

**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 2017**

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 2017

| CONTENTS | PAGE |
|--|-------------|
| DIRECTORS' REPORT | 1 |
| AUDITOR'S INDEPENDENCE DECLARATION | 5 |
| INCOME STATEMENT & STATEMENT OF COMPREHENSIVE INCOME | 6 |
| STATEMENT OF FINANCIAL POSITION | 7 |
| STATEMENT OF CHANGES IN EQUITY | 8 |
| STATEMENT OF CASH FLOWS | 9 |
| NOTES TO THE FINANCIAL STATEMENTS | 10 |
| DIRECTORS' DECLARATION | 24 |
| INDEPENDENT AUDITOR'S REPORT | 25 |

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 2017.

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
- continue to embrace its Ukrainian heritage and remains 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 | Period as Director | Qualifications and Experience |
|---------------------|--------------------------|---|--|
| Halja Bryndzia | Chair | Appointed 26/04/2012 Appointed to 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. |
| Andrew Matiszak | Deputy Chair | Appointed 30/11/2008 | Dip. Civil Engineering, Grad Cert. Performance Based Building and Fire Codes. Registered Building Surveyor, Building Inspector and Draftsperson. Directorships: Building Practitioners Board of Victoria, M & K Building Consultants P/L, Matas Investment P/L. Member of AIBS, IIEA, IAA. Over 30 years' experience in community based boards and committees. |
| Manny Stamatopoulos | | Appointed 25/11/2012 | Experienced businessman with a semi legal background, 10 years experience in risk management insurance, claims and 6 years' experience in sales and marketing. Has 16 years' experience as a board member in not-for-profit organisations of which 10 years was the chairman of the board. Is Chairman of the Board of a publicly listed company and a director of 5 companies. |
| Basil Chamula | | 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. |
| Borys Anin | | Appointed 19/03/2015 | 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. |
| James Miller | | Appointed 03/08/2015 Resigned 18/07/2017 | MBA, CPA. Has practiced accounting for over 45 years including as an auditor and forensic accountant. Former member of the Board of Coles Myer Ltd, former member of the Coles Myer Board Audit Committee and former Director of Coles Myer Finance. |

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

| Director's Name | Special Responsibilities | Period as Director | Qualifications and Experience |
|---------------------|--------------------------|----------------------|---|
| Marko Misko | | Appointed 24/08/2015 | Partner of national law firm Clayton Utz since 1999 where he heads the Commonwealth infrastructure practice. Marko acted for Kalyna Care on its 2010 development. Marko is also on the board of the Dnister Ukrainian Credit Co-operative Limited since 2009; the Chair of the Ukrainian Studies Support Fund; and on the boards of Roads Australia and the Infrastructure Sustainability Council of Australia. |
| Anna Muszak | | Appointed 28/04/2016 | As a qualified accountant (Dip. Business Studies and CPA) has held many senior management roles within the private (large multi-national company), public and not for profit sectors. Anna was General Manager of Kalyna Care (formerly known as the Ukrainian Elderly People's Home) from 2007 to 2010 and a previous Director of Kalyna Care for 8 years, including Chairman of the Board, and of Dnister Credit Co-Operative Limited for around 2 years. |
| Dr. Igor Jakubowicz | | Appointed 28/04/2016 | Dr Jakubowicz's associations and qualifications include LMusA.(AMEB), MBBS (Melbourne), MFM (Monash), GDForMed (Monash), GAICD, MRACGP. 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. |

Committee Membership

Composition of these committees to 31/12/2016 were:

| Audit, Risk & Compliance | Governance | Strategic Planning |
|-----------------------------------|---------------------|--------------------|
| J Miller (c) | M Stamatopoulos (c) | B Chamula (c) |
| H Bryndzia | H Bryndzia | H Bryndzia |
| A Matiszak | A Matiszak | A Matiszak |
| M Stamatopoulos | J Miller | M Stamatopoulos |
| A Melnychuk (resigned 31/12/2016) | B Anin | J Miller |
| I Jakubowicz | I Jakubowicz | B Anin |
| | | M Misko |
| | | A Muszak |
| | | I Jakubowicz |

