

ORANA GARDENS LTD

“Caring For You”



2018

ANNUAL REPORT

Facilities

Orana Gardens

Corner of Windsor Parade and Coronation Drive
DUBBO NSW 2830
125 place aged care facility including:
35 bed dementia specific unit
Respite available

Orana Gardens Estate

Windsor Parade, Royal Parade, Charles Crescent and
Coronation Drive
DUBBO NSW 2830
148 independent living units including:
140 x 2 bedroom units
8 x 1 bedroom units

Bellhaven

Warruga Place
WELLINGTON NSW 2820
46 bed facility
Respite available

Orana Gardens Country Club

Corner of Charles Crescent and Coronation Drive
DUBBO NSW 2830
Fully equipped recreational centre for residents
including:

- Indoor heated swimming pool and spa
- Bowling green
- Snooker table
- Dance floor
- BBQ area

For more information:

www.oranagardens.com.au or
Phone 02 6841 4155



Mission, Vision & Values

MISSION

To work with clients, residents, staff members, families and the community to provide lifestyle care options that are of the highest quality and respects individuals' rights by upholding the values of Orana Gardens Ltd.

VISION

"Caring For You"

VALUES

To realise the Mission all Directors, Officers, Employees and Agents of Orana Gardens Ltd will act in a manner to achieve the following:

- Accountability**
We recognise our responsibility to comply with relevant legislation, regulations, codes and guidelines. We will take responsibility for our decisions and actions.
- Client Focus**
Our clients are valued and treated with dignity, respect and understanding and are encouraged to exercise their independence.
- Continuous Improvement**
We are committed to improve the effectiveness, efficiency, accuracy and reliability of the services which we offer.
- Integrity**
We are committed to dealing with our clients in an ethical, honest and trustworthy manner.
- Mutual Respect**
We value all stakeholders and relate to them with integrity and openness and are responsive to the needs of the local communities in which we operate.
- Quality Service**
Our staff are valued and through integrity, empathy and compassion contribute to the quality of life of the clients which we care for.

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Chairman's Report



The Board of Orana Gardens is responsible for the Governance of the Organisation with the daily operations being ably carried out by our Chief Executive Officer and her team. The Board holds monthly meetings between which the Chairman is in regular contact with the CEO. In the world today, we all live in a time of change and Orana Gardens is no exception. As a Board and Management Team we are constantly looking for improvements that can be made to our facilities that will enhance the living experience of all our residents. During 2018 we have continued our refurbishment program, begun the construction of a roof over the courtyard in the Special Care Unit, commenced work on the relocation of the kitchen which includes installation of new modern equipment and researched alternative uses for the bowling green area.

In addition to these major projects we had for some time, concerns about the future of our Aged Care Facility, Bellhaven in Wellington, which has had a declining occupancy rate for some time. In October 2018 the facility was closed and the bed licences sold. At the end of our financial year the 31st December 2018 we are obliged, under Accounting Standards, to write down the value of our Wellington Assets because they are no longer used to provide Aged Care Services, which has resulted in a substantial loss being recorded against which we have recorded the sale of the Bellhaven bed licences, the proceeds of which was received in January 2019. The recording of the sale of the bed licences before actually being received is a departure from Accounting Standards but was considered to be prudent so as to record these major transactions in the one year. At the time of writing this report no final decision has been made for the future of the Bellhaven property but options are being explored with various government departments and other organisations to see if there are other uses for it that will benefit the community.

During the year our Chief Financial Officer left us after some four years and our Chief Executive, Ms Kristine Saywaker notified us of her desire to retire by the end of February 2019 after being in this role for over six years. Both of these people have served us extremely well and the Board is indebted to them for their dedication and commitment to our organisation and wished them both well for their future. The Board acknowledged that they are leaving us in a far better shape than we were in when they both began working for us. We were able to welcome our new CFO Mr Roy Soaika in the latter part of 2018 and our new CEO, Mr Andrew Wind who commenced with us in February 2019, both of whom we look forward to working with.

Towards the end of 2018 the Federal Government announced that a Royal Commission is to be established into Aged Care which brought with it additional reporting requirements. The Board and Management have already, and will continue to respond to all requests from the Royal Commission as it works towards improving the provision of all Aged Care Services for the betterment of those who seek to avail themselves of such services.

Chairman's Report



On behalf of the Board I would like to thank the entire Executive and Management Team as well as ALL our staff for the way in which you have all strived to provide high quality care to all our residents particularly in a year of so many changes within our Organisation.

Our Board has had seven members during the year, who came to the Board with broad experience in businesses and professions, all with a passion to ensure that Orana Gardens continues to offer attractive facilities and care for those who chose to be our residents. My thanks go to our Vice Chairmen, Mr Tony Kelly and Dr David Schuster, our Treasurer, Mr Douglas Butcherine and our other members Mrs Ruth O'Brien, Mr Bill Greenwood and Mr John Dixon for their support and commitment to the Board. February 2019 will see the retirement of Mr Tony Kelly, from the Board after serving for some 13 years. On behalf of The Board we wish to thank Tony for his contribution to our organisation over these years and wish him good health and happiness in his retirement.

2018 was yet another year of change for us but change is what we must have as someone once said "to mark time is actually to go backwards". Whether it be increased competition, Royal Commissions or legislative changes it is our responsibility to address them all and to seek to serve our current and future residents whose loved ones have entrusted them to our care. Together with our new CEO and CFO the Board is committed to endeavouring to offer a facility that is affordable together with a high quality of care.

