost	568,441	391,559
Less Accumulated Depreciation	(303,316)	(212,126)
	<u>265,125</u>	<u>179,433</u>
<b>Motor Vehicles</b>		
At Cost	117,817	117,817
Less Accumulated Depreciation	(68,550)	(58,155)
	<u>49,267</u>	<u>59,662</u>
<b>Computer Software</b>		
Computer Software		
At Cost	62,290	50,022
Less Accumulated Depreciation	(32,666)	(19,877)
	<u>29,624</u>	<u>30,145</u>
<b>Capital Works in Progress</b>		
At Cost	9,638,181	708,015
Less Accumulated Depreciation	(5,155)	-
	<u>9,633,026</u>	<u>708,015</u>
<b>Total Property, Plant &amp; Equipment</b>	<u>30,242,925</u>	<u>18,102,034</u>

During the year ended 30 June 2020, Kalyna Care 40 Bed Aged Care Expansion Project continued. Total estimated cost of this project as of 30th June 2020 was \$ 13.3 million. The project is still in the construction phase and is funded through Mortgage Loans, Government Grants, and owned funding. Kalyna Care has recognised the Building Work in Progress under Property, Plant & Equipment (Note 9) and associated liability (Note 11).

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning of the current financial year are set out below:

2020	Land, Buildings & Improvements	Furniture & Fixtures	Office Equipment	Plant & Equipment	Motor Vehicles	Computer Software	Capital Works in Progress	TOTAL
Carrying amount at 1/7/19	16,908,044	160,218	56,517	179,433	59,662	30,145	708,015	18,102,034
Additions	3,431,212	246,988	25,384	179,236	-	12,268	8,930,166	12,825,254
Disposals	-	(168)	-	(1,766)	-	-	-	(1,934)
*Revaluations	-	-	-	-	-	-	-	-
Depreciation/Amortisation	(444,107)	(92,606)	(25,599)	(91,778)	(10,395)	(12,789)	(5,155)	(682,429)
Write-offs	-	-	-	-	-	-	-	-
WDV of assets sold	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
<b>Carrying amount at 30/6/20</b>	<b>19,895,149</b>	<b>314,432</b>	<b>56,302</b>	<b>265,125</b>	<b>49,267</b>	<b>29,624</b>	<b>9,633,026</b>	<b>30,242,925</b>

2019	Land, Buildings & Improvements	Furniture & Fixtures	Office Equipment	Plant & Equipment	Motor Vehicles	Computer Software	Capital Works in Progress	TOTAL
Carrying amount at 1/7/18	17,180,000	217,550	47,118	175,837	71,240	7,438	141,565	17,840,748
Additions	118,396	9,205	30,591	64,190	-	30,003	566,450	818,835
Disposals	-	-	-	-	-	-	-	-
*Revaluations	-	-	-	-	-	-	-	-
Depreciation/Amortisation	(390,352)	(66,537)	(21,192)	(60,594)	(11,578)	(7,296)	-	(557,549)
Write-offs	-	-	-	-	-	-	-	-
WDV of assets sold	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
<b>Carrying amount at 30/6/19</b>	<b>16,908,044</b>	<b>160,218</b>	<b>56,517</b>	<b>179,433</b>	<b>59,662</b>	<b>30,145</b>	<b>708,015</b>	<b>18,102,034</b>

\*The revaluation of the land and buildings as at 30 June 2018 was based on an independent valuation by PP&E Valuations Pty Ltd.

	2020	2019
	\$	\$
<b>Note 10 TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Accrued Expenses	1,139,742	237,233
Payables	79,203	335,664
	<u>1,218,945</u>	<u>572,897</u>

Creditors are unsecured and interest free. Settlement generally occurs within 30 days of invoice.

<b>Note 11 BORROWINGS</b>		
<b>Current</b>		
Refundable Accommodation Deposit - RAD	11,972,866	10,857,116
Accommodation Bonds - Residents	1,280,832	2,032,222
Accommodation Bonds - Independent Living Units	446,127	614,341
<b>Total Current Borrowings</b>	<u>13,699,825</u>	<u>13,503,679</u>
<b>Non-Current</b>		
Mortgage Loans	6,568,780	-
<b>Total Non-Current Borrowings</b>	<u>6,568,780</u>	<u>-</u>
<b>Total Borrowings</b>	<u>6,568,780</u>	<u>-</u>

The mortgage loans are secured by Registered Mortgages over property situated at 344 Taylors Road, DELAHEY VIC 3037 and Registered General Security Agreement fixed/floating charge over all assets, including Aged Care licence/ Accreditation.

