

2018 Annual Report



Financial Report

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30 June 2018 \$	30 June 2017 \$
CURRENT ASSETS		
Cash and Cash Equivalents	320,567	3,116,049
Trade and Other Receivables	2,232,631	2,042,643
Inventories	77,773	79,297
Total Current Assets	2,630,971	5,237,989
NON-CURRENT ASSETS		
Trade and Other Receivables	48,892	48,103
Available-for-Sale Investments		
Debentures	816,588	2,086,902
Shares in Listed Companies	11,879,243	12,086,600
Property, Plant and Equipment	10,323,296	10,745,021
Intangible Assets	171,019	24,951
Total Non-Current Assets	23,239,038	24,991,577
TOTAL ASSETS	25,870,009	30,229,566
CURRENT LIABILITIES		
Trade and Other Payables	2,457,008	2,212,016
Deferred Income	1,568,715	2,285,541
Employee Benefits	2,390,605	2,524,933
Total Current Liabilities	6,416,328	7,022,490
NON-CURRENT LIABILITIES		
Deferred Income		3,305,757
Employee Benefits	329,633	284,393
Total Non-Current Liabilities	329,633	3,590,150
TOTAL LIABILITIES	6,745,961	10,612,640
NET ASSETS	19,124,048	19,616,926
EQUITY		
Contributed Equity	23,521,193	23,521,193
Accumulated Losses	(8,182,257)	(6,933,941)
Reserves	3,785,112	3,029,674
TOTAL EQUITY	19,124,048	19,616,926

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	30 June 2018 \$	30 June 2017 \$
INCOME		
Government Funding	11,734,302	10,422,827
Grant Income	1,116,273	760,641
Revenue from Sale of Goods	563,653	1,269,001
Revenue from Rendering of Services	15,822,589	12,119,927
Revenue from Bequests and Donations	1,355,623	1,992,468
Other Income	1,892,390	1,748,544
Total Income	32,484,830	28,313,408
EXPENSES		
Employee Expenses	27,539,207	25,495,206
Client Expenses	550,950	1,163,055
Facilities, IT and Maintenance	2,797,387	2,433,372
Depreciation and Amortisation Expense	1,096,730	884,712
Cost of Sales	338,488	386,846
Motor Vehicle Expenses	502,490	363,428
Impairment of Goodwill	-	595,771
Other Expenses	1,997,377	2,119,542
Total Expenses	34,822,629	33,441,932
Loss from Operating Activities	(2,337,799)	(5,128,524)
Finance Income	1,089,483	1,263,563
Finance Costs	-	(99,141)
Net Finance Income	1,089,483	1,164,422
Loss Before Tax for the Year	(1,248,316)	(3,964,102)
Tax Expense	-	-
LOSS FOR THE YEAR	(1,248,316)	(3,964,102)
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Available-for-Sale Investments reclassified to Profit or Loss	(157,550)	(125,496)
Available-for-Sale Investments – Net Change in Fair Value	912,988	1,247,669
Total Other Comprehensive (Loss) for the Year, Net of Tax	755,438	1,122,173
TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR	(492,878)	(2,841,929)

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SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Fair Value Reserve	Accumulated Losses	Contributed Equity	Total Equity
	\$	\$	\$	\$
Balance as at 1 July 2016	1,907,501	(2,969,839)	23,521,193	22,458,855
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				
Loss for the Year	-	(3,964,102)	-	(3,964,102)
Total Other Comprehensive Income	1,122,173	-	-	1,122,173
Total Comprehensive Loss for the Year	1,122,173	(3,964,102)	-	(2,841,929)
Balance at 30 June 2017	3,029,674	(6,933,941)	23,521,193	19,616,926
Balance at 1 July 2017	3,029,674	(6,933,941)	23,521,193	19,616,926
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				
Loss for the Year	-	(1,248,316)	-	(1,248,316)
Total Other Comprehensive Income	755,438	-	-	755,438
Total Comprehensive Loss for the Year	755,438	(1,248,316)		(492,878)
Balance at 30 June 2018	3,785,112	(8,182,257)	23,521,193	19,124,048

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS	30 June 2018 \$	30 June 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts in the Course of Operations	31,008,033	29,608,017
Cash Payments in the Course of Operations	(36,280,739)	(33,417,340)
Net Cash used in Operating Activities	(5,272,706)	(3,809,323)
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Dividends Received	1,000,885	995,104
Interest Received	8,369	171,131
Payments for Investments	(413,267)	(753,179)
Proceeds from Sale of Investments	2,726,605	654,371
Net Cash provided by Investments	3,322,592	1,067,427
Acquisition of Property, Plant and Equipment and Intangibles	(852,210)	(1,850,968)
Proceeds from Sale of Property, Plant and Equipment	6,839	458,598
Net Cash from Investing Activities	2,477,221	(324,943)
Net Decrease in Cash and Cash Equivalents	(2,795,485)	(4,134,266)
Cash and Cash Equivalents at 1 July	3,116,049	7,250,315
Cash and Cash Equivalents at 30 June	320,567	3,116,049

Financial Summary

Notes to the Summary Consolidated Financial Statements

Statement of Significant Accounting Policies

Novita Children's Services (the Company) is a company domiciled in Australia. The address of the Company's registered office is 171 Days Road, Regency Park, South Australia. The summary consolidated financial statements comprise the Company and its controlled entities, collectively the 'Group' and individually 'Group entities', and are as at and for the year ended 30 June 2018.

