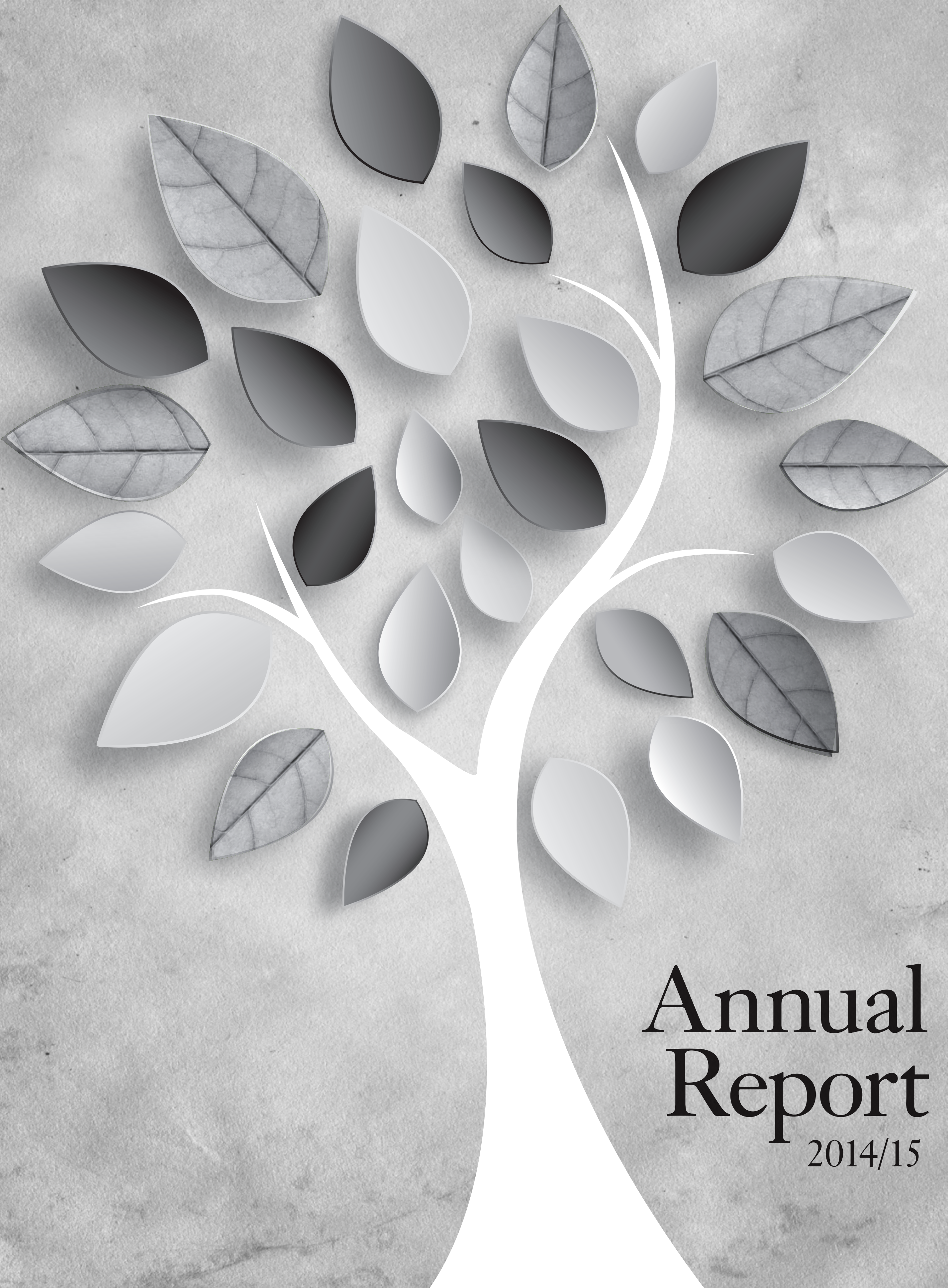
Jewish Care
My Community. My Choice.



# Annual Report
2014/15

**Jewish Care (Victoria) Incorporated and Controlled Entities**

**REG: A00 407 05X**

**ABN: 78 345 431 247**

**Annual report for the financial year ended 30 June 2015**

# Consolidated general purpose financial report for the financial year ended 30 June 2015





## Committee's report

The Committee of Management (the Committee) members of Jewish Care (Victoria) Incorporated submit herewith the annual financial report of Jewish Care (Victoria) Incorporated and Controlled Entities (collectively, the "Group") for the financial year ended 30 June 2015. The Committee members report as follows:

- Mr Jeffrey Appel (OAM)
- Mr Frank Ajzensztat
- Ms Leah Balter
- Mr Mike Debinski
- Mr Rohan Filer
- Ms Sally Genser (Resigned Nov 2014)
- Ms Susie Ivany
- Ms Lisa Kennett (Appointed Nov 2014)
- Mr Simon T Morris
- Mr Greg Nankin
- Ms Marcia Pinskier
- Mr Bruce Rosengarten (Resigned Nov 2014)
- Mr Andrew Schwartz (Appointed 2014)
- Mr Michael Schoenfeld

The above named members held office during and since the end of the financial year unless otherwise stated.

### Principal activities

The principal activities of the Group during the financial year ended 30 June 2015 were to promote and provide for the wellbeing of Jewish people in need of care in the State of Victoria, and attend to their physical, mental, emotional and spiritual needs.

