

Ukrainian Elderly People's Home trading as Kalyna Care

**Annual Report
2012 - 2013**

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30th Annual Report

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UKRAINIAN ELDERLY PEOPLES HOME LTD TRADING AS KALYNA CARE

ACN 006 305 844

DIRECTORS' REPORT

30 JUNE 2013

Directors' Report

Your directors present their report on the company for the financial year ended 30 June 2013.

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 (CSA) and Sales and Marketing background obtained in Book Publishing, Food Manufacturing and Retail industries.
Olga Dudinski		Appointed 14/11/04 Retired 25/11/2012	Dip. Pharm, over 30 years' experience in the pharmaceutical industry, especially in quality assurance and regulatory affairs
Carol Wawryk		Appointed 6/12/07 Retired 27/6/2013	Practice Manager and bookkeeper for a Medical Practise for over 30 years.
Yuri Majka		Appointed 6/12/07	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.
Jayne Gallo		Appointed 31/7/07 Retired 27/6/2013	B. A. (La Trobe), Cert. Nursing, Grad Dip Rehabilitation Studies, Grad Dip B. Man, Masters Public Policy and Man (Monash). Experience in Aged and Disability sectors.

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Peter Jovanovic	Appointed 14/5/05 Retired 25/11/2012	Appointed 26/4/12	Business Owner and operator for over 30 years and a long standing community member.
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.

Our Board of Directors

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



From left to right:

Top: Andrew Matiszak (Chairman), Halja Bryndzia(Deputy Chairman),Peter Jovanovic, Olga Dudinski, Yuri Majka, Carol Wawryk , Jayne Gallo, Manny Stamatopoulos, Basil Chamula

Committee Membership

Composition of these committees is:

Audit, Risk & Compliance	Governance/ Remuneration & Nominations	Capital Works
J Gallo (c)	A Matiszak (c)	C Wawryk (c)
Y Majka	M Stamatopoulos	P Jovanovic
A Matiszak	O Dudinski	H Bryndzia
B Chamula		A Muszak (e)
D Graham (e)		

(c) Designates chairman of the committee

(e) Designates external member of the committee

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DIRECTORS' REPORT

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Meetings of Directors

During the financial year, 7 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 & Nominations		Capital Works	
	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended
Andrew Matiszak	7	7	6	3	1	1	-	-
Peter Jovanovic	2	2	-	-	-	-	1	1
Olga Dudinski	2	2	-	-	-	-	-	-
Carol Wawryk	7	7	-	-	-	-	3	3
Yuri Majka	7	6	6	5	-	-	-	-
Jayne Gallo	7	5	6	6	-	-	-	-
Halja Bryndzia	7	7	-	-	-	-	2	2
Manny Stamatopoulos	5	5	-	-	1	1	-	-
Basil Chamula	2	2	1	-	-	-	-	-

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.

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DIRECTORS' REPORT

30 JUNE 2013

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
- 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 2013 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.
- Surplus for the financial year was \$ 484,115 compared to the 2013 revised budget of \$ 466,409.
- Cash flow from operating activities for the financial year was \$ 1,845,048 compared to the cash out flow from operating activities for 2012 of \$ 354,801.
- Membership for the financial year was 150.
- 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 \$6,900,000 in 2012 to \$5,737,878 in 2013.

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DIRECTORS' REPORT

30 JUNE 2013

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	8	\$100	\$800
Ordinary Members	142	\$100	\$14,200
Totals	150	\$100	\$15,000

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 28.

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



Andrew Matiszak (Director & Chairman)
29th day of August 2013



Halja Bryndzia (Director)
29th day of August 2013



**Auditor's Independence Declaration under S 307C 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 2013 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

A handwritten signature in black ink, appearing to read "Ryan Leemon".

