

# **Ukrainian Elderly People's Home trading as Kalyna Care**

**Financial Report  
2013 - 2014**

# Contents

## 31<sup>st</sup> Annual Report

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## Directors' Report

Your Directors present their report on the company for the financial year ended 30 June 2014.

### Principal Activities of the Company

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;

- Providing services to the community
- Providing non-financial outcomes in response to funding body agreements
- Providing turnover, cash flow and surplus to meet the financial objectives of the company

### Directors' Information

#### Directors

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:

Directors Name	Special Responsibilities	Period as Director	Qualifications and Experience
Andrew Matiszak	Chairperson	Appointed 30/11/08	Dip. Civil Engineering, Grad Cert. Performance Based Building and Fire Codes. Registered Building Surveyor, Building Inspector and Draftsperson. Directorships: - Overnewton Anglican Community College - 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 board and committees
Halja Bryndzia	Deputy Chair	Appointed 26/4/12	Associate Diploma of Business (Marketing), Certificate in Governance Practice (GIA) and Sales and Marketing background obtained in Book Publishing, Food Manufacturing and Retail industries.
Yuri Majka		Appointed 06/12/07	B. Commerce (UMelb), Dip Education, Grad Dip Business Computing, (VU), Cert. IV in Training and Assessment and CPA. Has experience as a Workforce Planning and Training Specialist and Internal Quality Assurance Auditor.
Manny Stamatopoulos		Appointed 25/11/12	Experienced businessman with 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 6 companies.

Basil Chamula	Appointed 24/4/13	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.
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**Our Board of Directors**

The following persons were Directors of the Company during the year:



Chairman      Deputy  
                    Chairman

**From left to right:**

Top: Andrew Matuszak (Chairman), Halja Bryndzia (Deputy Chairman), Yuri Majka, Manny Stamatopoulos and Basil Chamula

**Committee Membership**

Composition of these committees is:

<b>Audit, Risk &amp; Compliance</b>	<b>Governance</b>	<b>Strategic Planning</b>	<b>Remuneration &amp; Nominations</b>
Y Majka (c)	M Stamatopoulos (c)	B Chamula (c)	A Matuszak (c)
A Matuszak	A Matuszak	A Matuszak	H Bryndzia
M Stamatopoulos	H Bryndzia	H Bryndzia	M Stamatopoulos
J Miller (n)		Y Majka	
A Melnychuk (n)		M Stamatopoulos	
		G Sawczyn (n)	

(c) Designates chairman of the committee  
 (n) Designates new member of the committee

### Meetings of Directors

During the financial year, 9 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		Remuneration and Nominations		Strategic Planning	
	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attend	Number attended	Number attended
Andrew Matiszak	9	9	6	6	5	5	1	1	6	5
Halja Bryndzia	9	9	-	-	5	4	1	1	6	5
Yuri Majka	9	9	6	6	5	-	-	-	6	4
Manny Stamatopoulos	9	6	6	3	5	5	1	1	6	5
Basil Chamula	9	7	-	-	5	-	-	-	6	6

### 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 Occupational Health and Safety, and compliance with employment law including the Fair Work Act.

### Long Term Objectives of the Company

- To grow awareness and resources to promote and provide residential and community care services across Victoria.
- To remain financially sustainable
- 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.
- The establishment of a governance framework that ensures policies of the company are acted upon and applied in practise.

### Performance Measurement

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

- The service outcomes for the 2014 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.

**Performance Measurement (Cont'd)**

- Surplus for the financial year was \$609,006 (\$388,784 normalised after impact of fair value adjustment of derivatives, refer note 1(s)) compared to the 2014 budget of \$552,793.
- Cash flow from operating activities for the financial year was \$192,414 compared to the cash in flow from operating activities for 2013 of \$1,845,048.
- Membership for the financial year was 140
- The company has complied with all Occupational Health and Safety, Employment and Environmental reviews conducted by external regulatory bodies.
- The company maintained full compliance with all covenant requirements imposed by external financiers with mortgage debt declined from \$5,737,878 in 2013 to \$4,055,385 in 2014.