Remunerations & Nominations

H Bryndzia (c)
A Matiszak
M Stamatopoulos

Capital Projects Committee

A Matiszak (c)
B Chamula
A Muszak

Composition of these committees from 1/1/2017 were:

| Audit, Risk & Compliance | Governance | Strategic Planning |
|--------------------------|------------------|---------------------|
| J Miller (c) | A Muszak (c) (n) | M Stamatopoulos (c) |
| A Matiszak | M Stamatopoulos | H Bryndzia |
| M Stamatopoulos | B Anin | A Matiszak |
| B Chamula (n) | M Misko (n) | J Miller |
| | | G Sawczyn (n) |

Remunerations & Nominations

H Bryndzia (c)
A Matiszak
M Stamatopoulos

Capital Projects Committee

A Matiszak (c)
B Chamula
A Muszak
M Misko (n)

(c) Designates Chair of the committee

(n) Designates new member of the committee

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

Meetings of Directors

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

| | Directors' Meetings | | Audit, Risk & Compliance | | Governance | | Strategic Planning | | Remuneration & Nominations | | Capital Projects | |
|---------------------|---------------------------|-----------------|---------------------------|-----------------|---------------------------|-----------------|---------------------------|-----------------|----------------------------|-----------------|---------------------------|-----------------|
| | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| Hajja Bryndzia | 11 | 11 | 2 | 2 | 1 | 1 | 2 | 2 | 4 | 4 | - | - |
| Andrew Matiszak | 11 | 11 | 5 | 5 | 1 | 1 | 2 | 2 | 4 | 4 | 2 | 2 |
| Manny Stamatopoulos | 11 | 10 | 5 | 5 | 4 | 4 | 2 | 2 | 4 | 4 | - | - |
| Basil Chamula | 11 | 9 | 3 | 3 | - | - | 1 | 1 | - | - | 2 | 2 |
| Borys Anin | 11 | 9 | - | - | 4 | 4 | 1 | 1 | - | - | - | - |
| James Miller | 11 | 9 | 5 | 3 | 1 | 1 | 2 | 2 | - | - | - | - |
| Marko Misko | 11 | 9 | - | - | 3 | 3 | 1 | 1 | - | - | 1 | - |
| Anna Muszak | 11 | 11 | - | - | 3 | 3 | 1 | 1 | - | - | 2 | 2 |
| Dr. Igor Jakubowicz | 11 | 8 | 2 | 1 | 1 | - | 1 | - | - | - | - | - |

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; and
- To provide a workplace that is compliant with industry standards and the Fair Work Act.

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

- The preparation of a work plan to achieve the service outcomes identified under the funding agreements and allocation of the expected service outcomes over the funding period for periodic reporting to funding bodies, 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; and
- The review of the company's compliance with Work Health and Safety, and compliance with employment law including the Fair Work Act.

Long Term Objectives of the Company

The company has identified the following long term objectives:

- To grow awareness and resources to promote and provide residential and community care services 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 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 practise.

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

Key Performance Indicators

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

1. Service Outcomes

The service outcomes for the 2017 financial year were in accordance with standards set for the delivery of Aged Care. The funding body requirements were met according to the Accreditation standards (non-financial requirements) set for the funding of Aged Care services.

2. Operating Surplus

Surplus for the financial year was \$845,078 (including bequests of \$10,500).

3. Cash Flow From Operating Activities

Cash flow from operating activities for the financial year was \$1,565,735 compared to the cash in flow from operating activities for 2016 of \$1,799,589.

4. Membership

Membership for the financial year was 145 (2016 - 142).

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 declining from \$1,972,916 in 2016 to \$1,449,625 in 2017.

Membership Details

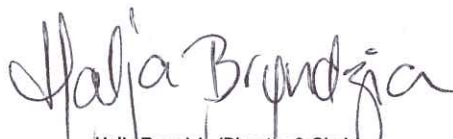
The company is incorporated as a company limited by guarantee that requires the members of the company to contribute an amount not exceeding \$100 per member towards the company liabilities on the winding up of the company.

| Membership Class | Number of Members | Individual Members Contribution on Winding Up of the Company | Total Members Contribution on Winding up of the Company |
|------------------|-------------------|--|---|
| Life Members | 7 | \$100 | \$700 |
| Ordinary Members | 138 | \$100 | \$13,800 |
| Total | 145 | | \$14,500 |

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2017 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)
31st day of August 2017


Andrew Matiszak (Director & Deputy Chair)
31st day of August 2017

127 Paisley Street
Footscray VIC 3011
Australia

Phone (03) 9680 1000
Fax (03) 9689 6605

www.collinsco.com.au

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER 60-40 OF THE AUSTRALIAN CHARITIES AND
NOT-FOR-PROFITS COMMISSION ACT 2012
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, during the year ended 30 June 2017 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 contraventions of any applicable code of professional conduct in relation to the audit.