RYAN LEEMON
Partner

Melbourne Victoria Date:
29th day of August 2013

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

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Statement of Comprehensive Income

For the year ended 30 June 2013

	Notes	2013 \$	2012 \$
Income			
Resident Fees		2,116,514	1,410,948
Government Subsidies		5,247,654	3,387,614
Donations		16,517	9,498
Interest Received		273,522	307,276
Miscellaneous Income		72,479	146,608
Grants Received		8,980	7,000
	2	7,735,666	5,268,944
Expenses			
Overheads		577,780	435,268
Utilities		220,567	152,143
Food		366,117	232,655
Employee Benefits	3	4,921,740	3,617,401
Repairs & Maintenance		129,995	99,236
Depreciation & Amortization Expenses	4	538,188	407,939
Loan Interest		497,164	309,236
		7,251,551	5,253,878
Profit for the year		484,115	15,066
Other Comprehensive Income			
Net gain on valuation of property, plant and equipment		-	3,336,287
Total Comprehensive income for the year		484,115	3,351,353

The accompanying notes form part of these financial statements.

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

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Statement of Financial Position

as at 30 June 2013

	Notes	2013 \$	2012 \$
Current Assets			
Cash and cash equivalents	5	545,348	331,708
Trade and other receivables	6	563,869	1,140,711
Inventories	7	3,350	3,350
Financial Assets	8	3,221,622	3,673,028
Other Assets	9	54,890	54,820
Total Current Assets		4,389,079	5,203,617
Non-Current Assets			
Land & Building at fair value	10	19,106,181	19,488,001
Intangible Assets	11	21,570	13,283
Total Non-Current Assets		19,127,751	19,501,284
Total Assets		23,516,830	24,704,901
Current Liabilities			
Trade and other payables	12	421,319	250,151
Borrowings	13	14,129,820	16,047,980
Provisions	14	494,809	465,763
Other	15	69,781	6,625
Total Current Liabilities		15,115,729	16,770,519
Non-Current Liabilities			
Provisions	14	43,625	61,021
Total Non-Current Liabilities		43,625	61,021
Total Liabilities		15,159,354	16,831,540
Net Assets		8,357,476	7,873,361
Equity			
Capital Reserves	16	764,592	764,592
Assets Revaluation Reserve	17	3,336,287	3,336,287
Retained Profits	18	4,256,597	3,772,482
Total Equity		8,357,476	7,873,361

The accompanying notes form part of these financial statements.

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

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Statement of Changes in Equity

For the year ended 30 June 2013

2013	Notes	Retained Profit	Capital Reserves	Assets Revaluation Reserve	Total Equity
		\$	\$	\$	\$
TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR		3,772,482	764,592	3,336,287	7,873,361
Profit for the year		484,115	-	-	484,115
Other comprehensive income for the year		-	-	-	-
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR		4,256,597	764,592	3,336,287	8,357,476

2012	Notes	Retained Profit	Capital Reserves	Assets Revaluation Reserve	Total Equity
		\$	\$	\$	\$
TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR		3,757,416	764,592	-	4,522,008
Profit for the year		15,066	-	-	15,066
Other comprehensive income for the year		-	-	3,336,287	3,336,287
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR		3,772,482	764,592	3,336,287	7,873,361

The accompanying notes form part of these financial statements.

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

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Statement of Cash Flows

For the year ended 30 June 2013

	Notes	2013 \$ Inflows (Outflows)	2012 \$ Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments (inclusive of goods and services tax)			
Employee costs		(4,872,974)	(3,506,882)
Other		(1,841,939)	(1,266,964)
		<u>(6,714,913)</u>	<u>(4,773,846)</u>
Receipts (inclusive of goods and services tax)			
Resident Fees		2,754,880	360,548
Interest		273,522	337,176
Other		212,485	272,797
Government Receipts			
Subsidies		5,319,074	3,448,524
		<u>8,559,961</u>	<u>4,419,045</u>
Net cash provided by operating activities	25	<u>1,845,048</u>	<u>(354,801)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for:			
Property, plant and equipment		(155,380)	(6,020,765)
Intangible Assets		(9,275)	(17,326)
Investment in term deposit		(868,405)	-
Net cash used in investing activities		<u>(1,033,060)</u>	<u>(6,038,091)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment /Proceeds from Resident/Unit Bonds		(756,038)	2,258,892
Repayment /Proceeds from Mortgage Loans		(1,162,122)	5,504,241
Net cash provided by financing activities		<u>(1,918,160)</u>	<u>7,763,133</u>
NET INCREASE/(DECREASE) IN CASH HELD		(1,106,171)	1,370,241
Cash at the beginning		4,004,736	2,634,495
CASH AT THE END	5	<u>2,898,565</u>	<u>4,004,736</u>

The accompanying notes form part of these financial statements.