**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.

<b>Membership Class</b>	<b>Number of Members</b>	<b>Individual Members Contribution on Winding Up of the Company</b>	<b>Total Members Contribution on Winding up of the Company</b>
Life Members	9	\$100	\$900
Ordinary Members	131	\$100	\$13,100
Totals	140	\$100	\$14,000

UKRAINIAN ELDERLY PEOPLES HOME LTD TRADING AS KALYNA CARE

ACN 006 305 844

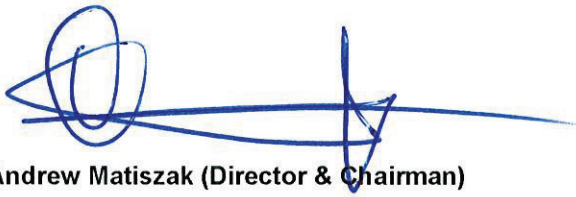
AUDITOR'S INDEPENDENCE DECLARATION

30 JUNE 2014

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at page 7.

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

A handwritten signature in blue ink, consisting of a large, stylized 'A' followed by a horizontal line and a vertical stroke.

**Andrew Matiszak (Director & Chairman)**  
15 day of September 2014

A handwritten signature in blue ink, written in a cursive style that reads 'Halja Bryndzia'.

**Halja Bryndzia (Director)**  
15 day of September 2014

# Auditor Independence Declaration Under S307C of the *Corporations Act 2001* to the Directors of Ukrainian Elderly People's Home Ltd trading as Kalyna Care

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been:

- 1) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- 2) No contraventions of any applicable code of professional conduct in relation to the review.

**CROWE HORWATH MELBOURNE**



**RYAN LEEMON**  
Partner

Melbourne Victoria

Date: 15 September 2014



**Ukrainian Elderly People's Home Ltd trading as Kalyna Care.****ACN 006 305 844****Statement of Comprehensive Income***For the year ended 30 June 2014*

	<b>Notes</b>	<b>2014</b>	<b>2013</b>
		<b>\$</b>	<b>\$</b>
<b>Income</b>			
Resident Fees		2,238,214	2,116,514
Government Subsidies		5,607,869	5,247,654
Donations		5,560	16,517
Interest Received		162,190	273,522
Fair Value Adjustment – Interest Rate SWAP		220,222	139,866
Miscellaneous Income		45,754	72,479
Grants Received		12,360	8,980
	<b>2</b>	<b>8,292,169</b>	<b>7,875,532</b>
<b>Expenses</b>			
Overheads		570,415	577,780
Utilities		292,482	220,567
Food		369,799	366,117
Employee Benefits	<b>3</b>	5,305,259	4,921,740
Repairs & Maintenance		176,303	129,995
Depreciation & Amortisation Expenses	<b>4</b>	536,832	538,188
Loan Interest		432,073	497,164
		<b>7,683,163</b>	<b>7,251,551</b>
<b>Surplus for the year</b>		<b>609,006</b>	<b>623,981</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive income for the year</b>		<b>609,006</b>	<b>623,981</b>

*The accompanying notes form part of these financial statements.*

**Ukrainian Elderly People's Home Ltd trading as Kalyna Care.**

**ACN 006 305 844**

**Statement of Financial Position**

*As at 30 June 2014*

	Notes	2014 \$	2013 \$
<b>Current Assets</b>			
Cash and cash equivalents	5	216,806	545,348
Trade and other receivables	6	1,265,090	563,869
Inventories	7	4,065	3,350
Financial Assets	8	1,571,372	3,221,622
Other Assets	9	66,738	54,890
<b>Total Current Assets</b>		<b>3,124,071</b>	<b>4,389,079</b>
<b>Non-Current Assets</b>			
Property, plant & equipment	10	18,801,086	19,106,181
Intangible Assets	11	15,441	21,570
<b>Total Non-Current Assets</b>		<b>18,816,527</b>	<b>19,127,751</b>
<b>Total Assets</b>		<b>21,940,598</b>	<b>23,516,830</b>
<b>Current Liabilities</b>			
Trade and other payables	12	348,503	421,319
Borrowings	13	12,165,946	14,129,820
Derivative Financial Instruments	14	114,608	334,830
Provisions	15	546,709	494,809
Other Liabilities	16	83,513	69,781
<b>Total Current Liabilities</b>		<b>13,259,279</b>	<b>15,450,559</b>
<b>Non-Current Liabilities</b>			
Borrowings	13	18,275	-
Provisions	15	31,392	43,625
<b>Total Non-Current Liabilities</b>		<b>49,667</b>	<b>43,625</b>
<b>Total Liabilities</b>		<b>13,308,946</b>	<b>15,494,184</b>
<b>Net Assets</b>		<b>8,631,652</b>	<b>8,022,646</b>
<b>Equity</b>			
Assets Revaluation Reserve	17	3,336,287	3,336,287
Retained Surplus	18	5,295,365	4,686,359
<b>Total Equity</b>		<b>8,631,652</b>	<b>8,022,646</b>