Name of Auditor: Frederik R.L. Eksteen CA

Date: 31 August 2017

Address: Collins & Co
127 Paisley Street
Footscray VIC 3011

Ukrainian Elderly Peoples Home Ltd.**ACN 006 305 844****Statement of Financial Performance & Statement of Comprehensive Income***For the year ended 30 June 2017*

| | <i>Note</i> | 2017 | 2016 |
|--|-------------|------------------|------------------|
| | | \$ | \$ |
| Income | | | |
| Resident Fees | | 2,556,460 | 2,421,162 |
| Government Subsidies | | 6,671,317 | 6,536,596 |
| Donations | | 9,252 | 6,259 |
| Bequests | | 10,500 | 171,784 |
| Interest Received | | 203,999 | 164,116 |
| Miscellaneous Income | | 420,418 | 33,495 |
| Grants Received | | 360 | 13,658 |
| | 2 | 9,872,306 | 9,347,070 |
| Expenses | | | |
| Overheads | | 1,087,739 | 849,546 |
| Utilities | | 283,462 | 315,035 |
| Food | | 426,511 | 408,730 |
| Employee Benefits | 3 | 6,310,210 | 5,837,674 |
| Repairs & Maintenance | | 277,785 | 302,271 |
| Depreciation & Amortisation | 4 | 521,793 | 501,591 |
| Loan Interest | | 119,728 | 167,870 |
| | | 9,027,228 | 8,382,717 |
| Surplus for the year | | 845,078 | 964,353 |
| Other Comprehensive Income/ (Expenses) | | | |
| Revaluation decrement | | - | - |
| Total Comprehensive income for the year | | 845,078 | 964,353 |

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 2017

| | <i>Note</i> | 2017 \$ | 2016 \$ |
|--------------------------------------|-------------|--------------------------|--------------------------|
| Current Assets | | | |
| Cash and cash equivalents | 5 | 864,701 | 649,552 |
| Trade and other receivables | 6 | 170,604 | 145,799 |
| Financial Assets | 7 | 6,555,920 | 5,701,047 |
| Other Assets | 8 | 91,692 | 65,226 |
| Total Current Assets | | <u>7,682,917</u> | <u>6,561,624</u> |
| Non-Current Assets | | | |
| Financial Assets | 7 | 21,125 | 20,581 |
| Property, Plant & Equipment | 9 | 16,931,120 | 17,323,511 |
| Intangible Assets | 10 | 13,327 | 9,952 |
| Total Non-Current Assets | | <u>16,965,572</u> | <u>17,354,044</u> |
| Total Assets | | <u>24,648,489</u> | <u>23,915,668</u> |
| Current Liabilities | | | |
| Trade and other payables | 11 | 341,836 | 409,697 |
| Borrowings | 12 | 10,811,807 | 10,483,194 |
| Provisions | 13 | 861,170 | 737,470 |
| Other Liabilities | 14 | 135,585 | 138,641 |
| Total Current Liabilities | | <u>12,150,398</u> | <u>11,769,002</u> |
| Non-Current Liabilities | | | |
| Borrowings | 12 | 1,449,625 | 1,972,916 |
| Provisions | 13 | 109,591 | 79,953 |
| Total Non-Current Liabilities | | <u>1,559,216</u> | <u>2,052,869</u> |
| Total Liabilities | | <u>13,709,614</u> | <u>13,821,871</u> |
| Net Assets | | <u>10,938,875</u> | <u>10,093,797</u> |
| Equity | | | |
| Assets Revaluation Reserve | | 2,314,059 | 2,314,059 |
| Bequest Reserve | 15 | 747,824 | 737,324 |
| Accumulated Funds | | 7,876,992 | 7,042,414 |
| Total Equity | | <u>10,938,875</u> | <u>10,093,797</u> |