Bruce Henderson
Board Chairman

Board Members

CHAIRMAN



Mr Bruce Henderson
Director since 2014
Occupation: Financial Advisor
Chairman since April 2015

VICE CHAIRMAN



Mr Tony Kelly
Director since 2007
Occupation: Retired

VICE CHAIRMAN



Dr David E B Schuster
Director since 2005
Occupation: Grazier

TREASURER



Mr Doug Butcherine
Director since 2013
Occupation: Retired

ASSIST. TREASURER



Mr Bill Greenwood
Director since 2010
Occupation: Retired

DIRECTOR



Mrs Ruth O'Brien
Director since 2013
Occupation: Retired

DIRECTOR



Mr John Dixon
Director since 2015
Occupation: Retired



Chief Executive Officer's Report

In October 2018 I announced my retirement. I joined Orana Gardens Ltd in 2012 and with the support of the Board of Directors commenced an organisational review. Organisational change can be a difficult platform to work from however the Board was committed and resolute and by the end of 2013 the new organisational structure was completed and operational.

Over the next three years each business unit was reviewed and decisions taken in relation to performance and sustainability. Judgments were made about sections of the organisation based on performance and relevance and some business units were sold or contracts ceased. A business framework was introduced and commercial policies reviewed and adjusted. It took time to bed down the changes however eventually the new systems began to run efficiently.

I would like to take this opportunity to thank Mr Bruce Henderson Chairman of the Board and all the Directors past and present for their support over the past six and half years. The Boards leadership, guidance and support have been crucial during some of the challenges faced by the organisation. It has been a pleasure and an honour to have held the role of Chief Executive Officer of Orana Gardens Ltd.

The refurbishment program for Orana Gardens Ltd commenced in 2016 and is nearing completion. Projects completed in 2018 include garden renewal and upgrade, internal painting of Orana Gardens, installation of door protectors, ten rooms have been refurbished and more occasional furniture purchased. The internal courtyard of the special care unit and the kitchen upgrade at Orana Gardens are scheduled for completion in early 2019.

On 15 August 2018 all residents and their relatives were invited to attend a meeting to discuss the future of Bellhaven Aged Care Facility in Wellington. At this meeting it was announced after much consideration and deliberation Orana Gardens Ltd had decided to close Bellhaven. The closure was due to the declining number of residents and the ever-increasing costs rendering smaller facilities such as Bellhaven unviable. We worked with other aged care services in the area and all residents were relocated to a facility of their choice. On 2 October 2018 Bellhaven closed and operations ceased.

In July 2018 the Commonwealth announced the merging of the Australian Aged Care Quality Agency with the Complaints Commission to form the new Aged Care Quality and Safety Commission. The new commission commenced on 1 January 2019. The Commonwealth also announced the introduction of new quality standards for aged care providers. The new standards will become effective from 1 July 2019. There are eight quality standards covering but not limited to; Care planning for residents, human resources, feedback and complaints and organizational governance. All of the new standards place the consumer at the centre of the outcomes. There are seven concepts underpinning all eight standards and they are: Dignity and respect, identity, culture and diversity, cultural safety, choice, dignity of risk, information and personal privacy.



Chief Executive Officer's Report

Cont.

Aged care services faced some very challenging headlines in 2018 ahead of the announcement of a Royal Commission into Aged Care Quality and Safety on 8 October 2018. The Commission will be required to have their interim report available by October 2019 and the final report by April 2020.

2018 also saw the introduction of a voluntary Code of Conduct for retirement village operators incorporating an open and transparent approach to complaint management and clear, easy to understand contracts. These new standards are consistent with our current practices and we look forward to further opportunities for improvement.

Mrs Caroline May joined us in May 2018 to take up the role of Customer Liaison Coordinator. Since then Caroline has been active in the community promoting the organisation, updating our website and assisting residents to settle into their new home. Thank you for your enthusiasm and commitment.

I would also like to thank Mrs Rebecca McDonald Facility Manager at Orana Gardens for her continued commitment and dedication throughout the year. Thank you also to Mrs Rachel Chifamba Clinical Nurse and Miss Sandrae Arida Clinical Nurse who have so capably overseen and assisted in providing quality clinical care to residents at the home. Thank you for your participation and contribution to a highly effective team.

Mrs Sue Trudgett has had another good year managing the Estate while overseeing customer service, refurbishments and changes. Sue's experience in the sector continues to assist the organisation to remain commercially competitive and relevant to the needs of the local and regional community. Sue is a highly valued team member and her contribution is appreciated.

Thank you to the Orana Gardens Estate Forum Committee and Mrs Elaine Drummond (Chairperson) Miss Fran Kelly (Secretary), and Margaret Carolan (Treasurer) for their contribution to the Village in 2018.

I would also like to welcome Roy Soaika to the role of Chief Financial Officer and to thank Anton Clark for his past contribution in 2018. Thank you to Ms Jennifer Ferguson Executive Assistant to the CEO for her support to the Board of Directors, the CEO and Managers of the Association. The contribution in 2018 from the maintenance team led by Mr Ray Hewitt has again been excellent. Maintenance staff are an integral part of our team and their ongoing commitment and flexibility is greatly appreciated. Thank you.

Kristine Saywaker
Chief Executive Officer



Chief Financial Officer's Report

Orana Gardens Ltd had a busy year, particularly with the closure of Bellhaven, which also impacted the financial performance of the organisation for the year.

The Board took the decision in August 2018 to close Bellhaven. Significant efforts were made to increase and maintain occupancy levels at the facility. However the number of residents at the facility could not be increased or sustained. The closure of Bellhaven in October 2018 resulted in an asset impairment of \$3.2 million for the land, buildings, furniture and fittings which are required under our Accounting Standards. This was offset by the proceeds on sale of bed licences at \$3.3 million (net). The recording of the sale of bed licences in December 2018 was a departure from the Accounting Standards. Although the sale deed was signed in December, the cash was received in January 2019, hence it should have been recorded in 2019. The Board felt that it was prudent to record all the major transactions pertaining to the closure of Bellhaven in the same year and accepted that such treatment would cause the Auditors to qualify their report in this regard.