*The accompanying notes form part of these financial statements.*

**Ukrainian Elderly People's Home Ltd trading as Kalyna Care.**

**ACN 006 305 844**

**Statement of Changes in Equity**

*For the year ended 30 June 2014*

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2014	Retained Profit	Assets Revaluation Reserve	Total Equity
	\$	\$	\$
<b>TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR</b>	4,686,359	3,336,287	8,022,646
Surplus for the year	609,006	-	609,006
	<hr/>		
<b>TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR</b>	<b>5,295,365</b>	<b>3,336,287</b>	<b>8,631,652</b>
	<hr/>		

2013	Retained Profit	Assets Revaluation Reserve	Total Equity
	\$	\$	\$
<b>TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR</b>	4,062,378	3,336,287	7,398,665
Surplus for the year	623,981	-	623,981
	<hr/>		
<b>TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR</b>	<b>4,686,359</b>	<b>3,336,287</b>	<b>8,022,646</b>
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*The accompanying notes form part of these financial statements.*

**Ukrainian Elderly People's Home Ltd trading as Kalyna Care.****ACN 006 305 844****Statement of Cash Flows***For the year ended 30 June 2014*

	<i>Notes</i>	<b>2014</b> \$ Inflows (Outflows)	<b>2013</b> \$ Inflows (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments (inclusive of goods and services tax)</b>			
Employee costs		(5,262,998)	(4,872,974)
Payments to suppliers		(1,973,768)	(1,841,939)
		<b>(7,236,766)</b>	<b>(6,714,913)</b>
<b>Receipts (inclusive of goods and services tax)</b>			
Resident Fees		1,452,202	2,754,880
Interest		162,190	273,522
Other		178,184	212,485
<b>Government Receipts</b>			
Subsidies		5,636,604	5,319,074
		<b>7,429,180</b>	<b>8,559,961</b>
Net cash provided by operating activities	<b>22</b>	<b>192,414</b>	<b>1,845,048</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>(Payments for) / Proceeds from:</b>			
Property, plant and equipment		(221,883)	(155,380)
Intangible Assets		(3,724)	(9,275)
Investment in term deposit		868,405	(868,405)
Net cash used in investing activities		<b>642,798</b>	<b>(1,033,060)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Resident/Unit Bonds		(284,562)	(756,038)
Repayment of Mortgage Loans		(1,682,495)	(1,162,122)
Proceeds from finance lease		21,458	-
Net cash provided by financing activities		<b>(1,945,599)</b>	<b>(1,918,160)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>			
		<b>(1,110,387)</b>	<b>(1,106,171)</b>
Cash at the beginning		2,898,565	4,004,736
<b>CASH AT THE END</b>	<b>5</b>	<b>1,788,178</b>	<b>2,898,565</b>

*The accompanying notes form part of these financial statements.*

# Ukrainian Elderly People's Home Ltd trading as Kalyna Care.

ACN 006 305 844

## Notes to the Financial Statements

For the year ended 30 June 2014

### Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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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.

#### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), Victorian legislation the Fundraising Appeals Act 1998 and associated regulations and the Corporations Act 2001, as appropriate for not-for-profit oriented entities.

#### 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 2014 of \$10,135,208 (2013: \$11,061,480). Current liabilities include resident funded loans in the form of residents' entry contributions and accommodation bonds 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.

Further, the external debt facility with Westpac of \$4,055,385 as disclosed at Note 13 is currently due to mature on 31 December 2014. As of the date of signing these financial statements the company has not refinanced these borrowings beyond the date of expiry. Directors are confident that this debt will be successfully refinanced with the existing or an alternate financier, with negotiations underway but subject to the resolution of the matter as disclosed in at Note 27. The company has met all funding requirements throughout the financial year and up until the date of this report.