During the year ended 30 June 2020, Kalyna Care entered into Mortgage loan agreements with the Dnister Ukrainian Credit Co-Operative Ltd, Community First Credit Union, South West Credit and G&C Mutual Bank to fund \$10.4m to construct new 40 bed Aged Care Facility at Kalyna Care site. The loan is repayable over 4 years with repayments made monthly.

As of 30 June 2020, Kalyna Care made drawdown of \$ 6,568,780 from this facility.

	2020	2019
	\$	\$
<b>Note 12 PROVISIONS</b>		
<b>Current - Employee Benefits</b>		
Annual Leave	525,070	445,478
Long Service Leave	713,245	610,022
	<u>1,238,315</u>	<u>1,055,500</u>
<b>Non-Current - Employee Benefits</b>		
Long Service Leave	62,286	70,010
	<u>62,286</u>	<u>70,010</u>
<b>Provision for Annual Leave</b>		
Balance at the beginning of the year	445,478	471,292
Amount charged to the provision during the year	(335,465)	(465,284)
Amount provided during the year	415,057	439,470
<b>Balance at end of the year</b>	<u>525,070</u>	<u>445,478</u>
<b>Provision for Long Service Leave</b>		
Balance at the beginning of the year	680,032	665,755
Amount charged to the provision during the year	(51,511)	(91,491)
Amount provided during the year	147,010	105,768
<b>Balance at end of the year</b>	<u>775,531</u>	<u>680,032</u>
<b>Note 13 OTHER LIABILITIES</b>		
<b>Current</b>		
Government Subsidy paid in advance	2,040,077	27,594
Income received in advance	203,650	196,780
Residents' monies	-	4,662
Prepaid membership fees	4,356	3,724
	<u>2,248,083</u>	<u>232,760</u>
<b>Note 14 BEQUEST RESERVE</b>		
The Late Ms Maja Hrudka	532,754	532,754
The Late Mrs Bohdanna Tarnawsky	32,786	32,786
The Late Mrs Oresta Lenkiwska	171,784	171,784
The Late Ms Pauline Laba	500	500
The late Ms Tamara Rokitianskyj	10,000	10,000
The late Ms Maria Boluch	5,000	5,000
	<u>752,824</u>	<u>752,824</u>
<b>Note 15 KEY MANAGEMENT PERSONNEL COMPENSATION</b>		
Key management personnel compensation	687,380	609,023
	<u>687,380</u>	<u>609,023</u>
<b>Note 16 REMUNERATION OF AUDITORS</b>		
Amount received, or due and receivable, by the auditors of this facility for the following:		
Accountants and Advisers	17,425	13,410
	<u>17,425</u>	<u>13,410</u>

	2020 \$	2019 \$
<b>Note 17 RECONCILIATION OF (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES</b>		
Total Comprehensive Surplus	(164,434)	54,450
<u>Non cash items</u>		
Provision for Doubtful Debts	250	(21,375)
(Profit)/ Loss on sale on non-current assets	-	-
Depreciation	682,428	557,549
	<u>682,679</u>	<u>536,175</u>
<u>Change in operating assets and liabilities</u>		
Decrease (Increase) in trade and other receivables	4,438	(415,113)
Decrease (Increase) in accrued income	64,759	(80,446)
Decrease (Increase) in other debtors	-	12,620
Decrease (Increase) in other assets	(30,786)	24,634
Increase (Decrease) in trade and other payables	631,218	108,304
Increase (Decrease) in other creditors	(784,677)	(70,362)
Increase (Decrease) in provisions	175,091	(11,537)
	<u>60,044</u>	<u>(431,900)</u>
Net cash inflow (outflow) from operating activities	<u>578,289</u>	<u>158,724</u>

**Note 18 RELATED PARTIES**

**Directors**

The names of persons who were directors of the Company at 30 June 2020 were:

Halja Bryndzia (Chair)  
Dr. Igor Jakubowicz (Deputy Chair)  
Basil Chamula  
Roman Chamula  
Peter Iwaniw (Co-opted Director)  
Roman Rozek (Co-opted Director)  
Luba Pryslak

**Note 19 MEMBERS GUARANTEE**

The company is limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting outstanding obligations of the company. At 30 June 2020 the number of members was 113 (2019 - 127) .