Both Orana Gardens Aged Care Facility and Orana Gardens Estate made good financial contributions during the year. Orana Gardens Aged Care Facility's profit was well above budget, however lower than the previous year by about 20%. Main contributing factor to the 2018 result was the closure of Bellhaven, because administration costs of Bellhaven were covered by Orana Gardens Facility and Orana Gardens Estate for the last quarter of the financial year. Orana Gardens Estate's profit is in line with budget and prior year with a 2% variance.

The new kitchen project is estimated to be completed by May 2019 and will result in efficiencies in the catering service moving forward. The organisation spent over \$1.3m in 2016, \$1.1m in 2017 and \$1.6m in 2018 with a further \$1.7m planned for 2019 on various capital projects, equipment and refurbishments.

The Significant Refurbishment program is well underway at the Orana Gardens Aged Care Facility and all planned projects are expected to be completed in 2019. The improvements will impact the residential care experience of our existing and future residents as well as improving the subsidy levels once completed. Ongoing full internal quality refurbishments of all vacated independent living units continues to receive priority attention ensuring we stay in step with the times and continue to maintain the market attractiveness of Orana Gardens Estate.

Business unit managers continue to focus their responsibilities in ensuring excellent high quality service to our residents and deliver sound financial results.

Together we stay focused on the ever changing challenges and opportunities on the path ahead. We remain committed to the welfare and happiness of every resident and are grateful and mindful of the dedication of the directors who remain committed to providing the excellent service and facilities of Orana Gardens Ltd.

Roy Soaika
Chief Financial Officer



Orana Gardens Estate Manager's Report

Orana Gardens Estate has 148 independent living units (140 two bedroom units and eight one bedroom units). In 2018, 188 residents were in occupancy, 15 units were sold and we welcomed 20 new residents. The Organisation has a healthy waitlist for entry to Orana Gardens Estate and we continue to get regular enquiries from prospective residents who are interested in the Estate.

All units sold in 2018 had major refurbishments completed. New white goods, light fittings and smoke detectors were installed to these units. Ongoing repairs, replacement of white goods and upgrades to occupied units continued throughout 2018.

Numerous functions were held at the Country Club during 2018, all events arranged by the Social Committee members. Functions held in 2018 were; Australia Day and damper competition, St Patrick's Day, Trash and Treasure Day, Mother's Day, Father's Day, Christmas in July luncheon, Spring Fair, Music evening, Melbourne Cup high tea, and the Resident's Christmas luncheon. Entertainment was provided by various local artists and "Our Village People". The Organisation's kitchen staff prepared and served the meals for the luncheons and the Social Committee catered for the rest of the functions.

The Resident's Social Committee held another successful Spring Fair. The Committee members and residents served a lovely afternoon tea for their guests. Funds raised at this event will be used to purchase various items and fund major functions for the residents. The Social Committee meets monthly to discuss events and purchases for the benefit of all residents at Orana Gardens Estate.

A number of residents volunteered in December 2018 to wrap Christmas gifts at Orana Mall for a gold coin donation. All wrapping supplies are provided and organised by the Orana Mall Centre Manager. As in past years this was another successful fund raising event for the residents in Orana Gardens Estate and was enjoyed by all who participated.

Regular activities for residents include; swimming, birthday BBQ and bingo, knit and natter, cards, monthly movie afternoon, painting group at the Round house, happy hour Friday evenings, weekly shopping to the Orana Mall, recharge exercise class, water aerobic classes, chair yoga, monthly ballroom dancing and monthly fish and chip luncheon at the Country Club. Residents are attending these activities in increasing numbers and are enjoyable for all who participate.

The Round House offers a great Library and has a wide range of books for all residents to borrow. This facility is also used for the painting and card groups on a regular basis. The residents hold various functions in the Round House to celebrate with family, friends and fellow residents.

In mid 2018 the Organisation upgraded the bus for the residents in the Estate and Residential Care to transport them to Orana Mall for weekly shopping and various other outings.



Orana Gardens Estate Manager's Report Cont.

The 2018 Social Committee organised bus trips and a volunteer bus driver to go to the Peak Hill Dish and Parkes for lunch, the Gilgandra Art Gallery then to Gulargambone for lunch, Trangie for a shopping spree and a trip to Albert for lunch at the famous Rabbit Trap Hotel and the Milthorpe Market Day. The bus trips were enjoyed by all who attended.

Residents continue to use the heated pool and spa, Round house, Country Club and BBQ area to entertain family and friends.

In 2018 the external painting was completed throughout the Estate.

The Estate grounds are an ongoing project the grounds and gardens continue to be maintained to a high standard. The Irrigation Contractor continues to maintain the irrigation system attending to all faults and required repairs.

In 2018 quotes from various Contractors have been sourced to upgrade the entertaining area at the Country Club, a make over to the bowling green and upgrade to the pool area and amenities. These upgrades have been approved to commence in 2019. These improvements will make these facilities welcoming and comfortable for the Estate residents to enjoy.

Thank you to the 2018 Orana Gardens Estate Executive Committee. Mrs Elaine Drummond (Chairperson), Ms Fran Kelly (Secretary) and Mrs Margaret Carolan (Treasurer). Management looks forward to working with your newly elected Committee in 2019.

Our Chief Executive Officer Ms Kristine Saywaker announced her retirement in October 2018. Kristine has been a great mentor and advisor. I will miss her leadership, direction and presence at Orana Gardens and wish her all the best for a happy retirement.

Mr Andrew Wind has been appointed Chief Executive Officer at Orana Gardens and I look forward to working with Andrew, the management team and all the staff in 2019.

I would like to thank our maintenance team for attending to repairs and maintenance requests in the Estate units and the gardening team for the upkeep of the grounds and gardens throughout the Estate.

Thank you to all staff, management and residents for their continued support and co-operation during 2018.

Sue Trudgett
Estate Manager



Orana Gardens Facility Manager Report

Orana Gardens provides residential aged care and respite services to 125 people. The home has 50 places in John Whittle House, 40 places in the Lodge and 35 places in the Special Care Unit.