The principal activities of the Group are the provision of child development, rehabilitation and disability services to children and young people. The Group is a not-for-profit entity for the purpose of preparing the financial statements.

The summary financial report is prepared on an historical cost basis except for available for sale investments which are measured at fair value.

A full description of the accounting policies adopted by the Group is provided in the Group's full consolidated financial report. These accounting policies have been consistently applied by each entity in the Group and are consistent with those of the previous year.

These summary consolidated financial statements were authorised for issue by the Board of Directors on 25 October 2018.

Summary Consolidated Financial Report 2017-18 for the Year Ended 30 June 2018

Statement by the Board

The summary consolidated financial statements and other specific disclosures are a summary of and have been derived from Novita Children's Services' full consolidated financial report for the financial year. Other information included in the summary consolidated financial report is consistent with the Group's full consolidated financial report.

Novita recorded a loss of \$1,248,316. This is a decrease on the previous financial year loss of \$3,964,102. The loss is largely attributable to the ongoing transition of therapy services to NDIS funded clients.

The summary consolidated financial report does not, and cannot be expected to, provide as full an understanding of the financial performance and position, financing and investing activities of Novita, as the full consolidated financial report.

A copy of Novita's Annual Financial Report, including the Independent Audit Report, is available to all members, and will be sent to members without charge upon request.

Discussion and analysis of the Consolidated Statement of Comprehensive Income

Total income for the period was \$32.5M an increase of \$4.17M (14.7%) on the previous year, being primarily due to an increase in operating revenue from NDIS funded services and the one-off recognition of deferred grant funding.

Total expenditure for the period was \$34.8M, an increase of \$1.38M (4.1%) on the previous year, with \$27.5M (79.0%) being for employee expenses.

Discussion and analysis of the Consolidated Statement of Changes in Equity

Net assets have decreased by \$492.8K to \$19.1M principally due to a reduction in cash reserves and the recognition of deferred grant funding.



Discussion and analysis of the Consolidated Statement of Financial Position

As at 30 June 2018 Novita holds investments of \$12.7M from which it derives income to help fund its operating costs for the year. The value of investments decreased during the year by \$1.47M, compared to 1 July 2017. The decrease was due principally to the sale of debentures.

Discussion and analysis of the Consolidated Statement of Cash Flows

The organisation had total cash outflows of \$2.8M from operating and investment activities during the 2017-18 financial year. This negative flow was utilised for the purchase of capital equipment, replacement of fleet vehicles, and property improvements. Cash holdings at 30 June 2018 were \$320.6K

Dated at Adelaide this 25th day of October 2018.
Signed in accordance with a resolution of the Board of Directors.

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BOARD DIRECTOR

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BOARD DIRECTOR



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the Directors of Novita Children's Services

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2018 there have been:

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

KPMG

Darren Ball
Partner

Adelaide
25 October 2018



Independent Auditor's Report

To the members of Novita Children's Services

Report on the Summary Financial Report

Opinion

We report on the the **Summary Financial Report** of Novita Children's Services (the **Consolidated Entity**) as at and for the year ended 30 June 2018. The Summary Financial Report is derived from the audited financial report of Novita Children's Services as at and for the year ended 30 June 2018 (the Audited Financial Report).

In our opinion, the accompanying Summary Financial Report is consistent, in all material respects, with the Audited Financial Report, in accordance with the basis of preparation described in Note 1 to the Summary Financial Report.

The **Summary Financial Report** comprises:

- Summary consolidated statement of financial position as at 30 June 2018;
- Summary consolidated statement of profit or loss and other comprehensive income, Summary consolidated statement of cash flows, and Summary consolidated statement of changes in equity for the year ended 30 June 2018; and
- Related notes.

The **Consolidated Entity** consists of Novita Children's Services (the Company) and the entities it controlled at the year end or from time to time during the financial year.

Scope of the Summary Financial report

The Consolidated Summary Financial report does not contain all the disclosures required by the Australian Accounting Standards applied in the preparation of the Audited Financial Report. Reading the Summary Financial Report and the auditor's report thereon, therefore, is not a substitute for reading the Audited Financial Report and the auditor's report thereon.

The Audited Financial Report and auditor's report thereon

We expressed an unmodified audit opinion on the Audited Financial report in our auditor's report dated 25 October 2018.

Other information

Other Information is financial and non-financial information in Novita Children's Services Financial Report, which is provided in addition to the Summary Financial Report and the Auditor's Report. The Directors are responsible for the other information.

Our opinion on the Summary Financial Report does not cover the Other Information and, accordingly, we do not express and audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Summary Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Summary Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.



Responsibilities of the Directors for the Summary Financial Report

The Directors are responsible for the preparation of the Summary Financial Report in accordance with the basis of preparation described in Note 1 to the Summary Financial Report, including their derivation from the Audited Financial Report of the Company and the Consolidated Entity as at and for the year ended 30 June 2018.

Auditor's responsibilities for the Summary Financial Report

Our responsibility is to express an opinion on whether the Consolidated Summary Financial Report is consistent, in all material aspects, with the Audited Financial Report based on our procedures, which were conducted in accordance with *Australian Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements*.

KPMG

Darren Ball
Partner

Adelaide
25 October 2018