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

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Notes to the Financial Statements

For the year ended 30 June 2013

Note 1 SUMMARY 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.

BASIS OF PREPARATION

Reporting Basis and conventions

Ukrainian Elderly People's Home Ltd has elected for early adoption of the pronouncements AABS 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

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 2013 of \$10,726,650 (2012: \$11,566,902). 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. In addition to resident related obligations, external finance of \$5,737,878 is shown as a current liability. 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 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, the financial statements have been prepared on a going concern basis.

The directors of the company authorized the financial statements for issue on 29 August 2013.

Accounting Policies

a) Revenue

Grant revenue is recognized in the statement of comprehensive income 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 amount 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 recognized in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognized as income on receipt.

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Notes to the Financial Statements

For the year ended 30 June 2013

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

Interest revenue is recognized using the effective method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue from the rendering of a service is recognized upon the delivery of the service to the customers.

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

b) Income Tax

No income tax is payable as the Ukrainian Elderly People's Home Ltd is a not for profit entity which is exempt for income tax purposes.

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

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

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same class of asset are charged against this reserve directly in equity; all other decreases are charged to the statement of comprehensive income.

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.

Plant & equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a reducing balance basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Land is not depreciated.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Furniture and Fixture	20% - 30%
Office equipment	20% - 40%
Plant and equipment	20% - 30%
Motor vehicles	22.5%

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Notes to the Financial Statements

For the year ended 30 June 2013

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

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Financial Instruments

Recognition

Initial recognition and measurement

Financial assets and financial liabilities are recognized 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, amortized 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.

Amortized 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 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 amortized cost. Gains or losses are recognized in profit or loss through the amortization process and when the financial asset is derecognized.

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Notes to the Financial Statements

For the year ended 30 June 2013

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

(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 amortized cost. Gains or losses are recognized in profit or loss through the amortization process and when the financial asset is derecognized.

(iv) *Financial liabilities*

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

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 amortized 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 amortized 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 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 recognized 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 derecognized 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 derecognized 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 recognized in profit or loss.

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Notes to the Financial Statements

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

e) 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 recognized 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.

f) Employee Benefits

Provision is made for the company's liability 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.

g) Provisions

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

h) Intangibles

Software

Software is initially recognized 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.

i) 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.

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Notes to the Financial Statements

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

j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognized 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 recognized 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.

k) 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 recognized as a current liability with the amounts normally paid within 30 days of recognition of the liability.

l) Accommodation Bonds

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

All Accommodation Bonds are recognized 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 ongoing loan.

m) Comparative Figures

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

n) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimates

Employee Benefits

Calculating of long term employment benefits requires estimation of the retention of staff, future remuneration levels and timing of the settlement of benefits. The estimates are based on historical trends.

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

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Notes to the Financial Statements