**Note 20 COMPANY DETAILS**

The company is limited by guarantee, and incorporated in Australia. Its registered office and principal place of business is 344 Taylors Road, Delahey, Victoria, 3037.

**Note 21 CONTINGENT LIABILITIES**

The Directors are unaware of any other contingent liabilities not recognised elsewhere in these accounts.

**Note 22 EVENTS SUBSEQUENT TO REPORTING DATE**

The COVID-19 pandemic has developed rapidly in 2020, with the aged care industry particularly vulnerable. Measures by State and Federal governments to contain the virus have affected economic activity and increased regulatory compliance for aged care providers. The outbreak at Kalyna Care on 26 July 2020 was a significant event which was managed with support from health authorities. Our operations continue to adapt to the evolving requirements from authorities to remain compliant and safe.

**Note 23 Financial Risk Management**

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

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements are as follows:

	Note	2020 \$	2019 \$
<b>Financial assets</b>			
Cash and cash equivalents	5	2,872,244	1,996,257
Trade and other receivables	6	230,838	800,284
Financial assets- held to maturity investments	7	3,866,947	6,908,211
Other Assets	8	115,877	85,091
<b>Total financial assets</b>		<u>7,085,906</u>	<u>9,789,843</u>
<b>Financial liabilities</b>			
Financial liabilities at amortised cost			
Trade and other payables	10	1,218,945	572,897
Borrowings	11	13,699,825	13,503,679
Other	13	2,248,083	232,760
<b>Total financial liabilities</b>		<u>17,166,853</u>	<u>14,309,336</u>

**Note 24 SEGMENT REPORTING**

The company operates solely in the residential aged care industry in Australia.

The directors of the company hereby confirm that Independent Living Unit income represents less than 10% of the Total Revenue.

**Note 25 CAPITAL EXPENDITURE COMMITMENTS**

**Capital Expenditure Commitments**

Less than 1 Year	<u>5,989,541</u>	-
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Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and are exclusive of the GST payable.

In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.



UKRAINIAN ELDERLY PEOPLE'S HOME LTD. TRADING AS KALYNA CARE  
A.B.N. 57 006 305 844  
DIRECTORS' DECLARATION

The responsible persons declare that in the responsible persons' opinion:

1. there are reasonable grounds to believe that the responsible entity is able to pay all of its debts, as and when they become due and payable; and
2. 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.

  
Halja Bryndzia (Director & Chair)

22<sup>nd</sup> 1<sup>st</sup> day of October 2020

  
Dr. Igor Okubowicz (Director & Deputy Chair)

22<sup>nd</sup> 1<sup>st</sup> day of October 2020



# Collins & Co Audit Pty Ltd

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## **UKRAINIAN ELDERLY PEOPLE'S HOME LTD TRADING AS KALYNA CARE A.B.N. 57 006 305 844 INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**

### ***Opinion***

I have audited the accompanying financial report of Ukrainian Elderly People's Home Ltd trading as Kalyna Care (the company), which comprises the statement of financial position as at 30 June 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the statement by the Board of Directors.

In my opinion, the accompanying financial report of Ukrainian Elderly People's Home Ltd trading as Kalyna Care is in accordance with Division 60 of the ACNC Act 2012, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2020 and of its performance and cash flows for the year ended on 30 June 2020; and
- ii. complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

### ***Basis of Opinion***

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Company in accordance with the auditor independence requirements of the ACNC 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 my audit of the financial report in Australia. I have also fulfilled our other ethical responsibilities in accordance with the Code.

I confirm that the independence declaration required by the ACNC Act 2012, which has been given to the directors of the Company would be on the same terms if given to the directors as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Report**

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determines 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, management is responsible for assessing the Corporation'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.



# Collins & Co Audit Pty Ltd

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## **Auditor's Responsibilities for the Audit of the Financial Report**

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

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 the responsible entities.
- Conclude on the appropriateness of the responsible entities 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that I identify during my audit.

**Frederik Ryk Ludolf Eksteen CA**  
**ASIC Auditor Registration Number 421448**

**Collins & Co Audit Pty Ltd, 127 Paisley Street, FOOTSCRAY VIC 3011**

**Dated this 29th day of October 2020**