The continued support and commitment of the Management team to the Vision, Mission and Values of Orana Gardens Ltd is vital in achieving the strategic goals and through a dedicated team of staff we continually strive to promote and achieve optimum levels of care and a safe and comfortable environment for all.

Orana Gardens remains accredited until September 2020. Many changes are occurring with the announcement of the new Aged Care Quality and Safety Commission and new Accreditation Standards due to come into full effect as of 1 July 2019. We have commenced preparing necessary changes to ensure we comply with the new Standards.

Mrs Rachel Chifamba and Ms Sandrae Arida our Clinical Registered Nurses continue in their role of managing and supporting quality clinical care at the home. Support Services continues to be effectively managed by Mrs Cherie Higgs. I thank them for their dedication and ongoing support.

Thank you to Mr Ray Hewett, Mr Michael Kelly and Mr Troy Driver in the Maintenance Department for their hard work in maintaining the facilities and equipment at Orana Gardens.

We welcomed Mrs Caroline May into the role of Customer Liaison Coordinator in 2018. Caroline has done a wonderful job in her new role.

Orana Gardens has many long standing volunteers whose generosity of their time each week to our residents is so very much appreciated.

Allied health services have continued with speech pathology, dietician, physiotherapy and podiatrist. Doctors, mental health and palliative care teams have remained supportive and proactive in the care for the residents.

Orana Gardens has continued with upgrades and major refurbishments as part of our Continuous Quality Improvement program. The program commenced in 2016 and will continue through 2019 seeing internal living areas being upgraded, new outdoor roof in the Special Care Unit, finalisation of plans for a new kitchen in John Whittle House, new air conditioners to rooms and common areas.

I would like to take this opportunity to thank all the staff for their dedication and hard work, residents, volunteers, families, The Board of Directors, Ms Kristine Saywaker CEO and the Management Team for their ongoing dedication and support.

Rebecca McDonald
Orana Gardens Facility Manager



Customer Liaison Coordinator's Report

2018 was a year of many transitions and enrichment of the lives of our residents. Erin Walsh, the former Customer Liaison Coordinator, transitioned out of the role in early June of 2018 and I began my training period in early May of 2018. It was lovely getting to know Erin and learn about The Australian Aged Care System. My background and experience in aged care in the United States definitely facilitated the transition. An enormous focus on community relations has been the highlight of 2018 and biggest addition to Orana Gardens' portfolio. That is exactly where I began my efforts.

During my first week at Orana Gardens, I organised a meeting with The Dubbo Chamber of Commerce to begin planning how to actively engage Orana Gardens in the Dubbo business sector. Orana Gardens has been represented at the monthly Chamber Business Breakfasts and several other community events such as Race Day and The Rhino Awards. We were pleasantly surprised when our receptionist, Lara was one of the finalists in the People's Choice section of the Rhino Awards. Lara was nominated in the category of "Service with a Smile."

Along with these efforts, I started scheduling community visits in order to maintain and strengthen our relationship with the social workers and head nurses from Lourdes Hospital, Dubbo Base Hospital, Dubbo Private Hospitals and Wellington Base Hospital as key referral sources. I also began introducing myself to respite services, community groups, volunteers and schools and other agencies. In addition, new relationships were built with health professionals from the neighbouring towns of Nyngan, Warren, Trangie and Narromine. They are now new partners and referral sources.

Our media presence also needed upgrades and consistency. We hired Phil Cranny, the videographer from Razzle Dazzle who assisted us in producing our TV commercials. The approved proposal included air time in 3 stations: Prime 7 Orange, 7 Mate Orange and 7 Two Orange. The commercials were played around sunrise and evening news services from the beginning of August through December. I am pleased to share with you that we have since accepted a new proposal that will allow us to have continual exposure year around. Our Facebook Page has also shown great performance as we reached 5,000 plus views from our posts!

At Orana Gardens, we understand, we will never be able to compare to a person's home. However, we strive to provide the closest and safest home environment possible. This year, many projects, refurbishments and new features were added to the facility. Two popular additions were the coffee & tea stations at John Whittle House & Lodge area. We also completed the installation of nature murals in the Special Care Unit. The murals are beautiful and they have been a great improvement to the area, making it a livelier and brighter environment for residents.

In 2018, the Board Directors of Orana Gardens Ltd announced the closure of Bellhaven Residential Aged Care, facility in Wellington. I was able to work with each resident and family and assist them to relocate to other aged care communities.

I would like to take the opportunity to express my sincere appreciation to Ms Kristine Saywaker, CEO and The Board of Directors, management, staff and Dubbo community for an excellent 2018!

Caroline May
Customer Liaison Coordinator

Orana Gardens Ltd

ACN 081 776 687

Financial Statements

For the Year Ended 31 December 2018

Orana Gardens Ltd

ACN 081 776 687

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For the Year Ended 31 December 2018

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Independent Auditor's Report to the members of Orana Gardens Ltd

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of Orana Gardens Ltd (the company), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report presents fairly, in all material respects, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Qualified Opinion

We refer to Notes 3(b) and 4(b) which describe a material departure from Australian Accounting Standards with respect of the recognition of the \$3,290,043 gain on disposal of intangible assets during the year ended 31 December 2018. Under AASB 138 Intangible Assets, this gain should be recognised in the 2019 financial year, upon settlement of the contract and transfer of the title of the assets to the buyer. As a result, our auditor's report has been qualified with respect of this transaction and the other receivables balance of \$3,363,750 as at 31 December 2018.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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Cooma Dubbo Goulburn Moree Wagga Wagga



Other Information

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 31 December 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance

The directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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Knowledge. Insight. Experience.

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Caroline Wilcher
 Director
 Boyce Assurance Services Pty Ltd
 ASIC Auditor Number: 388183

Dubbo

Dated 15 April 2019

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Knowledge. Insight. Experience.