For the year ended 30 June 2013

	2013 \$	2012 \$
Note 2		
REVENUE FROM CONTINUING OPERATIONS		
ORDINARY ACTIVITIES		
Resident Fees	2,116,514	1,410,948
Government Subsidies	5,247,654	3,387,614
Interest Received	273,522	307,276
Grant Received	8,980	7,000
Miscellaneous Income	72,479	146,608
	<u>7,719,149</u>	<u>5,259,446</u>
NON-ORDINARY ACTIVITIES		
Donation	16,517	9,498
	<u>16,517</u>	<u>9,498</u>
TOTAL	<u><u>7,735,666</u></u>	<u><u>5,268,944</u></u>
Note 3		
EMPLOYEE BENEFIT EXPENSE		
Wages and salaries	4,279,422	3,135,826
Superannuation	375,935	255,253
Other employment costs	266,383	226,322
	<u>4,921,740</u>	<u>3,617,401</u>
Note 4		
DEPRECIATION AND AMORTISATION EXPENSES		
Depreciation & amortization was charged in respect of:		
Buildings & Improvements	378,584	287,272
Furniture & Fixtures	110,817	76,481
Office Equipment	22,449	20,399
Plant & Equipment	24,870	19,125
Motor Vehicles	480	619
Computer Software	988	4,043
	<u>538,188</u>	<u>407,939</u>

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

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Notes to the Financial Statements

For the year ended 30 June 2013

	2013	2012
	\$	\$
Note 5		
CASH AND CASH EQUIVALENTS		
Cash on hand	3,815	2,304
Cash at bank	541,533	329,404
	<u>545,348</u>	<u>331,708</u>
Cash deposits earn interest of 0.35% to 2.75% 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	545,348	331,708
Add Investments (See Note 8)	2,353,217	3,673,028
	<u>2,898,565</u>	<u>4,004,736</u>
Note 6		
TRADE AND OTHER RECEIVABLES		
Resident Bond / Fees	352,672	1,066,322
Interest receivable on Bond Held	75,284	-
Accrued Income	49,754	61,165
Net GST Recoverable	16,371	13,224
Receivables – VICSEG New Futures	69,788	-
	<u>563,869</u>	<u>1,140,711</u>
Note 7		
INVENTORIES		
Food	3,100	3,100
Cleaning supplies	250	250
	<u>3,350</u>	<u>3,350</u>
Note 8		
FINANCIAL ASSETS		
Current		
Term of Investment - 3 months	2,351,967	3,592,052
Term of Investment - 6 months	868,405	-
Cash Management Account	1,250	80,976
	<u>3,221,622</u>	<u>3,673,028</u>

All investments are at call or term deposits held with Dnister Ukrainian Credit Co-Operative Limited. These investments are currently earning between 4.50% and 4.75% per annum.

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.
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Notes to the Financial Statements

For the year ended 30 June 2013

	2013 \$	2012 \$
Note 9		
OTHER ASSETS		
Prepayments	54,890	54,820
	<u>54,890</u>	<u>54,820</u>
Note 10		
PROPERTY, PLANT & EQUIPMENT		
Land & Building at fair value		
Land & Building at fair value	18,873,031	18,762,048
Less Accumulated Depreciation	(378,584)	(3,909)
	<u>18,494,447</u>	<u>18,758,139</u>
Furniture & Fixtures		
At Cost	797,286	792,317
Less Accumulated Depreciation	(353,064)	(252,156)
	<u>444,222</u>	<u>540,161</u>
Office Equipment		
At Cost	157,701	150,225
Less Accumulated Depreciation	(88,290)	(65,841)
	<u>69,411</u>	<u>84,384</u>
Plant & Equipment		
At Cost	221,525	204,308
Less Accumulated Depreciation	(125,078)	(101,125)
	<u>96,447</u>	<u>103,183</u>
Motor Vehicles		
At Cost	45,475	45,475
Less Accumulated Depreciation	(43,821)	(43,341)
	<u>1,654</u>	<u>2,134</u>
	 <u>19,106,181</u>	 <u>19,488,001</u>

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

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Notes to the Financial Statements

For the year ended 30 June 2013

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:

2013	Land, Buildings & Improvements	Furniture & Fixtures	Office Equipment	Plant & Equipment	Motor Vehicles	Capital Works in Progress	Total
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	(378,584)	(110,817)	(22,449)	(24,870)	(480)	-	(537,200)
Carrying amount at 30/6/13	18,494,447	444,222	69,411	96,447	1,654	-	19,106,181