Notwithstanding the above circumstances, the directors believe that upon successfully extending financing terms, operational resources and cash reserves are sufficient to meet all financial commitments as and when they fall due for the coming 12 month period. It is acknowledged however that the ability of the company to continue as a going concern and to pay its debts as and when they fall due is dependent upon the continued financial support of the Westpac Bank or alternate financier beyond the existing expiry term as is expected based on current negotiations. Should negotiations with Westpac not be successful and alternate funding not be secured, the going concern basis may no longer be deemed appropriate.

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) Revenue

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

##### Resident Fees

Resident are liable to pay 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.

# Ukrainian Elderly People's Home Ltd trading as Kalyna Care.

ACN 006 305 844

## Notes to the Financial Statements

For the year ended 30 June 2014

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### Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### *Grant Income*

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amounts of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be 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.

#### *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.

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

#### *Interest Revenue*

Interest is recognised using the effective interest method.

#### b) **Income Tax**

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

#### c) **Inventories**

Inventories are measured at the lower of cost and net realizable value. Inventories held for distribution are measured at cost adjusted, when appropriate for any loss of service potential.

#### d) **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 on a diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Buildings	2.5%
Furniture and Fixture	20% - 30%
Office equipment	20% - 40%

# Ukrainian Elderly People's Home Ltd trading as Kalyna Care.

ACN 006 305 844

## Notes to the Financial Statements

For the year ended 30 June 2014

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### Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Plant and equipment	20% - 30%
Motor vehicles	22.5%

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.

#### e) 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.

#### f) Financial Instruments

##### Recognition

###### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity 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 sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction 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

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. 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 the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortization of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate 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

# Ukrainian Elderly People's Home Ltd trading as Kalyna Care.

ACN 006 305 844

## Notes to the Financial Statements

For the year ended 30 June 2014

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### Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 amount with a consequential recognition of an income or expense item in profit or loss.

*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.

(i) *Financial assets at fair value through profit or 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, 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 group 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 amount being included in profit or loss.

(ii) *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. Gains or losses are recognised in profit or loss through the amortization process and when the financial asset is derecognised.

(iii) *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. Gains or losses are recognised in profit or loss through the amortization process and when the financial asset is derecognised.

(iv) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortization process and when the financial liability is derecognised.

### g) Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence that impairment as a result of one or more events (a "loss event") has occurred, which has an impact on the estimated future cash flows of the financial asset(s)

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganization; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be



# Ukrainian Elderly People's Home Ltd trading as Kalyna Care.

ACN 006 305 844

## Notes to the Financial Statements

For the year ended 30 June 2014

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### Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognizes the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

#### Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged or cancelled, or have expired. The difference between the carrying amount 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.

#### h) Impairment of Assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

#### i) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

#### j) 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.

# Ukrainian Elderly People's Home Ltd trading as Kalyna Care.

ACN 006 305 844

## Notes to the Financial Statements

For the year ended 30 June 2014

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### Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

#### k) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is possible that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

#### l) Intangibles

Software

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

#### m) 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 on the statement of financial position.

#### n) Goods and Services Tax (GST)

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

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

#### o) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services rendered by the company during the reporting period 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.

#### p) Accommodation Bonds

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

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

#### q) Comparative Figures

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

# Ukrainian Elderly People's Home Ltd trading as Kalyna Care.

ACN 006 305 844

## Notes to the Financial Statements

For the year ended 30 June 2014

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### Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### r) 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.

#### Key Estimates

##### Employee Benefits

As discussed in note 1, 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.

##### Estimation of useful lives of 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.

#### s) Restatement of prior year balances

The aggregate effect of the changes on the annual financial statements for the year ended 30 June 2014 were corrections of two matters as follows:

	<b>2013 Audited</b>	<b>Adjustment</b>	<b>2013 Restated</b>
	\$	\$	\$
Fair Value Interest Rate SWAP Liability	-	(334,830)	(334,830)
Surplus	484,115	139,866	623,981
Reserves	(764,592)	764,592	-
Retained Surplus	(4,256,597)	(429,762)	(4,686,359)

- (1) As a result of detailed review of financial instruments, an Interest Rate Swap with our financier Westpac was identified. As a consequence, a restatement of the Derivative Financial Instrument balance for the year ended 30 June 2013 was made. Please refer to Note 26 for further detail regarding this matter.
- (2) During the year the company determined that terms pertaining to capital works projects had been met and funds expensed accordingly. As such, the capital reserves for such funding was transferred to retained surplus at year end.