Orana Gardens Ltd

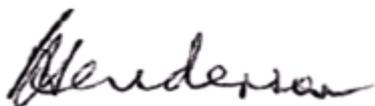
ACN 081 776 687

Directors' Declaration

The directors declare that in their opinion:

- there are reasonable grounds to believe that the company is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

A handwritten signature in black ink, appearing to read 'B Henderson', written in a cursive style.

Mr Bruce Henderson
Chairman

Dated 15 April 2019

Orana Gardens Ltd

ACN 081 776 687

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2018

	Note	2018 \$	2017 \$
Revenue	4(a)	14,799,365	15,233,090
Other income	4(b)	3,935,255	615,978
Total revenue and other income		18,734,620	15,849,068
Agent staff		(149,464)	(228,753)
Capital gains paid to residents		(139,000)	(392,870)
Cleaning		(89,691)	(88,647)
Consultancy fees		(169,002)	(141,231)
Depreciation and impairments	5	(4,534,362)	(1,124,732)
Employee benefits expense		(10,265,648)	(9,926,807)
Electricity and gas		(250,986)	(268,344)
IT expenses		(194,770)	(199,155)
Provisions for residents		(676,266)	(811,236)
Rates and charges		(276,023)	(251,652)
Repairs and maintenance		(437,918)	(712,516)
Resident care and aids		(548,987)	(645,857)
Workers compensation insurance		(238,617)	(263,530)
Other expenses		(585,249)	(587,058)
Total expenses		(18,555,984)	(15,642,388)
Surplus / (deficit) for the year		178,636	206,680
Other comprehensive income			
Revaluation of land	11(a)	-	1,409,300
Movement in liability to pay 50% of estate capital growth to exiting residents		138,948	123,932
Total comprehensive income for the year		317,584	1,739,912

Orana Gardens Ltd

ACN 081 776 687

Statement of Financial Position 31 December 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	2,340,081	4,079,074
Trade and other receivables	7	3,600,212	349,893
Financial assets	8	17,737,180	17,185,053
Non-current assets held for sale	9	650,000	-
Other assets	10	132,903	171,649
TOTAL CURRENT ASSETS		24,460,376	21,785,669
NON-CURRENT ASSETS			
Property, plant and equipment	11	21,670,970	25,207,503
TOTAL NON-CURRENT ASSETS		21,670,970	25,207,503
TOTAL ASSETS		46,131,346	46,993,172
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	836,358	1,470,544
Payables to residents	13	25,814,572	26,276,100
Other liabilities	14	677,254	807,658
Employee benefits	15	990,032	970,635
TOTAL CURRENT LIABILITIES		28,318,216	29,524,937
NON-CURRENT LIABILITIES			
Employee benefits	15	157,188	129,877
TOTAL NON-CURRENT LIABILITIES		157,188	129,877
TOTAL LIABILITIES		28,475,404	29,654,814
NET ASSETS		17,655,942	17,338,358
EQUITY			
Reserves		3,756,972	3,618,024
Retained earnings		13,898,970	13,720,334
TOTAL EQUITY		17,655,942	17,338,358

Statement of Changes in Equity

For the Year Ended 31 December 2018

2018

	Retained earnings	Asset revaluation reserve	Future capital gains	Total
	\$	\$	\$	\$
Balance at 1 January 2018	13,720,334	4,923,325	(1,305,301)	17,338,358
Surplus / (deficit) attributable to members	178,636	-	-	178,636
Movement in liability to pay 50% of estate capital growth to exiting residents	-	-	138,948	138,948
Balance at 31 December 2018	13,898,970	4,923,325	(1,166,353)	17,655,942

2017

	Retained earnings	Asset revaluation reserve	Future capital gains	Total
	\$	\$	\$	\$
Balance at 1 January 2017	13,513,653	3,514,025	(1,429,233)	15,598,445
Surplus / (deficit) attributable to members	206,681	-	-	206,681
Revaluation increment (decrement)	-	1,409,300	-	1,409,300
Movement in liability to pay 50% of estate capital growth to exiting residents	-	-	123,932	123,932
Balance at 31 December 2017	13,720,334	4,923,325	(1,305,301)	17,338,358

Orana Gardens Ltd

ACN 081 776 687

Statement of Cash Flows For the Year Ended 31 December 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from government subsidies and residents	14,854,370	15,235,748
Payments to suppliers and employees	(14,505,060)	(14,019,384)
Interest received	549,859	588,847
Net cash provided by/(used in) operating activities	20 899,169	1,805,211
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	119,050	45,455
Purchase of property, plant and equipment	11(a) (1,743,505)	(1,213,781)
(Proceeds from)/investments in term deposits	(552,127)	665,241
Net cash provided by/(used in) investing activities	(2,176,582)	(503,085)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Resident proceeds and repayments	(461,580)	223,061
Net cash provided by/(used in) financing activities	(461,580)	223,061
Net increase/(decrease) in cash and cash equivalents held	(1,738,993)	1,525,187
Cash and cash equivalents at beginning of year	4,079,074	2,553,887
Cash and cash equivalents at end of financial year	6(a) 2,340,081	4,079,074

Notes to the Financial Statements

For the Year Ended 31 December 2018

The financial report covers Orana Gardens Ltd as an individual entity. Orana Gardens Ltd is a not-for-profit company limited by guarantee, registered and domiciled in Australia.

The functional and presentation currency of Orana Gardens Ltd is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements 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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of significant accounting policies

(a) Income tax

Orana Gardens Ltd is recognised by the Australian Taxation Office as a public benevolent institution. It is therefore exempt from income tax pursuant to section 23(e) of the *Income Tax Assessment Act 1997*.

(b) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(c) Revenue and other income

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 company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of significant accounting policies

(c) Revenue and other income

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, 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.

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.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest is recognised using the effective interest method.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably.