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 2017*

| 2017 | Accumulated | Assets | Bequest | Total Equity |
|--|------------------|---------------------|----------------|-------------------|
| | Funds | Revaluation Reserve | Reserve | |
| | \$ | \$ | \$ | \$ |
| Total Equity At The Beginning Of The Financial Year | 7,042,414 | 2,314,059 | 737,324 | 10,093,797 |
| Surplus for the year | 845,078 | - | - | 845,078 |
| Revaluation increment / (decrement) | - | - | - | - |
| Transfer to bequest reserve | (10,500) | - | 10,500 | - |
| Total Equity At The End Of The Financial Year | 7,876,992 | 2,314,059 | 747,824 | 10,938,875 |

| 2016 | Accumulated | Assets | Bequest | Total Equity |
|--|------------------|---------------------|----------------|-------------------|
| | Funds | Revaluation Reserve | Reserve | |
| | \$ | \$ | \$ | \$ |
| Total Equity At The Beginning Of The Financial Year | 6,211,386 | 2,314,059 | 603,999 | 9,129,444 |
| Surplus for the year | 964,353 | - | - | 964,353 |
| Revaluation increment / (decrement) | - | - | - | - |
| Transfer to bequest reserve | (171,784) | - | 171,784 | - |
| Transfer from bequest reserve for motor vehicle purchase | 38,459 | - | (38,459) | - |
| Total Equity At The End Of The Financial Year | 7,042,414 | 2,314,059 | 737,324 | 10,093,797 |

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 2017

| | <i>Note</i> | 2017 | 2016 |
|---|-------------|--------------------------------|--------------------------------|
| | | \$ | \$ |
| | | Inflows (Outflows) | Inflows (Outflows) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments (inclusive of goods and services tax) | | | |
| Employee costs | | (6,118,303) | (5,654,060) |
| Interest on loan | | (119,728) | (167,870) |
| Payments to suppliers & others | | (2,061,793) | (1,758,145) |
| | | <u>(8,299,824)</u> | <u>(7,580,075)</u> |
| Receipts (inclusive of goods and services tax) | | | |
| Resident Fees | | 2,544,807 | 2,457,440 |
| Interest | | 203,671 | 163,980 |
| Other | | 462,367 | 221,978 |
| Government Receipts | | | |
| Subsidies | | 6,654,714 | 6,536,266 |
| | | <u>9,865,559</u> | <u>9,379,664</u> |
| Net cash provided by operating activities | 18 | <u>1,565,735</u> | <u>1,799,589</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for: | | | |
| Property, plant and equipment | | (271,180) | (376,148) |
| Intangible assets | | (9,068) | - |
| Proceeds on disposal on property, plant and equipment | | (8,691) | 3,631 |
| Net cash used in investing activities | | <u>(288,939)</u> | <u>(372,517)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment /Proceeds from Resident/Unit Bonds/ RADs | | 1,041,926 | 2,561,878 |
| Repayment /Proceeds from Mortgage Loans | | (1,248,700) | (679,839) |
| Repayment of Finance Lease | | - | (15,800) |
| Net cash provided by financing activities | | <u>(206,774)</u> | <u>1,866,239</u> |
| NET INCREASE/(DECREASE) IN CASH HELD | | 1,070,022 | 3,293,311 |
| Cash at the beginning | | 6,350,599 | 3,057,288 |
| CASH AT THE END | 5 | <u><u>7,420,621</u></u> | <u><u>6,350,599</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 entity, 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 2017 of \$4,446,356 (2016: \$5,186,797). 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. Historical turnover statistics indicate that only a small percentage of resident funded loans are likely to be required to be repaid within the next twelve months.

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.

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% |
| Furniture and Fixtures | 20% - 30% |
| Office Equipment | 20% - 40% |
| Plant and Equipment | 20% - 30% |
| Motor Vehicles | 22.50% |

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 entity. 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.

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 entity 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.

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.

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.

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding sales taxes, rebates, and trade discounts.

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Company's different activities have been met. Details of the activity-specific recognition criteria are described below.

Resident Fees

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

Grant Revenue

If conditions are attached to a grant which must be satisfied before the Company is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied.

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.