# Ukrainian Elderly People's Home Ltd trading as Kalyna Care.

ACN 006 305 844

## Notes to the Financial Statements

For the year ended 30 June 2014

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### Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

**Fair Value Interest Rate Swap Liability** – Recognition of previously unrecognised liability.

	<b>2013 Audited \$</b>	<b>Adjustment \$</b>	<b>2013 Restated \$</b>
Fair Value Interest Rate Swap Liability	-	(334,830)	(334,830)

**Surplus** – Recognition of Fair Value Adjustment on Interest Rate Swap.

	<b>2013 Audited \$</b>	<b>Adjustment \$</b>	<b>2013 Restated \$</b>
Surplus	484,115	139,866	623,981

**Retained Surplus** – Recognition of Fair Value Adjustment on Interest Rate Swap and transfer of Reserve Accounts.

	<b>2013 Audited \$</b>	<b>Adjustment \$</b>	<b>2013 Restated \$</b>
Retained Surplus	(4,256,497)	(429,762)*	(4,686,359)

**\* Comprises the following entries:**

2012 Fair Value Adjustment recognition	474,696
2013 Fair Value Adjustment recognition	(139,866)
Transfer of Capital Reserve	(369,770)
Transfer of Prystiasz Donation Reserve	( 24,222)
Transfer of IT & Staff Training Reserve	<u>(370,600)</u>
	(429,762)

**Reserves** – Transfer of Reserve Accounts.

	<b>2013 Audited \$</b>	<b>Adjustment \$</b>	<b>2013 Restated \$</b>
Reserves	(764,592)	764,592*	-

**\* Refer above detail for accounts transferred.**

# Ukrainian Elderly People's Home Ltd trading as Kalyna Care.

ACN 006 305 844

## Notes to the Financial Statements

For the year ended 30 June 2014

	2014 \$	2013 \$
<b>Note 2</b>		
<b>REVENUE FROM CONTINUING OPERATIONS</b>		
<b>ORDINARY ACTIVITIES</b>		
Resident Fees	2,238,214	2,116,514
Government Subsidies	5,607,869	5,247,654
Fair Value Adjustment – Interest Rate SWAP	220,222	139,866
Interest Received	162,190	273,522
Grant Received	12,360	8,980
Miscellaneous Income	45,754	72,479
	<u>8,286,609</u>	<u>7,859,015</u>
<b>OTHER ACTIVITIES</b>		
Donations	5,560	16,517
	<u>5,560</u>	<u>16,517</u>
<b>TOTAL</b>	<b><u>8,292,169</u></b>	<b><u>7,875,532</u></b>
<b>Note 3</b>		
<b>EMPLOYEE BENEFITS EXPENSE</b>		
Wages and salaries	4,616,258	4,279,422
Superannuation	420,903	375,935
Other employment costs (includes workcare and oncosts)	<u>268,098</u>	<u>266,383</u>
	<u>5,305,259</u>	<u>4,921,740</u>
<b>Note 4</b>		
<b>DEPRECIATION AND AMORTISATION EXPENSES</b>		
Depreciation & amortisation was charged in respect of:		
Buildings & Improvements	386,586	378,584
Furniture & Fixtures	94,081	110,817
Office Equipment	20,838	22,449
Plant & Equipment	23,522	24,870
Motor Vehicles	1,952	480
Computer Software	9,853	988
	<u>536,832</u>	<u>538,188</u>

**Ukrainian Elderly People's Home Ltd trading as Kalyna Care.****ACN 006 305 844****Notes to the Financial Statements***For the year ended 30 June 2014*

	2014	2013
	\$	\$
<b>Note 5</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
Cash on hand	4,429	3,815
Cash at bank	212,377	541,533
	<u>216,806</u>	<u>545,348</u>
<p>The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:</p>		
Balances as above	216,806	545,348
Add Investments (See Note 8)	1,571,372	2,353,217
	<u>1,788,178</u>	<u>2,898,565</u>
<b>Note 6</b>		
<b>TRADE AND OTHER RECEIVABLES</b>		
Resident Bond / Fees	1,171,261	352,672
Interest receivable on Bond Held	42,706	75,284
Accrued Income	37,521	49,754
Net GST Recoverable	13,602	16,371
Receivables – VICSEG New Futures	-	69,788
	<u>1,265,090</u>	<u>563,869</u>
<b>Note 7</b>		
<b>INVENTORIES</b>		
Food	1,200	3,100
Cleaning supplies	2,865	250
	<u>4,065</u>	<u>3,350</u>
<b>Note 8</b>		
<b>FINANCIAL ASSETS</b>		
<b>Current</b>		
Term of Investment - 3 months	1,570,122	2,351,967
Term of Investment - 6 months	-	868,405
Cash Management Account	1,250	1,250
	<u>1,571,372</u>	<u>3,221,622</u>

All investments are at call or term deposits held with Dnister Ukrainian Credit Co-Operative Limited. These investments are currently earning between 4.00% and 4.10% per annum.