### Review of operations

Jewish Care is a not-for-profit entity relying on community support for its works. The financial report has been prepared on a going concern basis which assumes that the Group will be able to meets its obligations as and when they fall due. The Group's current liabilities exceed current assets by $8,826,401 as at 30 June 2015 (2014: $10,862,639). This mainly arises because of the requirement to classify Refundable Accommodation Deposits of $72,811,543 (2014: $67,848,123) as current liabilities (refer to Note 16 for further details).

Deficit from ordinary activities for the year of $1,147,330 (2014 deficit: $3,777,604) is made up as follows:

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| **Surplus after tax** | **5,557,116** | **743,764** |
| - Bequests | (2,236,645) | (2,973,738) |
| **Non-recurring items:** | | |
| - Capital appeal | (4,026,335) | (125,000) |
| - Gain on sale of property, plant and equipment | - | (65,754) |
| Depreciation and amortisation | 3,027,098 | 2,681,006 |
| Realised & unrealised (gain)/loss on foreign currency exchange | (21,516) | 12,758 |
| **Recurring items:** | **2,299,718** | **273,036** |
| - Community annual appeal and donations | (3,447,048) | (4,050,640) |
| **Deficit from ordinary activities of the economic entity after related income tax** | **(1,147,330)** | **(3,777,604)** |

| **Net assets**<br>**Movement in net assets is made up of:** | **2015**<br>**$** | **2014**<br>**$** |
|---|---|---|
| Opening balance | 75,053,269 | 74,309,505 |
| ***Add***: Surplus after tax | 5,557,116 | 743,764 |
| ***Less***: Revaluation decrement in land and buildings | - | - |
| ***Add***: Revaluation decrement in investments | (37,348) | - |
| Closing balance | 80,573,037 | 75,053,269 |

## Changes in state of affairs

There was no significant change in the state of affairs of the Group during the financial year.

## Subsequent events

The Group has strategic development plans including developing a disability respite centre, community housing and to build residential aged care facilities which are forecast to commence during financial year 2016.

The Group has made enquiries with major financial institutions in order to seek capital funding in developing Windsor site. At the date of signing of Annual Accounts, no decision has been reached by the Committee in regard to the preferred financier. It is anticipated the loan will be established during the course of year ending 30 June 2016, and capital works will commence during this period.

The Group has a conditional purchase of land in Wahgoo Rd, Carnegie, subject to an approved town planning permit to build a new aged care facility. At the date of signing of Annual Accounts, no decision has been reached by the Committee in regard the anticipated start date for capital works

Apart from the aforementioned funding proposal, there have not been any other matters or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## Future developments

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations, is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

## Indemnification of officers and auditors

The Group has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Group:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs or expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings, with the exception of the following:

A policy has been contracted with the Victorian Managed Insurance Authority to indemnify Committee members and officers against loss for which they may not be legally indemnified by the Group arising out of any claim, by reason of any wrongful act committed by them, in their capacity as a director or officer, first made against them jointly or severally during the period of insurance and notified to the insurer during the indemnity period.

Further details of the policy, the level of cover and the premium paid cannot be disclosed under the terms and conditions of the contract held with the Victorian Managed Insurance Authority.





## Committee's meetings

The following table sets out the number of committee meetings held during the financial year and the number of meetings attended by each director (while they were a committee member). During the financial year, 11 committee meetings were held.

| | **Committee Meetings** | |
|---|---|---|
| **Directors** | **Eligible to attend** | **Attended** |
| Mr Jeffrey Appel | 11 | 8 |
| Mr Frank Ajzensztat | 11 | 11 |
| Ms Leah Balter | 11 | 8 |
| Mr Mike Debinski | 11 | 11 |
| Mr Rohan Filer | 11 | 9 |
| Mrs Sally Genser | 4 | 4 |
| Ms Susie Ivany | 11 | 9 |
| Ms Lisa Kennett | 7 | 4 |
| Mr Simon T Morris | 11 | 8 |
| Mr Greg Nankin | 11 | 9 |
| Ms Marcia Pinskier | 11 | 9 |
| Mr Bruce Rosengarten | 4 | 2 |
| Mr Michael Schoenfeld | 11 | 10 |
| Mr Andrew Schwartz | 7 | 6 |

## Proceedings on behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Committee.

On behalf of the Committee

Committee Member
Melbourne, 18 September 2015

Committee Member
Melbourne, 18 September 2015

Ernst & Young
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Building a better working world

# Auditor's Independence Declaration to the Committee of Jewish Care (Victoria) Incorporated

In relation to our audit of the financial report of Jewish Care (Victoria) Incorporated for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Associations Incorporation Reform Act (and its associated Regulations)* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Paul Gower