2012	Land, Buildings & Improvements	Furniture & Fixtures	Office Equipment	Plant & Equipment	Motor Vehicles	Capital Works in Progress	Total
Carrying amount at 1/7/11	3,251,529	62,453	79,463	73,858	2,753	7,064,789	10,534,845
Additions	12,457,595	554,189	25,320	48,450	-	(7,064,789)	6,020,765
Disposals	-	-	-	-	-	-	-
Revaluation	3,336,287	-	-	-	-	-	3,336,287
Depreciation	(287,272)	(76,481)	(20,399)	(19,125)	(619)	-	(403,896)
Carrying amount at 30/6/12	18,758,139	540,161	84,384	103,183	2,134	0.00	19,488,001

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.
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Notes to the Financial Statements

For the year ended 30 June 2013

	2013 \$	2012 \$
Note 11 INTANGIBLE ASSETS		
Computer Software		
At Cost	26,602	17,326
Less Accumulated Amortization	(5,032)	(4,043)
Net Carrying Value	<u>21,570</u>	<u>13,283</u>

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

2012	Computer Software
Carrying amount at 1/7/11	-
Additions	17,326
Disposals	-
Amortization charge	(4,043)
Impairment losses	-
Carrying amount at 30/6/12	13,283

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.
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Notes to the Financial Statements

For the year ended 30 June 2013

	2013	2012
	\$	\$
Note 12 TRADE AND OTHER PAYABLES		
Current		
Accrued Expenses	21,902	171,216
Payables	114,292	43,336
Payables – AMCS	69,788	
Prepaid Income	142,622	-
PAYG Withholding Tax	72,715	35,599
	<u>421,319</u>	<u>250,151</u>

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

Note 13 BORROWINGS

Current		
Accommodation Bonds – Residents	7,260,476	7,847,639
Accommodation Bonds - Independent Living Units	1,131,466	1,300,341
Mortgage Loan	5,737,878	6,900,000
	<u>14,129,820</u>	<u>16,047,980</u>
Total Borrowings		

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

Note 13 (a) In accordance with AASB101, due to an annual review clause in the loan agreement the entire value of the loans must be classified as current. However the actual amount scheduled for repayment in coming years as follows

Loan Account	Amount schedules in next 12 months	Amount schedules in after 12 months	Total Liability
Mortgage Loan	1,604,566	4,133,312	5,737,878

Note 14 PROVISIONS

Current		
Employee benefits		
Annual leave	276,155	219,892
Long Service Leave	218,654	245,871
	<u>494,809</u>	<u>465,763</u>
Non-Current		
Employee benefits		
Long Service Leave	43,625	61,021
	<u>43,625</u>	<u>61,021</u>

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.
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Notes to the Financial Statements

For the year ended 30 June 2013

	2013 \$	2012 \$
Provision for Annual Leave		
Balance at the beginning of the year	219,892	161,481
Amount charged to the provision during the year	(51,627)	(51,627)
Amount provided during the year	107,890	110,038
	<u>276,155</u>	<u>219,892</u>
Provision for Long Service Leave		
Balance at the beginning of the year	306,892	287,113
Amount charged to the provision during the year	(53,846)	(67,479)
Amount provided during the year	9,233	87,258
	<u>262,279</u>	<u>306,892</u>
 Note 15 OTHER LIABILITIES		
Current		
Income received in advance	69,226	6,365
Prepaid membership fees	55	60
Residents' monies	500	200
	<u>69,781</u>	<u>6,625</u>
 Note 16 CAPITAL RESERVES		
Capital Reserves	369,770	369,770
Other Reserves	394,822	394,822
	<u>764,592</u>	<u>764,592</u>
 Note 17 ASSETS REVALUATION RESERVE		
Movement in Market Value	3,336,287	3,336,287
	<u>3,336,287</u>	<u>3,336,287</u>
 Note 18 RETAINED EARNINGS		
Retained Earnings	3,772,482	421,129
Current Year Earnings	484,115	3,351,353
	<u>4,256,597</u>	<u>3,772,482</u>
 Note 19 KEY MANAGEMENT PERSONNEL COMPENSATION		
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	480,000	400,000
	<u>480,000</u>	<u>400,000</u>

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.
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Notes to the Financial Statements

For the year ended 30 June 2013

Note 20 REMUNERATION OF AUDITORS

Amounts received, or due and receivable, by the auditors of this facility for the following:

Audit services	10,000	9,000
	<u>10,000</u>	<u>9,300</u>

Note 21 RELATED PARTIES

Directors

The names of persons who were directors of the Company at 30 June 2013 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 22 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 2013 the number of members was 150 (2012, 156).