**Ukrainian Elderly People's Home Ltd trading as Kalyna Care.**  
**ACN 006 305 844**

**Notes to the Financial Statements**

*For the year ended 30 June 2014*

	2014 \$	2013 \$
<b>Note 9</b>		
<b>OTHER ASSETS</b>		
Prepayments	66,738	54,890
	<u>66,738</u>	<u>54,890</u>
<b>Note 10</b>		
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>		
<b>Land &amp; Building at fair value</b>		
Land & Building at fair value	19,021,259	18,876,303
Less Accumulated Depreciation	(768,442)	(381,856)
	<u>18,252,817</u>	<u>18,494,447</u>
<b>Furniture &amp; Fixtures</b>		
At Cost	807,964	797,286
Less Accumulated Depreciation	(447,145)	(353,064)
	<u>360,819</u>	<u>444,222</u>
<b>Office Equipment</b>		
At Cost	163,645	157,701
Less Accumulated Depreciation	(83,791)	(88,290)
	<u>79,854</u>	<u>69,411</u>
<b>Plant &amp; Equipment</b>		
At Cost	226,589	221,525
Less Accumulated Depreciation	(136,723)	(125,078)
	<u>89,866</u>	<u>96,447</u>
<b>Motor Vehicles</b>		
At Cost	64,557	45,475
Less Accumulated Depreciation	(46,827)	(43,821)
	<u>17,730</u>	<u>1,654</u>
	<u>18,801,086</u>	<u>19,106,181</u>

**Ukrainian Elderly People's Home Ltd trading as Kalyna Care.**

**ACN 006 305 844**

**Notes to the Financial Statements**

*For the year ended 30 June 2014*

**Note 10                    PROPERTY, PLANT & EQUIPMENT    (Cont'd)**

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:

<b>2014</b>	<b>Land, Buildings &amp; Improvements</b>	<b>Furniture &amp; Fixtures</b>	<b>Office Equipment</b>	<b>Plant &amp; Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
Carrying amount at 1/7/13	18,494,447	444,222	69,411	96,447	1,654	19,106,181
Additions	144,956	10,678	31,281	16,941	18,028	221,884
Disposals	-	-	-	-	-	-
Depreciation	(386,586)	(94,081)	(20,838)	(23,522)	(1,952)	(526,979)
<b>Carrying amount at 30/6/14</b>	<b>18,252,817</b>	<b>360,819</b>	<b>79,854</b>	<b>89,866</b>	<b>17,730</b>	<b>18,801,086</b>

<b>2013</b>	<b>Land, Buildings &amp; Improvements</b>	<b>Furniture &amp; Fixtures</b>	<b>Office Equipment</b>	<b>Plant &amp; Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
Carrying amount at 1/7/12	18,758,139	540,161	84,384	103,183	2,134	19,488,001
Additions	114,892	14,878	7,476	18,134	-	155,380
Disposals	-	-	-	-	-	-
Depreciation	(287,584)	(110,817)	(22,449)	(24,870)	(480)	(537,200)
<b>Carrying amount at 30/6/13</b>	<b>18,494,447</b>	<b>444,222</b>	<b>69,411</b>	<b>96,447</b>	<b>1,654</b>	<b>19,106,181</b>



**Ukrainian Elderly People's Home Ltd trading as Kalyna Care.**

**ACN 006 305 844**

**Notes to the Financial Statements**

*For the year ended 30 June 2014*

	2014 \$	2013 \$
<b>Note 11 INTANGIBLE ASSETS</b>		
Computer Software		
At Cost	30,325	26,602
Less Accumulated Amortization	(14,884)	(5,032)
Net Carrying Value	15,441	21,570

2014	Computer Software
Carrying amount at 1/7/13	21,570
Additions	3,724
Disposals	-
Amortization charge	(9,853)
Impairment losses	-
<b>Carrying amount at 30/6/14</b>	<b>15,441</b>