Paul Gower
Partner
18 September 2015





# FINANCIAL STATEMENTS

## Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2015

| | Note | 2015 $ | 2014 $ |
|---|---|---|---|
| Fees and charges | | 12,930,864 | 12,554,697 |
| Government subsidies | | 36,042,140 | 32,061,174 |
| Other revenues | 4 | 13,805,345 | 9,620,270 |
| **Total revenues** | | 62,778,349 | 54,236,141 |
| | | | |
| Employee benefits expense | 6 | (33,189,400) | (30,901,938) |
| Depreciation and amortisation expenses | 5 | (3,027,098) | (2,681,006) |
| Community development expenses | | (2,172,116) | (2,075,179) |
| External services expenses | | (3,449,764) | (2,871,599) |
| Food expenses | | (5,187,850) | (5,151,163) |
| Repairs and maintenance expenses | | (3,089,027) | (3,370,970) |
| Medical and other supplies | | (587,560) | (748,241) |
| Consulting expenses | | (654,852) | (575,266) |
| Energy expenses | | (555,532) | (561,316) |
| Administration expenses | | (1,882,205) | (1,662,873) |
| Laundry expenses | | (676,981) | (633,972) |
| Other expenses | 7 | (2,748,848) | (2,258,854) |
| **Total expenses** | | (57,221,233) | (53,492,377) |
| | | | |
| Surplus before tax | | 5,557,116 | 743,764 |
| Income tax expense | 8 | - | - |
| **Surplus after tax** | | 5,557,116 | 743,764 |
| | | | |
| **Other comprehensive income** | | | |
| **Other comprehensive income to be reclassified to profit & loss in subsequent periods:** | | | |
| | | - | - |
| **Other comprehensive income not to be reclassified to profit & loss in subsequent periods:** | | | |
| Movement in available for sale investments | | (37,348) | - |
| | | | |
| Other comprehensive income for the year | | (37,348) | - |
| **Total comprehensive income for the year** | | 5,519,768 | 743,764 |

## Consolidated Statement of Financial Position as at 30 June 2015

| | Note | 2015<br>$ | 2014<br>$ |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 20 | 8,963,449 | 4,597,352 |
| Trade and other receivables | 9 | 6,106,222 | 3,141,746 |
| Financial assets | 10 | 56,780,463 | 56,931,676 |
| Other assets | 13 | 203,320 | 177,490 |
| **Total current assets** | | 72,053,454 | 64,848,264 |
| **Non-current assets** | | | |
| Trade and other receivables | 9 | 1,654,729 | 1,333,710 |
| Other assets | 13 | 888,577 | 908,326 |
| Property, plant and equipment | 11 | 87,711,111 | 84,333,699 |
| Intangible Assets | 12 | 168,741 | 199,536 |
| **Total non-current assets** | | 90,423,158 | 86,775,271 |
| **Total assets** | | 162,476,612 | 151,623,535 |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | 14 | 4,380,550 | 4,268,418 |
| Provisions | 15 | 3,280,977 | 3,594,362 |
| Borrowings | | - | - |
| Refundable accommodation deposits | 16 | 72,811,543 | 67,848,123 |
| Financial liability | 10 | 406,785 | - |
| **Total current liabilities** | | 80,879,855 | 75,710,903 |
| **Non-current liabilities** | | | |
| Provisions | 15 | 1,023,720 | 859,363 |
| **Total non-current liabilities** | | 1,023,720 | 859,363 |
| **Total liabilities** | | 81,903,575 | 76,570,266 |
| **Net assets** | | 80,573,037 | 75,053,269 |
| | | | |
| **Equity** | | | |
| Reserves | 17 | 28,731,295 | 28,768,643 |
| Accumulated funds | | 51,841,742 | 46,284,626 |
| **Total equity** | | 80,573,037 | 75,053,269 |





## Consolidated Statement of Changes in Equity for the year ended 30 June 2015

| | Asset revaluation reserve<br>$ | General reserves<br>$ | Other reserves<br>$ | Accumulated funds<br>$ | Total<br>$ |
|---|---|---|---|---|---|
| Balance at 1 July 2013 | 24,324,301 | 1,369,550 | 3,074,792 | 45,540,862 | 74,309,505 |
| Surplus for the year | - | - | - | 743,764 | 743,764 |
| Other comprehensive income/(loss) for the year | - | - | - | - | - |
| **Total comprehensive income for the year** | - | - | - | 743,764 | 743,764 |
| **Balance at 30 June 2014** | 24,324,301 | 1,369,550 | 3,074,792 | 46,284,626 | 75,053,269 |
| Surplus for the year | - | - | - | 5,557,116 | 5,557,116 |
| Other comprehensive (loss) for the year | (37,348) | - | - | - | (37,348) |
| **Total comprehensive income/(loss) for the year** | (37,348) | - | - | 5,557,116 | 5,519,768 |
| **Balance at 30 June 2015** | 24,286,953 | 1,369,550 | 3,074,792 | 51,841,742 | 80,573,037 |

## Consolidated Statement of Cash Flows
## for the year ended 30 June 2015

| | Note | 2015 $ | 2014 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from residents and government subsidies | | 55,901,264 | 51,472,563 |
| Payments to suppliers and employees | | (54,295,976) | (49,792,005) |
| Interest received | | 2,243,263 | 2,183,968 |
| Proceeds from accommodation bonds held in trust | | 16,684,780 | 19,839,739 |
| Repayment of accommodation bonds held in trust | | (11,721,360) | (5,769,051) |
| Net cash generated by operating activities | | 8,811,971 | 17,935,214 |
| **Cash flows from investing activities** | | | |
| Payments for Financial assets | | (579,514) | (24,464,667) |
| Proceeds from Financial assets | | 2,507,357 | - |
| Proceeds of disposals for property, plant and equipment | | - | 163,042 |
| Payments for property, plant and equipment | | (5,758,471) | (3,966,469) |
| Payments for Intangibles | | (615,246) | |
| Net cash used in investing activities | | (4,445,874) | (28,268,094) |
| **Net increase/(decrease) in cash and cash equivalents** | | 4,366,097 | (10,332,880) |
| **Cash and cash equivalents at the beginning of the year** | | 4,597,352 | 14,930,232 |
| **Cash and cash equivalents at the end of the year** | 20 | 8,963,449 | 4,597,352 |





## Notes to the Consolidated Financial Statements

**For the year ended 30 June 2015**

**1. Corporate information**

Jewish Care (Victoria) Incorporated is an incorporated association under the Associations Incorporation Reform Act 2012 (and is associated regulations), incorporated and operating in Australia.