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Other income

Other income is recognised on an accruals basis when the company is entitled to it.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of significant accounting policies

(d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) 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.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date at fair value.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Land and buildings

Land is measured using the revaluation model. Buildings and improvements are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of significant accounting policies

(e) Property, plant and equipment

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets' useful life to the company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings and improvements	2.5%
Plant and equipment	10% - 33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(f) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Assets classified as held for sale are not amortised or depreciated.

Non-current assets classified as held for sale and any associated liabilities are presented separately in the statement of financial position.

(g) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of significant accounting policies

(g) Financial instruments

Financial assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The company's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of significant accounting policies

(g) Financial instruments

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The company's financial liabilities include resident loans, bonds and refundable accommodation deposits, and trade and other payables, which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(h) Intangibles

Bed licences

From 31 December 2011 all bed licences were impaired in full (to nil) as a result of a determination there is no active market for these licences.

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of significant accounting policies

(j) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period 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 satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(k) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provision for estate capital gains

Some estate residents are entitled to receive 50% of the uplift in value when a unit becomes occupied by a new resident. Under AASB 139, the company is required to recognise a liability for the 50% of estimated future capital growth in unit value which it is obliged to pay to exiting residents. This requirement commenced with the adoption of A-IFRS on 1 January 2005.

By necessity, the liability for payment of 50% of capital gains to affected residents requires the company to make estimates regarding the weighted average length of time that residents spend in the village and the rate of capital growth in the value of the units. As a result, these estimates may be subject to adjustment in future years in the light of more relevant and reliable information becoming available.

As this liability is not due and payable until an exit event, the accompanying debit is recorded through the reserves of the company. As exit events occur, the provision and reserve is unwound such that the costs of the capital gain payable to the exiting resident are released to the statement of profit or loss and other comprehensive income.

(l) Economic dependence

Orana Gardens Ltd is dependent on the recurring subsidies from the Department of Health for the majority of its revenue used to operate residential aged care. At the date of this report the directors have no reason to believe the Department will not continue to support Orana Gardens Ltd.

Notes to the Financial Statements

For the Year Ended 31 December 2018

3 Critical accounting estimates and judgements

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

(a) Key judgement - Impairment of property, plant and equipment

The company assesses impairment at the end of each reporting period by evaluating conditions specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

In October 2018, the Bellhaven Facility at 10 Warruga Place, Wellington was closed and is currently held for sale. An impairment loss of \$2,567,097 was recorded prior to the assets being reclassified as non-current assets held for sale to reflect the independent valuation of \$650,000 prepared by Herron Todd White on 19 September 2018. The value of the Bellhaven plant and equipment which has not been sold or transferred to the Dubbo facility has been impaired to \$0 as at 31 December 2018 due to there being no value in use or fair value able to be reliably ascertained.

(b) Key departure from accounting standards - Gain on disposal of aged care places

On 26 January 2019, Orana Gardens Limited settled the sale and transferred the title for 49 aged care places from the Bellhaven facility which was closed in October 2018. As the carrying value of these places under AASB 138 Intangible Assets was nil, the total proceeds less costs to sell resulted in a gain on disposal of \$3,290,043. Under AASB 138 Intangible Assets, the gain on disposal is not to be recognised until the title transfer occurs on settlement, which occurred in the 2019 financial year. As a departure from AASB 138, the Directors have made the decision to recognise the gain on disposal in the 2018 year upon execution of the sale contract to provide, in their view, a truer and fairer financial representation of the events that occurred in the 2018 year with the closure of Bellhaven.

Notes to the Financial Statements

For the Year Ended 31 December 2018

3 Critical accounting estimates and judgements

(c) Key estimates - Estate capital gains

Some estate residents are entitled to receive 50% of the uplift in value when a unit becomes occupied by a new resident. Under AASB 139, the company is required to recognise a liability for the 50% of estimated future capital growth in unit value which it is obliged to pay to exiting residents. This requirement commenced with the adoption of A-IFRS on 1 January 2005.

By necessity, the liability for payment of 50% of capital gains to affected residents requires the company to make estimates regarding the weighted average length of time that residents spend in the village and the rate of capital growth in the value of the units. As a result, these estimates may be subject to adjustment in future years in the light of more relevant and reliable information becoming available.

As this liability is not due and payable until an exit event, the accompanying debit is recorded through the reserves of the company. As exit events occur, the provision and reserve is unwound such that the costs of the capital gain payable to the exiting resident are released to the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements

For the Year Ended 31 December 2018

4 Revenue and other income

(a) Revenue from continuing operations

	2018	2017
	\$	\$
- Government care subsidies	10,090,612	10,261,534
- Residential care fees	3,119,411	3,358,131
- Bond retentions	5,238	14,861
- Estate maintenance fees	731,810	724,218
- Estate long term maintenance levies	475,074	477,982
- Estate retained entry contributions	346,272	339,103
- Sale of meals	27,654	31,398
- Miscellaneous revenue	3,294	25,863
	<u>14,799,365</u>	<u>15,233,090</u>

(b) Other income

Other income		
- Interest received	590,544	568,298
- Rent received	28,385	30,605
- Net gain on disposal of property, plant and equipment	26,284	17,075
- Net gain on disposal of intangible assets	3,290,043	-
	<u>3,935,255</u>	<u>615,978</u>

On 26 January 2019, Orana Gardens Limited settled the sale and transferred the title for 49 aged care places from the Bellhaven facility which was closed in October 2018. As the carrying value of these places under AASB 138 Intangible Assets was nil, the total proceeds less costs to sell resulted in a gain on disposal of \$3,290,043. Under AASB 138 Intangible Assets, the gain on disposal is not able to be recognised until the title transfer occurs on settlement, which occurred in the 2019 financial year. As a departure from AASB 138, the Directors have made the decision to recognise the gain on disposal in the 2018 year upon execution of the sale contract to provide, in their view, a truer and fairer financial representation of the events that occurred in the 2018 year with the closure of Bellhaven.