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the Company obtains control of the funds, economic benefits are probable and the amount can be measured reliably.

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.

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 expensed in the period in which the costs are incurred.

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 entity 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.

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. Intangibles

Software

Software is initially recognised at cost. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of between one and five years. It is assessed annually for impairment.

o. 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.

p. 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.

q. 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 entity 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 2017

| | 2017 | 2016 |
|--|------------------|------------------|
| | \$ | \$ |
| Note 2 REVENUE FROM CONTINUING OPERATIONS | | |
| ORDINARY ACTIVITIES | | |
| Resident Fees | 2,556,460 | 2,421,162 |
| Government Subsidies | 6,671,317 | 6,536,596 |
| Interest Received | 203,999 | 164,116 |
| Grants Received | 360 | 13,658 |
| Miscellaneous Income | 420,418 | 33,495 |
| | <u>9,852,554</u> | <u>9,169,027</u> |
| NON-ORDINARY ACTIVITIES | | |
| Donations | 9,252 | 6,259 |
| Bequests | 10,500 | 171,784 |
| | <u>19,752</u> | <u>178,043</u> |
| TOTAL | <u>9,872,306</u> | <u>9,347,070</u> |

Miscellaneous Income consists of: Legal settlement \$250,000, WorkCover reimbursement of \$103,192, Consultancy Fees of \$30,676 and various other sundry income from residents & others.

| | | |
|---|------------------|------------------|
| Note 3 EMPLOYEE BENEFIT EXPENSE | | |
| Wages and salaries | 5,433,030 | 5,037,520 |
| Superannuation | 505,896 | 474,856 |
| Other employment costs (includes WorkCover and oncosts) | 371,284 | 325,298 |
| | <u>6,310,210</u> | <u>5,837,674</u> |

| | | |
|--|----------------|----------------|
| Note 4 DEPRECIATION AND AMORTISATION EXPENSES | | |
| Depreciation and Amortisation was charged in respect of: | | |
| Buildings & Improvements | 363,715 | 356,447 |
| Furniture & Fixtures | 76,334 | 77,737 |
| Office Equipment | 30,289 | 24,396 |
| Plant & Equipment | 31,550 | 25,171 |
| Motor Vehicles | 14,212 | 11,835 |
| Computer Software | 5,693 | 6,005 |
| | <u>521,793</u> | <u>501,591</u> |

| | | |
|---|----------------|----------------|
| Note 5 CASH AND CASH EQUIVALENTS | | |
| Cash on hand | 9,662 | 8,252 |
| Cash at bank | 855,039 | 641,300 |
| | <u>864,701</u> | <u>649,552</u> |

Cash deposits earn interest of 0.10% per annum.

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 | 864,701 | 649,552 |
| Add Investments (see Note 7) | 6,555,920 | 5,701,047 |
| Balances per cash flow statement | <u>7,420,621</u> | <u>6,350,599</u> |

Ukrainian Elderly Peoples Home Ltd.
ACN 006 305 844
Notes to the Financial Statements
For the year ended 30 June 2017