The consolidated financial statements of Jewish Care (Victoria) Incorporated and its subsidiaries (collectively, the "Group") for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the committee members on 18 September 2015.

Jewish Care (Victoria) Incorporated is a "not-for-profit" entity.

Jewish Care (Victoria) Incorporated registered office and its principal place of business are as follows:

619 St Kilda Road
Melbourne, Victoria 3004
Australia

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Associations Incorporation Reform Act 2012* (and is associated regulations), Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for land and buildings, available-for-sale (AFS) investments which have been measured at fair value.

The consolidated financial statements provide comparative information in respect of the previous period.

The financial report has been prepared on the basis of accounting applicable to a going concern. The basis presumes the funds will be available to finance future operations and the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

The consolidated statement of financial position discloses a net current working capital deficiency of $8,826,401 (2014: $10,862,639) for the Group. This is mainly due to the recognition of refundable accommodation of $72,811,543 (2014: $67,848,123) as current liabilities. While the refundable accommodation deposits are repayable on demand, they form the basis of long term funding and are generally replaced by incoming residents. The Committee therefore believes that the going concern basis of preparation is appropriate.

**2.2 Statement of Compliance**

The Group has adopted AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* for the financial year beginning on 1 July 2014.

The Group is a not-for-profit, private sector entity which is not publicly accountable as defined under AASB1053 Appendix A. Therefore the consolidated financial statement for the Group are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs) (including Australian Interpretations) adopted by the *Australian Accounting Standards Board* (AASB) and the *Associations Incorporation Reform Act 2012 (and is associated regulations).*

The adoption of AASB1053 and AASB 2010-2 allowed Jewish Care (Victoria) to remove a number of disclosures. There were no other impacts on the current or prior year financial statements.

Accounting standards that have recently been issued or amended but are not yet effective, have not been adopted for the current reporting year ended 30 June 2015. The potential future impact of these standards has been discussed under section 2.4.

The Group has adopted the following new and amended Australian accounting standards and AASB interpretations as of 1st July 2014:

- AASB 1031 *Materiality*
- Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities under AASB 2012-2 (amendments to AASB 7 and AASB 132).

The application of these new standards and amendments has not materially impacted the consolidated financial statements of the Group.

### 2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the Group disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about critical judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ended 30 June 2015 are included in the following notes:

- Note 10 – Financial assets; and
- Note 11 – Property, plant and equipment

### 2.4 Changes in accounting policy, accounting standards and interpretations

Early adoption of the following new and revised Standard and Interpretations occurred as of 1 July 2014. Several other amendments were applied in 2014/15; however they did not have a material impact on the financial statements for the period.

The nature and impact of each of the new standards and amendments applied is described below:

| REFERENCE | TITLE | IMPACT ON GROUP FINANCIAL REPORT | APPLICATION DATE OF STANDARD | APPLICATION DATE FOR GROUP |
|---|---|---|---|---|
| AASB 9 / IFRS 9 | Financial Instruments | The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.<br>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139.<br>The main changes are described below.<br>a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.<br>b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.<br>c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:<br>- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)<br>- The remaining change is presented in profit or loss<br>d. AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.<br>e. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. | 1 January 2018 | 1 July 2018 |





| REFERENCE | TITLE | IMPACT ON GROUP FINANCIAL REPORT | APPLICATION DATE OF STANDARD | APPLICATION DATE FOR GROUP |
|---|---|---|---|---|
| Amendments to AASB 116 and AASB 138 | Clarification of Acceptable Methods of Depreciation and Amortisation | AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.<br>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.<br>The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. | 1 January 2016 | 1 July 2016 |
| AASB 15 / IFRS 15 | Revenue from Contracts with Customers | **IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.**<br>**IFRS 15 supersedes:**<br>**(a) IAS 11 Construction Contracts**<br>**(b) IAS 18 Revenue**<br>**(c) IFRIC 13 Customer Loyalty Programmes**<br>**(d) IFRIC 15 Agreements for the Construction of Real Estate**<br>**(e) IFRIC 18 Transfers of Assets from Customers**<br>**(f) SIC-31 Revenue—Barter Transactions Involving Advertising Services**<br>The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:<br>(a) Step 1: Identify the contract(s) with a customer<br>(b) Step 2: Identify the performance obligations in the contract<br>(c) Step 3: Determine the transaction price<br>(d) Step 4: Allocate the transaction price to the performance obligations in the contract<br>(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. | 1 July 2018 | 1 July 2018 |
| AASB 2015-1 | Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle | *AASB 119 Employee Benefits:*<br>Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. | 1 January 2016 | 1 July 2014 |
| Amendments to AASB 101 | Amendments to Australian Accounting Standards – Disclosure Initiative | The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. | 1 January 2016 | 1 July 2016 |
| **AASB 1031** | *Materiality* | The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards. | 1 January 2015 | 1 July 2015 |

**3. Significant accounting policies**

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements for the year ending 30 June 2015:

**(a) Basis of consolidation**
A controlled entity is any entity controlled by Jewish Care (Victoria) Incorporated. The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Details of the controlled entities are contained in Note 19.

All inter-Group balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Where a controlled entity has entered or left the Group during the year its operating results have been included from the date control was obtained or until the date control ceased.

**(b) Property, Plant and Equipment**

**Land and buildings**
Land and buildings forming part of the entity's future direction are measured on the fair value basis, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the policy of the Group to have an independent valuation performed every three years, with annual appraisals being made by the Committee. In assessing the fair value of the Crown grant land at 619 St Kilda Road Melbourne, the restrictions on use have been considered.