Notes to the Financial Statements

For the Year Ended 31 December 2018

5 Result for the year

The result for the year includes the following specific expenses:

	2018	2017
	\$	\$
Finance costs:		
- Interest paid	216	106
Depreciation and impairments		
- Depreciation	11(a) 1,317,293	1,135,836
- Bad and doubtful debts expense	(2,909)	(11,104)
- Impairment of property, plant and equipment	11(a) 3,219,978	-
	<u>4,534,362</u>	<u>1,124,732</u>

6 Cash and cash equivalents

Cash at bank and in hand	<u>2,340,081</u>	4,079,074
	<u>2,340,081</u>	<u>4,079,074</u>

(a) Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents	<u>2,340,081</u>	4,079,074
	<u>2,340,081</u>	<u>4,079,074</u>

7 Trade and other receivables

CURRENT		
Trade receivables	30,129	40,441
Provision for impairment	(12,452)	(13,107)
	<u>17,677</u>	<u>27,334</u>
Deposits	-	2,314
GST receivable	30,859	63,961
Sundry debtors	10,948	19,979
Accrued interest	176,978	136,293
Withholding tax receivable	-	100,012
Other receivables	3,363,750	-
	<u>3,600,212</u>	<u>349,893</u>

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Notes to the Financial Statements For the Year Ended 31 December 2018

8 Financial assets

	2018	2017
	\$	\$
CURRENT		
Held-to-maturity investments:		
- Term deposits	<u>17,737,180</u>	17,185,053
	<u>17,737,180</u>	<u>17,185,053</u>

9 Non-current assets held for sale

Land and buildings - 10 Warruga Place, Wellington	<u>650,000</u>	-
	<u>650,000</u>	<u>-</u>

Assets held for sale consist of the Bellhaven property at 10 Warruga Place, Wellington that has been recorded at fair value less costs to sell. An independent valuation was completed by Herron Todd White on 19 September 2018.

10 Other assets

CURRENT		
Prepayments	<u>132,903</u>	171,649
	<u>132,903</u>	<u>171,649</u>

Notes to the Financial Statements

For the Year Ended 31 December 2018

11 Property, plant and equipment

	2018	2017
	\$	\$
LAND AND BUILDINGS		
Freehold land*		
At valuation	6,511,000	6,600,800
Total land	6,511,000	6,600,800
Buildings		
At cost	24,285,865	28,188,371
Accumulated depreciation	(11,734,626)	(12,160,437)
Total buildings	12,551,239	16,027,934
Work in progress	241,633	-
Total land and buildings	19,303,872	22,628,734
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	7,264,425	8,200,582
Accumulated depreciation	(4,897,327)	(5,621,813)
Total plant and equipment	2,367,098	2,578,769
	21,670,970	25,207,503

*The last independent valuation for land was the value provided by the Valuer General in the 2017 year with an effective 1 July 2016 rating period.

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Notes to the Financial Statements For the Year Ended 31 December 2018

11 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Work in progress \$	Land \$	Buildings and improvements \$	Plant and equipment \$	Total \$
Year ended 31 December 2018					
Balance at the beginning of year	-	6,600,800	16,027,934	2,578,769	25,207,503
Additions	200,538	-	429,448	1,113,519	1,743,505
Disposals	-	-	-	(92,767)	(92,767)
Transfers	41,095	-	(64,217)	23,122	-
Depreciation expense	-	-	(714,629)	(602,664)	(1,317,293)
Transfer to assets held for sale	-	(89,800)	(560,200)	-	(650,000)
Impairment loss	-	-	(2,567,097)	(652,881)	(3,219,978)
Balance at the end of the year	241,633	6,511,000	12,551,239	2,367,098	21,670,970

In October 2018, the Bellhaven Facility at 10 Warruga Place, Wellington was closed and is currently held for sale. An impairment loss of \$2,567,097 was recorded prior to the assets being reclassified as non-current assets held for sale to reflect the independent valuation of \$650,000 prepared by Herron Todd White on 19 September 2018. The value of the Bellhaven plant and equipment which has not been sold or transferred to the Dubbo facility has been impaired to \$0 as at 31 December 2018 due to there being no value in use or fair value able to be reliably ascertained.

Orana Gardens Ltd

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Notes to the Financial Statements For the Year Ended 31 December 2018

11 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

	Work in progress \$	Land \$	Buildings and improvements \$	Plant and equipment \$	Total \$
Year ended 31 December 2017					
Balance at the beginning of year	-	5,191,500	16,575,657	1,981,482	23,748,639
Additions	-	-	153,692	1,060,089	1,213,781
Disposals	-	-	-	(28,381)	(28,381)
Depreciation expense	-	-	(701,415)	(434,421)	(1,135,836)
Revaluation increase	-	1,409,300	-	-	1,409,300
Balance at the end of the year	-	6,600,800	16,027,934	2,578,769	25,207,503

Notes to the Financial Statements

For the Year Ended 31 December 2018

12 Trade and other payables

	2018	2017
	\$	\$
CURRENT		
Trade payables	666,492	1,287,414
Accrued expenses	72,317	107,770
Estate surplus*	97,551	75,360
	<u>836,358</u>	<u>1,470,544</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

* In accordance with Division 7, Part 7 of the *Retirement Villages Act 1999*, any surplus in the annual accounts of the Estate is to be carried forward and spent on capital maintenance in the next financial year.

13 Payables to residents

CURRENT		
Estate resident loans	16,644,909	16,152,375
Provision for capital growth in estate units	1,166,353	1,305,301
Refundable accommodation deposits and bonds	8,003,311	8,818,424
	<u>25,814,572</u>	<u>26,276,100</u>

Whilst the resident loans and deposits are classified as current under accounting standards as they may be called upon at any time, they are not likely to be paid out within the next 12 months.