Note 23 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 24 CONTINGENT LIABILITIES

The facility is unaware of any other contingent liabilities not recognized elsewhere in these accounts.

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.
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Notes to the Financial Statements

For the year ended 30 June 2013

	2013 \$	2012 \$
Note 25 RECONCILIATION OF (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES		
Net profit	484,115	15,066
Items not involving cash		
Depreciation	538,188	407,939
	<u>538,188</u>	<u>407,939</u>
Change in operating assets and liabilities		
Decrease (Increase) in resident fees receivable	638,366	(1,050,400)
Decrease (Increase) in accrued income	11,411	(33,448)
Decrease (Increase) in other debtors	(72,935)	124,090
Decrease (Increase) in other assets	(70)	(28,894)
Increase (Decrease) in creditors	64,264	100,164
Increase (Decrease) in other creditors	170,060	18,107
Increase (Decrease) in provisions	11,649	92,577
	<u>822,745</u>	<u>(777,806)</u>
Net cash inflow (outflow) from operating activities	<u>1,845,048</u>	<u>(354,801)</u>

Note 26 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.

Note 27 RESERVES

Capital Reserves

The capital reserve exists to provide funding for future planned significant capital works projects.

Asset Revaluation Reserve

The Asset revaluation reserve records the revaluations of non-current assets.

Ukrainian Elderly People's Home Ltd trading as Kalyna Care.
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Notes to the Financial Statements

For the year ended 30 June 2013

	<i>Notes</i>	2013 \$	2012 \$
Note 28 Financial Risk Management			
<p>The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.</p> <p>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:</p>			
Financial assets			
Cash and cash equivalents	5	545,348	331,708
Trade and other receivables	6	563,869	1,140,711
Financial assets- held to maturity investments	8	3,221,622	3,673,028
Other Assets	9	54,890	54,820
Total financial assets		4,385,729	5,200,267
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	12	421,319	250,151
Borrowings	13	14,129,820	16,047,980
Other	15	69,781	6,625
Total financial liabilities		14,620,920	16,304,756

Net Fair Values

Fair values of held-to-maturity investments are based on quoted market prices at the ending of the reporting period.

Note 29 SEGMENT REPORTING

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

UKRAINIAN ELDERLY PEOPLE'S HOME LTD TRADING AS KALYNA CARE

ACN 006 305 844

DIRECTORS' DECLARATION


30 JUNE 2013

The directors of the company declare that:

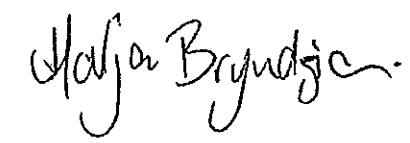
1. The financial statements and notes, as set out on pages 23 to 49 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2013 and of the performance 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.



Andrew Matiszak (Director & Chairman)
29th day of August 2013



Halja Bryndzia (Director)
29th day of August 2013

Independent Auditor's Report to the Members of Ukrainian Elderly People's Home Ltd trading as Kalyna Care.

Report on the financial report

We 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 2013, 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of Australian Accounting Standards and the needs of the members.

The directors' responsibility also includes 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. Those 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 judgement, 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 entity's preparation of the financial report that gives a true and fair view 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 of 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 2013 and of its performance for the year ended on that date; and
- II. complying with Australian Accounting Standards to the extent described in Note 1 and the Corporations Regulations 2001.

CROWE HORWATH MELBOURNE



RYAN LEEMON
Partner

Melbourne, Victoria

Date: 29th day of August 2013