Based on the revaluation result, the Group reviews the carrying amounts of land and buildings. In the situation if the market value is above its carrying amount, any net revaluation increment arising may be credited to the asset revaluation reserve, at management discretion, except where a net revaluation decrement has previously been recognised as an expense for that particular class of assets, in which case the net revaluation increment is recognised as revenue, but only to the extent of the previous revaluation decrement.

Any net revaluation decrement arising is recognised as an expense for the period, except where a credit balance exists in the asset revaluation reserve for that particular class of assets, in which case the net revaluation decrement is debited to the reserve, but only to the extent of the previous revaluation increment.

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.

Buildings under construction represent the accumulated cost of materials and any other costs incurred relating to the construction. These costs, amongst others, include labour, import duties, installation, assembly and professional fees incurred to bring the asset to the location and condition needed for it to operate in the manner intended by management. When the construction is completed and the assets are ready for its intended use, these costs are then transferred to the relevant accounts. Depreciation of these assets starts when they are available for use and is computed using the straight-line method.

**Plant and equipment**
Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.
The carrying amount is reviewed by the Committee to ensure that it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected cash flows which will be received from the assets employed and subsequent disposal.

**Depreciation**
The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over the useful lives of the assets to the Group commencing from the time the asset was held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.





**3. Significant accounting policies (continued)**

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

| Class of fixed asset | Depreciation rates | Depreciation basis |
|---|---|---|
| Buildings | 4.0 % | Straight Line |
| Motor vehicles | 20.0 % | Straight Line |
| Furniture fixtures and fittings | 10.0 % | Straight Line |
| Computer equipment | 33.3 % | Straight Line |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

**(c) Intangibles**
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, at the cash-generating unit level.

**Bed licences**
The accounting recognition and measurement of bed licenses are covered by Accounting Standard AASB 138 on *Intangible Assets*. Paragraph 24 of AASB 138 requires an intangible asset to be measured initially at cost. For not-for-profit providers, paragraph 24.1 of AASB 138 states: *"Where an asset is acquired at no cost, or for nominal cost, the cost is its fair value as at the date of acquisition"*. It is the opinion of management that the likelihood of a changing regulatory environment may lead to material fluctuations in the carrying value of bed licenses, therefore a carrying value of nil has been applied to bed licences consistent with the prior year.

**I.T. Work in progress**
The cost of computer software is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Computer software is amortised on a straight line basis over 3 years after it is commissioned.

**(d) Leases**
Operating lease payments are recognised as an operating expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**(e) Employee provisions**

**Salaries and wages**
Liabilities for wages and salaries, including non-monetary benefits are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

**Long service leave and annual leave**
The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The liability for long service leave and annual leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the

**3. Significant accounting policies (continued)**

reporting date on national corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows. In line with AASB 119 *Employee Benefits*, the Group had adopted the corporate bond rates for discounting purposes in the current year, whereas the government bond rate was used in years preceding. The Group has assessed that there is no material impact of the change in discounting methodology from prior years.

**(f) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**(g) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, subject to an insignificant risk of changes in value and have a maturity of three months or less from the date of acquisition.

**(h) Financial assets**

Financial assets are classified into the following specified categories: financial assets at 'fair value through profit or loss' (FVTPL), 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

**Financial assets at FVTPL**

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Group is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives and AASB 139 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.





**3. Significant accounting policies (continued)**

**AFS financial assets**

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the members consider that fair value can be reliably measured).

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the reserve account under owners equity, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

**Loans and receivables**

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment 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 current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period. For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

**Derecognition of financial assets**

The Group derecognises a financial asset where the contractual rights to receipt of cash flow expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**3. Significant accounting policies (continued)**

**Term Deposits**

Investments in term deposits are cash held more than three months which are measured using the amortised cost basis.

**(i) Impairment of assets**

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(j) Revenue**

Government grant revenue is recognised when the Group gains control of the funds. Aged care facility revenue comprises daily resident contributions and Government funding which are both determined in accordance with Government authorised rates. Revenue from the rendering of a service is recognised upon the delivery of the service or a supply of a good to the residents and clients of the Group. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue on sale of non-current assets is recognised when an unconditional sale contract is signed and the risks and rewards of ownership have transferred to the purchaser.

Funding for capital projects is recognised in profit or loss in the financial year in which the entity gains control of the funds.

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

**(k) Refundable accommodation deposits**

Refundable Accommodation Deposits ("RADs") are accommodation bonds received from incoming residents which are held in trust for each individual resident and recognised as a current liability at the amount that would be payable upon discharge of the resident. This is the amount received on entry of the resident less deductions for fees/retentions from each bond account according to the statutory requirements. These liabilities are considered to be current as the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The fees/retentions are recognised as revenue in profit and loss.

**(l) Bequests and donations**

Bequests and donations received that do not have stringent and legally enforceable spending requirements are recognised as revenue when received.

**(m) Income taxes**

Jewish Care (Victoria) Incorporated is a recognised Public Benevolent Institution and its controlled entities are exempt charitable trusts under the provisions of the Income Tax Assessment Act (as amended) and are therefore not subject to income taxes at this time. Accordingly, no income tax has been provided for the Group in these financial statements.