2013	Computer Software
Carrying amount at 1/7/12	13,283
Additions	9,275
Disposals	-
Amortization charge	(988)
Impairment losses	-
<b>Carrying amount at 30/6/13</b>	<b>21,570</b>

# Ukrainian Elderly People's Home Ltd trading as Kalyna Care.

ACN 006 305 844

## Notes to the Financial Statements

For the year ended 30 June 2014

	2014 \$	2013 \$
<b>Note 12 TRADE AND OTHER PAYABLES</b>		
Current		
Accrued Expenses	41,290	21,902
Payables	80,271	114,292
Payables – AMCS	-	69,788
Payroll clearing	152,094	142,622
PAYG Withholding Tax	74,848	72,715
	<u>348,503</u>	<u>421,319</u>

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

### Note 13 BORROWINGS

Current		
Accommodation Bonds – Residents	6,569,203	7,260,476
Accommodation Bonds - Independent Living Units	1,538,177	1,131,466
Mortgage Loan	4,055,383	5,737,878
Lease	5,150	-
Future Finance Charges	(1,967)	-
	<u>12,165,946</u>	<u>14,129,820</u>
Non-Current		
Lease	21,816	-
Future Finance Charges	(3,541)	-
	<u>18,275</u>	<u>-</u>

The mortgage loan is secured by a fixed and floating charge over the assets of Kalyna Care.

### Note 14 DERIVATIVE FINANCIAL INSTRUMENTS

Fair Value Interest Rate SWAP liability (Westpac)	114,608	334,830
	<u>114,608</u>	<u>334,830</u>

\* This derivative financial instrument commenced on 24<sup>th</sup> March 2011, with an expiry date of 24<sup>th</sup> December 2014.

### Note 15 PROVISIONS

Current		
Employee benefits		
Annual leave	307,357	276,155
Long Service Leave	239,352	218,654
	<u>546,709</u>	<u>494,809</u>
Non-Current		
Employee benefits		
Long Service Leave	31,392	43,625
	<u>31,392</u>	<u>43,625</u>

**Ukrainian Elderly People's Home Ltd trading as Kalyna Care.**  
**ACN 006 305 844**

**Notes to the Financial Statements**

*For the year ended 30 June 2014*

		2014 \$	2013 \$
<b>Note 15</b>	<b>PROVISIONS (Cont'd)</b>		
	<b>Provision for Annual Leave</b>		
	Balance at the beginning of the year	276,155	219,892
	Amount charged to the provision during the year	(243,182)	(51,627)
	Amount provided during the year	274,384	107,890
	<b>Balance at end of the year</b>	<u>307,357</u>	<u>276,155</u>
	<b>Provision for Long Service Leave</b>		
	Balance at the beginning of the year	262,279	306,892
	Amount charged to the provision during the year	(34,941)	(53,846)
	Amount provided during the year	43,406	9,233
	Balance at end of the year	<u>270,744</u>	<u>262,279</u>
<b>Note 16</b>	<b>OTHER LIABILITIES</b>		
	Current		
	Income received in advance	83,457	69,226
	Prepaid membership fees	56	55
	Residents' monies	-	500
		<u>83,513</u>	<u>69,781</u>
<b>Note 17</b>	<b>ASSETS REVALUATION RESERVE</b>		
	Movement in Market Value	3,336,287	3,336,287
		<u>3,336,287</u>	<u>3,336,287</u>
<b>Note 18</b>	<b>RETAINED SURPLUSES</b>		
	Retained Surpluses	4,686,359	4,062,378
	Current Year Surplus	609,006	623,981
		<u>5,295,365</u>	<u>4,686,359</u>