| | 2017 | 2016 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Note 6 TRADE AND OTHER RECEIVABLES | | |
| Resident Fees | 41,106 | 33,676 |
| Interest receivable on Bond Held | 57,117 | 57,117 |
| Accrued Income | 51,158 | 33,165 |
| Net GST Recoverable | 21,223 | 21,841 |
| | <u>170,604</u> | <u>145,799</u> |
| Note 7 FINANCIAL ASSETS | | |
| Current | | |
| Cash Management Account | 1,250 | 1,250 |
| Term of Investment - 3 months | 6,554,670 | 5,699,797 |
| | <u>6,555,920</u> | <u>5,701,047</u> |
| Non-Current | | |
| Term of Investment - 12 months | 21,125 | 20,581 |
| | <u>21,125</u> | <u>20,581</u> |
| Total Financial Assets | <u>6,577,045</u> | <u>5,721,628</u> |
| All investments are at call or term deposits held with Dnister Ukrainian Credit Co-Operative Limited. These investments are currently earning between 2.40% and 2.70% per annum. | | |
| Note 8 OTHER ASSETS | | |
| Prepayments | 91,692 | 65,226 |
| | <u>91,692</u> | <u>65,226</u> |
| Note 9 PROPERTY, PLANT & EQUIPMENT | | |
| Land & Building | | |
| Land & Buildings - At Fair Value | 17,116,413 | 17,058,400 |
| Less Accumulated Depreciation | (720,162) | (356,447) |
| | <u>16,396,251</u> | <u>16,701,953</u> |
| Furniture & Fixtures | | |
| At Cost | 782,282 | 774,252 |
| Less Accumulated Depreciation | (528,748) | (483,918) |
| | <u>253,534</u> | <u>290,334</u> |
| Office Equipment | | |
| At Cost | 184,987 | 173,445 |
| Less Accumulated Depreciation | (116,687) | (116,077) |
| | <u>68,300</u> | <u>57,368</u> |
| Plant & Equipment | | |
| At Cost | 234,221 | 223,280 |
| Less Accumulated Depreciation | (106,637) | (117,446) |
| | <u>127,584</u> | <u>105,834</u> |
| Motor Vehicles | | |
| At Cost | 117,817 | 117,817 |
| Less Accumulated Depreciation | (32,366) | (18,154) |
| | <u>85,451</u> | <u>99,663</u> |
| Capital Works in Progress | | |
| At Cost | - | 68,359 |
| Less Accumulated Depreciation | - | - |
| | <u>-</u> | <u>68,359</u> |
| Total Property, Plant & Equipment | <u>16,931,120</u> | <u>17,323,511</u> |

Ukrainian Elderly Peoples Home Ltd.
ACN 006 305 844
Notes to the Financial Statements
For the year ended 30 June 2017

2017
\$

2016
\$

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:

| 2017 | Land, Buildings & Improvements | Furniture & Fixtures | Office Equipment | Plant & Equipment | Motor Vehicles | Capital Works in Progress | TOTAL |
|-----------------------------------|--------------------------------|----------------------|------------------|-------------------|----------------|---------------------------|-------------------|
| Carrying amount at 1/7/16 | 16,701,953 | 290,334 | 57,368 | 105,834 | 99,663 | 68,359 | 17,323,511 |
| Additions | 58,013 | 42,177 | 42,725 | 61,448 | 0 | 66,817 | 271,180 |
| Disposals | - | - | - | - | - | - | - |
| Revaluations | - | - | - | - | - | - | - |
| Depreciation/Amortisation | (363,715) | (76,334) | (30,289) | (31,550) | (14,212) | - | (516,100) |
| Write-offs | - | (2,643) | (1,504) | (6,505) | - | - | (10,652) |
| WDV of assets sold | - | - | - | (1,643) | - | - | (1,643) |
| Adjustments | - | - | - | - | - | (135,176) | (135,176) |
| Carrying amount at 30/6/17 | 16,396,251 | 253,534 | 68,300 | 127,584 | 85,451 | - | 16,931,120 |

| 2016 | Land, Buildings & Improvements | Furniture & Fixtures | Office Equipment | Plant & Equipment | Motor Vehicles | Capital Works in Progress | TOTAL |
|-----------------------------------|--------------------------------|----------------------|------------------|-------------------|----------------|---------------------------|-------------------|
| Carrying amount at 1/7/15 | 16,950,000 | 333,369 | 71,362 | 92,275 | 13,625 | - | 17,460,631 |
| Additions | 108,400 | 43,657 | 12,497 | 44,500 | 98,735 | 68,359 | 376,148 |
| Disposals | - | - | - | - | - | - | - |
| Revaluations | - | - | - | - | - | - | - |
| Depreciation/Amortisation | (356,447) | (77,737) | (24,396) | (25,171) | (11,835) | - | (495,586) |
| Write-offs | - | (8,955) | (2,095) | (5,770) | - | - | (16,820) |
| WDV of assets sold | - | - | - | - | (862) | - | (862) |
| Adjustments | - | - | - | - | - | - | - |
| Carrying amount at 30/6/16 | 16,701,953 | 290,334 | 57,368 | 105,834 | 99,663 | 68,359 | 17,323,511 |

Note 10

Intangible Assets

Computer Software

At Cost

Less Accumulated Depreciation

20,020

22,774

(6,693)

(12,822)