**3. Significant accounting policies (continued)**

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

Revenues, expenses and assets are recognised net of the amount of GST, except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense; or

(ii) for receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

**(o) Operating Cash Flow**

Daily inflows and outflows of refundable accommodation deposits are considered by the Group to be a normal part of the operations of the business and are utilised at the discretion of the Group within the guidelines set out by the Prudential Compliance Standards and are therefore classified as an operating activity.

| **4. Revenue** | **2015 $** | **2014 $** |
|---|---|---|
| **Other revenues:** | | |
| Donations | 515,656 | 937,859 |
| Bequests | 2,236,645 | 2,973,738 |
| Appeals | 2,931,392 | 3,112,781 |
| Interest revenue | 2,243,263 | 2,183,968 |
| Capital appeal | 4,026,335 | 125,000 |
| Profit on sale of fixed assets | - | 65,754 |
| Foreign currency exchange gain | 21,516 | - |
| Gain on investment | 1,310,979 | - |
| Other | 519,559 | 221,170 |
| | 13,805,345 | 9,620,270 |

| **5. Depreciation and amortisation of non-current assets** | | |
|---|---|---|
| Computer equipment | (625,592) | (499,948) |
| Buildings | (1,691,697) | (1,507,164) |
| Motor vehicles | - | (23,605) |
| Motor vehicles under finance lease | - | (4,925) |
| Furniture, fixtures, fittings | (709,811) | (645,364) |
| Total depreciation and amortisation | (3,027,098) | (2,681,006) |

| **6. Employee benefits expenses** | | |
|---|---|---|
| Salary, wages and related costs | (29,774,723) | (27,953,602) |
| Superannuation | (2,497,826) | (2,319,290) |
| Workcover expenses | (916,851) | (629,046) |
| | (33,189,400) | (30,901,938) |

| **7. Other expenses** | | |
|---|---|---|
| Emergency services | (1,310,952) | (856,795) |
| Security services | (4,003) | (3,339) |
| Travel and motor vehicle expenses | (388,888) | (369,586) |
| Rates and insurance | (510,686) | (486,092) |
| Rental expenses | (226,072) | (214,694) |
| Other expenses | (308,247) | (328,348) |
| | (2,748,848) | (2,258,854) |





**8. Income taxes**

Jewish Care (Victoria) Incorporated is a recognised Public Benevolent Institution and the controlled entities are exempt charitable trusts under the provisions of the Income Tax Assessment Act (as amended) and are therefore not subject to income taxes at this time. Accordingly, no income tax has been provided for the Group in these financial statements.

| **9. Trade and other receivables** | **2015 $** | **2014 $** |
|---|---|---|
| **Current** | | |
| Accommodation debtors | 757,773 | 958,467 |
| Less allowance for doubtful debts | (113,429) | (163,486) |
| | 644,344 | 794,981 |
| Goods and services tax recoverable | 205,092 | 156,006 |
| Other debtors | 486,596 | 545,024 |
| Accrued income | 1,740,843 | 474,729 |
| Claims Conference funding receivable | 3,029,347 | 1,171,006 |
| | 6,106,222 | 3,141,746 |
| **Non-current** | | |
| Loan debtors | 1,654,729 | 1,337,884 |
| Less allowance for doubtful debts | - | (4,174) |
| | 1,654,729 | 1,333,710 |

No interest is charged on the trade receivables. An allowance has been made for estimated irrecoverable amounts arising from the past allowance of accommodation and services, determined by reference to past default experience. The economic entity has allowed for specific receivables over 90 days determined by reference to their re-payment history.

| **Movement in the provision for doubtful debts** | | |
|---|---|---|
| Balance at the beginning of the year | 167,660 | 100,662 |
| Charge for the year | 53,845 | 66,998 |
| Written Off | (108,076) | - |
| At 30 June 2015 | 113,429 | 167,660 |

In determining the recoverability of a trade receivable, the Group entity considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Committee believes that there is no further credit provision required in excess of the allowance for doubtful debts.

### 10. Financial assets

| | 2015 $ | 2014 $ |
|---|---|---|
| Financial investments held for trading | 54,457,617 | 55,033,435 |
| Financial investments available-for-sale | - | 208,296 |
| Unrealised revaluation of financial investments | 1,035,557 | 554,326 |
| Term deposits | 858,988 | 1,135,619 |
| Forward exchange contract | 428,301 | - |
| | 56,780,463 | 56,931,676 |
| **Financial liabilities** | | |
| Forward exchange contract | (406,785) | - |

### 11. Property, plant and equipment

| | 2015 $ | 2014 $ |
|---|---|---|
| Land and buildings at fair value | 84,393,936 | 84,101,209 |
| Accumulated depreciation | (7,525,825) | (5,834,128) |
| | 76,868,111 | 78,267,081 |
| Buildings under construction | 5,781,936 | 1,173,878 |
| Motor vehicles | 46,787 | 46,787 |
| Accumulated depreciation | (46,787) | (46,787) |
| | - | - |
| Furniture and fittings | 11,482,249 | 10,688,238 |
| Accumulated depreciation | (7,479,180) | (6,769,369) |
| | 4,003,069 | 3,918,869 |
| Computer equipment | 3,388,492 | 2,678,776 |
| Accumulated depreciation | (2,330,497) | (1,704,905) |
| | 1,057,995 | 973,871 |
| Motor vehicles under finance lease | - | - |
| Accumulated depreciation | - | - |
| | - | - |
| **Total property, plant and equipment** | 87,711,111 | 84,333,699 |

The group has engaged an independent property valuer to perform assessment of the land and buildings values as at 30 June 2015. This assessment result indicates there is no indication of impairment in regards to the net carrying value of land and buildings.