14 Other liabilities

CURRENT		
Subsidy income received in advance	677,254	807,658
	<u>677,254</u>	<u>807,658</u>

Notes to the Financial Statements

For the Year Ended 31 December 2018

15 Employee benefits

	2018	2017
	\$	\$
CURRENT		
Provision for employee benefits	663,141	667,456
Long service leave	326,891	303,179
	<u>990,032</u>	<u>970,635</u>
NON-CURRENT		
Long service leave	157,188	129,877
	<u>157,188</u>	<u>129,877</u>

16 Reserves

(a) Asset revaluation reserve

The asset revaluation reserve records fair value movements on property, plant and equipment held under the revaluation model.

(b) Future capital gains reserve

The future capital gains reserve records future capital gains payable to applicable estate residents upon exiting the Estate.

17 Contingencies

In the opinion of the directors, the company did not have any contingencies at 31 December 2018 (31 December 2017:None).

18 Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director of the company.

The total remuneration paid to key management personnel of the company is \$ 417,006.

19 Related parties

The company's related parties include key management personnel and other related parties including close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

No transactions with related parties occurred during the year.

Notes to the Financial Statements

For the Year Ended 31 December 2018

20 Cash flow information

Reconciliation of net income to net cash provided by operating activities:

	2018	2017
	\$	\$
Surplus / (deficit) for the year	178,636	206,681
Cash flows excluded from profit attributable to operating activities		
- capital gains paid to residents	139,000	392,870
Non-cash flows in profit:		
- depreciation and impairments on property, plant and equipment	4,537,271	1,124,732
- gain on disposal of assets	(26,283)	(17,075)
- gain on sale of intangible assets	(3,290,043)	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	39,724	(89,860)
- (increase)/decrease in prepayments	38,745	(36,242)
- increase/(decrease) in income in advance	(130,405)	82,402
- increase/(decrease) in trade and other payables	(634,184)	87,304
- increase/(decrease) in employee benefits	46,708	54,399
Cashflows from operations	899,169	1,805,211

21 Operating segments

Segment information

(a) Identification of reportable segments

Under the *Aged Care Act 1997* and *Accountability Principles 2014*, Orana Gardens Ltd is required to treat residential care as a reportable segment and prepare a segment report in accordance with Australian Accounting Standards that sets out the revenue, expenses, assets and liabilities of the residential care service. The company's other segment for management reporting purposes is the Orana Gardens Estate.

Notes to the Financial Statements

For the Year Ended 31 December 2018

21 Operating segments

(b) Accounting policies adopted

Unless stated below, all amounts reported with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of Orana Gardens Ltd.

(c) Segment report

	Residential Aged Care		Retirement Village		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
REVENUE						
Government care subsidies	10,090,612	10,261,534	-	-	10,090,612	10,261,534
Residential care fees	3,119,411	3,358,131	-	-	3,119,411	3,358,131
Bond retentions	5,238	14,861	-	-	5,238	14,861
Village maintenance fees	-	-	731,810	724,218	731,810	724,218
Long term maintenance levy	-	-	475,074	477,982	475,074	477,982
Retained entry contributions	-	-	346,272	339,103	346,272	339,103
Sale of meals	27,654	31,398	-	-	27,654	31,398
Miscellaneous revenue	23,459	45,695	8,220	12,635	31,679	58,330
Interest received	217,589	209,359	372,955	358,939	590,544	568,298
Gain on disposal of assets	26,283	17,075	-	-	26,283	17,075
Gain on disposal of intangible assets	3,290,043	-	-	-	3,290,043	-
Total segment revenue	16,800,289	13,938,053	1,934,331	1,912,877	18,734,620	15,850,930
Agent staff	(149,464)	(228,753)	-	-	(149,464)	(228,753)
Capital gains paid to residents	-	-	(139,000)	(392,870)	(139,000)	(392,870)
Cleaning	(81,050)	(79,725)	(8,641)	(8,922)	(89,691)	(88,647)
Consultancy	(169,002)	(141,231)	-	-	(169,002)	(141,231)
Employee benefits expense	(9,900,285)	(9,572,976)	(365,363)	(353,830)	(10,265,648)	(9,926,806)
Depreciation and impairments	(4,089,111)	(735,571)	(445,251)	(389,161)	(4,534,362)	(1,124,732)
Electricity and gas	(241,365)	(258,374)	(9,621)	(9,970)	(250,986)	(268,344)
IT expenses	(193,776)	(198,783)	(994)	(372)	(194,770)	(199,155)
Provisions for residents	(676,266)	(811,236)	-	-	(676,266)	(811,236)
Rates and charges	(155,077)	(122,440)	(120,946)	(129,211)	(276,023)	(251,651)
Repairs and maintenance	(313,649)	(326,654)	(124,269)	(385,862)	(437,918)	(712,516)
Residential care and aids	(548,987)	(645,857)	-	-	(548,987)	(645,857)
Workers' compensation insurance	(231,277)	(256,427)	(7,340)	(7,103)	(238,617)	(263,530)
Other expenses	(151,813)	(201,875)	(433,437)	(387,046)	(585,250)	(588,921)
Total segment expenses	(16,901,122)	(13,579,902)	(1,654,862)	(2,064,347)	(18,555,984)	(15,644,249)
Segment operating surplus / (deficit)	(100,833)	358,151	279,469	(151,470)	178,636	206,681
Segment assets	34,446,950	35,437,345	11,684,396	11,555,827	46,131,346	46,993,172
Segment liabilities	10,566,592	12,197,138	17,908,813	17,457,676	28,475,405	29,654,814

Orana Gardens Ltd

ACN 081 776 687

Notes to the Financial Statements For the Year Ended 31 December 2018

22 Events after the end of the reporting period

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

23 Statutory information

The registered office of and principal place of business of the company is:

Orana Gardens Ltd
Orana Gardens
81 Windsor Parade
DUBBO EAST NSW 2830

I declare that, to the best of my knowledge and belief, during the year ended 31 December 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.



Caroline Wilcher
Director
Boyce Assurance Services Pty Limited
ASIC Auditor Number: 388183

Dubbo
Dated 15 April 2019