13,327

9,952

| 2017 | Computer Software |
|-----------------------------------|-------------------|
| Carrying amount at 1/7/16 | 9,952 |
| Additions | 9,068 |
| Disposals | - |
| Depreciation/Amortisation | (5,693) |
| Write-offs | - |
| Carrying amount at 30/6/17 | 13,327 |

| 2016 | Computer Software |
|-----------------------------------|-------------------|
| Carrying amount at 1/7/15 | 15,957 |
| Additions | - |
| Disposals | - |
| Depreciation/Amortisation | (6,005) |
| Write-offs | - |
| Carrying amount at 30/6/16 | 9,952 |

Ukrainian Elderly Peoples Home Ltd.
ACN 006 305 844
Notes to the Financial Statements
For the year ended 30 June 2017

| | 2017 | 2016 |
|---|----------------|----------------|
| | \$ | \$ |
| Note 11 TRADE AND OTHER PAYABLES | | |
| Current | | |
| Accrued Expenses | 192,508 | 241,116 |
| Payables | 85,376 | 105,827 |
| Credit Cards | 2,382 | 6,875 |
| PAYG Withholding Tax | 61,570 | 55,879 |
| | <u>341,836</u> | <u>409,697</u> |

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

Note 12 BORROWINGS

| | | |
|--|-------------------|-------------------|
| Current | | |
| Refundable Accommodation Deposit - RAD | 5,960,792 | 3,945,442 |
| Accommodation Bonds - Residents | 4,217,666 | 5,003,460 |
| Accommodation Bonds - Independent Living Units | 633,349 | 808,883 |
| Mortgage Loans | - | 725,409 |
| | <u>10,811,807</u> | <u>10,483,194</u> |
| Non Current | | |
| Mortgage Loans | 1,449,625 | 1,972,916 |
| | <u>1,449,625</u> | <u>1,972,916</u> |

The mortgage loans are secured by Registered First Mortgage by Dnister Ukrainian Credit Co-operative Ltd. over property situated at 344 Taylors Road, DELAHEY VIC 3037 and Registered General Security Agreement fixed/floating charge by Dnister Ukrainian Credit Co-operative Ltd. over all assets, including Aged Care licence/ Accreditation.

Note 13 PROVISIONS

| | | |
|---|----------------|----------------|
| Current - Employee Benefits | | |
| Annual Leave | 461,612 | 414,210 |
| Long Service Leave | 399,558 | 323,260 |
| | <u>861,170</u> | <u>737,470</u> |
| Non-Current - Employee Benefits | | |
| Long Service Leave | 109,591 | 79,953 |
| | <u>109,591</u> | <u>79,953</u> |
| Provision for Annual Leave | | |
| Balance at the beginning of the year | 414,210 | 363,176 |
| Amount charged to the provision during the year | (275,714) | (272,082) |
| Amount provided during the year | 323,116 | 323,116 |
| Balance at end of the year | <u>461,612</u> | <u>414,210</u> |
| Provision for Long Service Leave | | |
| Balance at the beginning of the year | 403,213 | 323,194 |
| Amount charged to the provision during the year | 90,271 | 64,354 |
| Amount provided during the year | 15,665 | 15,665 |
| Balance at end of the year | <u>509,149</u> | <u>403,213</u> |

Ukrainian Elderly Peoples Home Ltd.