### 11. Property, plant and equipment (cont'd)

| | Land and buildings at fair value $ | Buildings under construction $ | Furniture and fittings at cost $ | Computer equipment $ | Total $ |
|---|---|---|---|---|---|
| **Balance at 30 June 2014** | 78,267,081 | 1,173,878 | 3,918,869 | 973,871 | 84,333,699 |
| Additions | 292,727 | 4,608,058 | 794,011 | 63,675 | 5,758,471 |
| Disposals | - | - | - | - | - |
| Transfers | - | - | - | 646,041 | 646,041 |
| Depreciation expense | (1,691,697) | - | (709,811) | (625,592) | (3,027,098) |
| **Balance at 30 June 2015** | 76,868,111 | 5,781,936 | 4,003,069 | 1,057,995 | 87,711,111 |

### 12. Intangible assets - software WIP

| | Software $ | Total $ |
|---|---|---|
| **Balance at 30 June 2014** | 199,536 | 199,536 |
| Additions | 615,246 | 615,246 |
| Disposals | - | - |
| Transfers | (646,041) | (646,041) |
| Depreciation expense | - | - |
| **Balance at 30 June 2015** | 168,741 | 168,741 |

### 13. Other assets

| | 2015 $ | 2014 $ |
|---|---|---|
| **Current** | | |
| Other | 13,623 | 16,009 |
| Prepayments and deposits | 189,697 | 161,481 |
| Total Prepayments and deposits | 203,320 | 177,490 |
| **Non-current** | | |
| Prepayments and deposits | 888,577 | 908,326 |

### 14. Trade and other payables

| | 2015 $ | 2014 $ |
|---|---|---|
| Trade payables | 1,033,563 | 1,747,195 |
| Sundry payables and accruals | 3,336,221 | 2,408,843 |
| Resident funds | 10,766 | 112,380 |
| | 4,380,550 | 4,268,418 |

The average credit period on purchases of goods and services is 60 days. No interest is charged on the trade payables for the first 60 days from the date of the invoice. Specific suppliers may choose to charge interest after that period. The continuous monitoring of cash flow ensures that all payables are paid within the credit timeframe.

| | 2015 | 2014 |
|---|---|---|
| **15. Provisions** | $ | $ |
| **Current** | | |
| Employee benefits | 3,280,977 | 3,594,362 |
| **Non-current** | | |
| Employee benefits | 1,023,720 | 859,363 |

**16. Refundable accommodation deposits**

| | | |
|---|---|---|
| Refundable accommodation deposits | 72,811,543 | 67,848,123 |
| | 72,811,543 | 67,848,123 |

Terms and conditions relating to refundable accommodation deposits (RADs)
RADs are paid by residents upon their admission to facilities and are settled after a resident vacates the premises in accordance with the Aged Care Act 1997. Providers must pay a base interest rate on all refunds on RADs within legislated timeframes and must pay a penalty on refunds made outside legislated timeframes. RAD balances held prior to 1 July 2014 are reduced by annual retention fees charged in accordance with the Aged Care Act 1997.
RAD refunds are guaranteed by the Government under the prudential standards legislation. Providers are required to have sufficient liquidity to ensure that they can refund bond balances as they fall due in the following twelve months. Providers are also required to implement and maintain a liquidity management strategy. This is updated on a quarterly basis.

While refundable accommodation deposits are classified as a current liability given the possible timeframe for repayment of an individual RAD, it is unlikely that the RAD liability will be significantly reduced over the next twelve months. However, as the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, it is classified as a current liability in accordance with the accounting standard AASB 101 *Presentation of Financial Statements.*

| | | 2015 | 2014 |
|---|---|---|---|
| | | $ | $ |
| **17. Reserves** | | | |
| General reserve | (a) | 1,369,550 | 1,369,550 |
| Asset revaluation | (b) | 24,286,953 | 24,324,301 |
| Other reserve | (c) | 3,074,792 | 3,074,792 |
| | | 28,731,295 | 28,768,643 |

**(a) General reserve**

| | | |
|---|---|---|
| Balance at the beginning and the end of the year | 1,369,550 | 1,369,550 |

**(b) Asset revaluation reserve**

| | | |
|---|---|---|
| Balance at the beginning of the year | 24,324,301 | 24,324,301 |
| Gain on revaluation of investments | (37,348) | - |
| Loss on revaluation of property | - | - |
| Balance at the end of the year | 24,286,953 | 24,324,301 |

The asset revaluation reserve arises on the revaluation of Available For Sale financial assets ("AFS") and land and buildings. Where revalued AFS, land or buildings are sold, that portion of the asset revaluation reserve which relates to that asset, is effectively realised and transferred directly to accumulated surplus.





| | 2015 | 2014 |
|---|---|---|
| **(c) Other reserve** | $ | $ |
| Balance at beginning of financial year | 3,074,792 | 3,074,792 |
| (Distributed)/undistributed reserves | - | - |
| Balance at the beginning and the end of financial year | 3,074,792 | 3,074,792 |

Other reserves represent donations received from Montefiore Home for the Aged Foundation Inc (The Foundation) for the Group with the following conditions attached.

**Commitments - Montefiore Home for the Aged Foundation Inc (The Foundation)**
The merger of the former Montefiore Homes for the Aged Inc. and Jewish Community Services Inc. to create Jewish Care (Victoria) Inc (JCV) led to the winding up of the former Foundation. It was recognised prior to the winding up that some donations were made to the Foundation for certain specific purposes and although it was not a requirement of the winding up of the Foundation that the monies be used for the specific purpose, the Foundation and JCV agreed that it would be appropriate to fulfil in spirit the conditions attached to the specific purpose donations by obliging JCV to dedicate funds to the specific purposes on an ongoing basis. Therefore, certain funds included in investments can only be used for specific purposes. The conditions for the specific purpose donations have been met by JCV for the year ended 30 June 2015.