**Ukrainian Elderly People's Home Ltd trading as Kalyna Care.**  
**ACN 006 305 844**

**Notes to the Financial Statements**

*For the year ended 30 June 2014*

Note	KEY MANAGEMENT PERSONNEL COMPENSATION	2014 \$	2013 \$
	The totals of remuneration paid to key management personnel of the company increased during the year due to increased number of employees		
	Key Management personnel compensation	441,500	480,000
		<u>441,500</u>	<u>480,000</u>
<b>Note 20</b>	<b>COMMITMENTS</b>		
	<i>Lease commitments - financing</i>		
	Committed at the reporting date and recognised as liabilities payable:		
	Within one year	5,150	-
	One to five years	21,816	-
		<u>26,966</u>	<u>-</u>
<b>Note 21</b>	<b>REMUNERATION OF AUDITORS</b>		
	Amounts received, or due and receivable, by the auditors of this facility for the following:		
	Audit services	12,000	10,000
		<u>12,000</u>	<u>10,000</u>
<b>Note 22</b>	<b>RECONCILIATION OF (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES</b>		
	Net surplus	609,006	623,981
	Non cash items		
	Fair Value Adjustment – Interest Rate SWAP	(220,222)	(139,866)
	Depreciation/Amortisation	536,832	538,188
	Change in operating assets and liabilities		
	Decrease (Increase) in resident fees receivable	(786,011)	638,366
	Decrease (Increase) in accrued income	12,233	11,411
	Decrease (Increase) in other debtors	72,557	(72,935)
	Decrease (Increase) in other assets	(11,848)	(70)
	Decrease (Increase) in inventory	(715)	-
	Increase (Decrease) in trade and other payables	(72,816)	64,264
	Increase (Decrease) in other creditors	13,732	170,060
	Increase (Decrease) in provisions	39,666	11,649
	Net cash inflow (outflow) from operating activities	<u>192,414</u>	<u>1,845,048</u>

**Ukrainian Elderly People's Home Ltd trading as Kalyna Care.**  
**ACN 006 305 844**

**Notes to the Financial Statements**

*For the year ended 30 June 2014*

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**Note 23 RELATED PARTIES**

**Directors**

The names of persons who were directors of the Company at 30 June 2014 were:

Andrew Matiszak (Chair)  
Halja Bryndzia  
Yuri Majka  
Manny Stamatopoulos  
Basil Chamula

**Transactions with directors and director-related entities**

Nil in this reporting period

**Note 24 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 2014 the number of members was 140 (2013, 150).

**Note 25 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 26 CONTINGENCIES**

During the financial year the company engaged with Westpac seeking amendment to the terms of a derivative financial instrument (Interest Rate Swap Transaction) imposed on the organisation since March 2011 as reflected at Note 1(s) and 14. The entity has engaged an external consultant to review all documentation and enter into further negotiation with Westpac on its behalf. As at the time of the audit report, there was no resolution to the matter.

Except for the above matter, no other 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.

**Note 27 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 PEOPLE'S HOME LTD TRADING AS KALYNA CARE**

**ACN 006 305 844**

**DIRECTORS' DECLARATION**

**30 JUNE 2014**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 28 are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the company; and
  
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Digitally signed by Andrew Matuszak  
DN: cn=Andrew Matuszak,  
o=M & K Building Consultants  
Pty Ltd, ou,  
email=andy@mandk.com.au,  
c=AU  
Date: 2014.09.15 09:48:55  
+10'00'

**Andrew Matuszak (Director & Chairman)**  
15 day of September 2014



**Halja Bryndzia (Director)**  
15 day of September 2014

# Independent Auditor's Report to the Members of Ukrainian Elderly Peoples Home Ltd. Trading as Kalyna Care

## Report on the financial report

We have audited the accompanying financial report of Ukrainian Elderly Peoples Home Ltd. Trading as Kalyna Care (the company), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

## Directors' responsibility for the financial report

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

## Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

## Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Ukrainian Elderly Peoples Home Ltd. Trading as Kalyna Care, would be in the same terms if given to the directors as at the time of this auditor's report.

## Auditor's opinion

In our opinion, the financial report of Ukrainian Elderly Peoples Home Ltd. Trading as Kalyna Care is in accordance with the *Corporations Act 2001*, including:

- I. giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- II. complying with Australian Accounting Standards – *Reduced Disclosure Requirements* (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

## Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 of the financial report. These matters as set forth in Note 1, indicate the existence of a material uncertainty about Ukrainian Elderly Peoples Home Ltd. Trading as Kalyna Care's ability to continue as a going concern. Should the company not have the continuing support of its financiers and successfully renegotiate their finance of \$4,055,383 as detailed at Note 1, there would be significant uncertainty whether it could realise its assets and discharge its liabilities in the normal course of business and continue as a going concern and as such the going concern basis may not be deemed appropriate.

## CROWE HORWATH MELBOURNE



**RYAN LEEMON**  
Partner

Melbourne, Victoria  
Date: 15 September 2014