ACN 006 305 844

Notes to the Financial Statements

For the year ended 30 June 2017

| | 2017 \$ | 2016 \$ |
|--|------------------|------------------|
| Note 14 OTHER LIABILITIES | | |
| Current | | |
| Government Subsidy paid in advance | 11,527 | 10,137 |
| Income received in advance | 124,000 | 128,223 |
| Residents' monies | - | 150 |
| Prepaid membership fees | 58 | 131 |
| | <u>135,585</u> | <u>138,641</u> |
| Note 15 BEQUEST RESERVE | | |
| 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 | - |
| The late Ms Tamara Rokitianskyj | 10,000 | - |
| | <u>747,824</u> | <u>737,324</u> |
| Note 16 KEY MANAGEMENT PERSONNEL COMPENSATION | | |
| Key management personnel compensation | <u>479,000</u> | <u>464,000</u> |
| Note 17 REMUNERATION OF AUDITORS | | |
| Amount received, or due and receivable, by the auditors of this facility for the following: | | |
| Accountants and Advisers | <u>11,000</u> | <u>17,150</u> |
| Note 18 RECONCILIATION OF (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES | | |
| Net surplus | 845,078 | 964,353 |
| <u>Non cash items</u> | | |
| (Profit)/ Loss on sale on non-current assets | (318) | (2,772) |
| Assets written off / scrapped | 10,652 | 16,822 |
| Asset Write Offs - Work in Progress | 135,176 | - |
| Depreciation | 521,793 | 501,591 |
| | <u>667,303</u> | <u>515,641</u> |
| <u>Change in operating assets and liabilities</u> | | |
| Decrease (Increase) in trade and other receivables | (7,430) | (3,148) |
| Decrease (Increase) in accrued income | (17,993) | (6,409) |
| Decrease (Increase) in other debtors | 618 | 915 |
| Decrease (Increase) in other assets | (27,010) | (10,761) |
| Decrease (Increase) in other inventory | - | 4,065 |
| Increase (Decrease) in trade and other payables | (45,113) | 158,375 |
| Increase (Decrease) in other creditors | (3,056) | 45,505 |
| Increase (Decrease) in provisions | 153,338 | 131,053 |
| | <u>53,354</u> | <u>319,595</u> |
| Net cash inflow (outflow) from operating activities | <u>1,565,735</u> | <u>1,799,589</u> |

Ukrainian Elderly Peoples Home Ltd.

ACN 006 305 844

Notes to the Financial Statements

For the year ended 30 June 2017

| | 2017 | 2016 |
|--|---------------|---------------|
| | \$ | \$ |
| Note 19 RELATED PARTIES | | |
| Directors | | |
| The names of persons who were directors of the Company at 30 June 2017 were: | | |
| Halja Bryndzia (Chair) | | |
| Andrew Matiszak (Deputy Chair) | | |
| Manny Stamatopoulos | | |
| Basil Chamula | | |
| Borys Anin | | |
| James Miller | | |
| Marko Misko | | |
| Anna Muszak | | |
| Igor Jakubowicz | | |
| Transactions with directors and director-related entities | | |
| James Miller - James Miller Forensics | 14,040 | 8,640 |
| Anna Muszak - Financial Consultant | 16,380 | 1,430 |
| | <u>30,420</u> | <u>10,070</u> |

Note 20 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 2017 the number of members was 145 (2016 - 142).

Note 21 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 22 CONTINGENT LIABILITIES

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

Note 23 EVENTS SUBSEQUENT TO REPORTING DATE

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

Ukrainian Elderly Peoples Home Ltd.**ACN 006 305 844****Notes to the Financial Statements**

For the year ended 30 June 2017

| | | 2017 | 2016 |
|--|-------------|-------------------|-------------------|
| | | \$ | \$ |
| Note 24 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 139 as detailed in the accounting policies to these financial statements are as follows: | | | |
| | Note | | |
| Financial assets | | | |
| Cash and cash equivalents | 5 | 864,701 | 649,552 |
| Trade and other receivables | 6 | 170,604 | 145,799 |
| Financial assets- held to maturity investments | 7 | 6,555,920 | 5,701,047 |
| Other Assets | 8 | 91,692 | 65,226 |
| Total financial assets | | <u>7,682,917</u> | <u>6,561,624</u> |
| Financial liabilities | | | |
| Financial liabilities at amortised cost | | | |
| Trade and other payables | 11 | 341,836 | 409,697 |
| Borrowings | 12 | 12,261,432 | 12,456,110 |
| Other | 14 | 135,585 | 138,641 |
| Total financial liabilities | | <u>12,738,853</u> | <u>13,004,448</u> |

Note 25 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.

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)
31st day of August 2017



Andrew Matiszak (Director & Deputy Chair)
31st day of August 2017

127 Paisley Street
Footscray VIC 3011
Australia

Phone (03) 9680 1000
Fax (03) 9689 6605

www.collinsco.com.au

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 2017, 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 2017 and of its performance and cash flows for the year ended on 30 June 2017; and
- ii. complying with Australian Accounting Standards- Reduced Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for 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.



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 our 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 responsible 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 entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the responsible 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 responsible 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.

Name of Auditor: Frederik R.L. Eksteen

Address: Collins & Co
127 Paisley Street
Footscray VIC 3011

Date: 31 August 2017