**18. Commitments for expenditure**
**(a) Capital expenditure commitments**

| | | |
|---|---|---|
| Not longer than 1 year | 3,825,253 | 7,731,753 |
| | 3,825,253 | 7,731,753 |

At 30 June 2015, Jewish Care had commitments of $3,825,253 relating to the completion of the new all ages respite care facility at 476 Glen Eira Rd Nth Caulfield, committed consultant contracts relating to the Windsor development project and information technology projects.

**(b) Other expenditure commitments**

| | | |
|---|---|---|
| Rental Commitments | | |
| Not longer than 1 year | 48,750 | 195,000 |
| Longer than 1 year and not longer than 5 years | - | - |
| | 48,750 | 195,000 |

Lease for 76-78 Kooyong Road, North Caulfield expired on 30th June 2015 and was extended for a further 3 months.

| | | |
|---|---|---|
| Motor Vehicle Leases | | |
| Not longer than 1 year | 149,894 | 148,580 |
| Longer than 1 year and not longer than 5 years | 274,806 | 420,976 |
| | 424,700 | 569,556 |

### 19. Controlled Entities

| Name of entity | Country of Incorporation | Ownership interest | |
|---|---|---|---|
| | | % | % |
| **Parent entity** | | | |
| Jewish Care (Victoria) Incorporated | Australia | | |
| **Subsidiaries** | | | |
| Jewish Aid Society Incorporated | Australia | 100 | 100 |

Principal activities of Jewish Aid Society include the provision of assistance to distressed, unemployed or needy Jewish persons in the State of Victoria with the grant of interest free loans.

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| **20. Cash and cash equivalents** | | |
| Cash on hand | 47,127 | 35,126 |
| Cash at bank | 8,916,322 | 4,562,226 |
| | 8,963,449 | 4,597,352 |

The Group has bank overdraft facilities organised with ANZ Bank amounted at $1.5 million (2014: $1.5 million). None of the facility was used as at balance date.

### 21. Financial risk management

| | | |
|---|---|---|
| **(a) Categories of financial instruments** | | |
| **Financial assets** | | |
| Cash and cash equivalents | 8,963,449 | 4,597,352 |
| Loans and receivables | 7,760,951 | 4,475,456 |
| Held to maturity investments | 858,988 | 1,135,619 |
| Available for sale financial assets | - | 208,296 |
| Financial Investments | 55,921,475 | 55,587,761 |
| | 73,504,863 | 66,004,484 |
| **Financial liabilities** | | |
| Trade payables and refundable accommodation deposits and bonds | 77,192,093 | 72,116,541 |
| Finance instruments | 406,785 | - |
| | 77,598,878 | 72,116,541 |

**(b) Financial Risk Management Objective**

The Group's management monitor and manage the financial risks relating to the operations of the Group through internal analysis to determine any risk exposure. These risks include currency risks related to Claims Conference funding, credit risk, interest rate risk and liquidity risk. The Group seeks to minimise the effect of these risks by using derivative financial instruments to hedge these risks exposure.

**(c) Market Risk**

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates (Claims Conference funding) and interest rates. The Group enters into specific financial instruments to manage its exposure to these risks including:

- Forward Foreign Exchange Contracts for Claims Conference funding received

- Management Investment Strategy for Refundable Accommodation Deposits and Accommodation Bonds held





The Group has entered into a forward foreign exchange contract as at 30 June 2015. No hedge accounting is applied to this.

**(d) Foreign Currency Risk Management**

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations. Exchange rate exposures are managed utilising forward foreign exchange contracts for transactions that are expected to occur within a maximum 3-month period.

**(e) Interest Rate Risk Management**

The Group is exposed to interest rate risk as it invests at both fixed and variable interest rates. The risk is managed by adopting a conservative approach with regards to long and short-term investment strategies.

**(f) Liquidity Risk Management**

The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. As part of the Group's Investment Management Strategy (IMS) and in accordance with the Aged Care Act 1997, the Group held investments in the form of an Accommodation Bond Fund and Bequest Fund. The Group's policy is that at least 20% of paid up Refundable Accommodation Deposits are held in the form of cash and cash equivalents as part of its IMS strategy.

### 22. Related party transactions

**Transactions with key management personnel**

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| Key management personnel compensation | 2,147,925 | 2,030,064 |

There were no directors or other members of key management personnel that had control over the economic entities operations.
There were no transactions with, or loans to and from, key management personnel.
Mr Jeffrey Appel (OAM) in his capacity as a member of the Committee of Management is also a principal of SBA Law who has provided pro-bono legal services to the Group.

**Key management personnel compensation**

No salaries, compensations or other benefits were paid or are payable to the Members in their capacity as Board Members.

**Committee of Management**

Details of the Committee of Management are listed below. All members of the Committee of Management held office during the period in an honorary capacity.

- Mr Jeffrey Appel (OAM)
- Mr Frank Ajzensztat
- Ms Leah Balter
- Mr Mike Debinski
- Mr Rohan Filer
- Ms Sally Genser (Resigned Nov 2014)
- Ms Susie Ivany
- Ms Lisa Kennett (Appointed Nov 2014)
- Mr Simon T Morris
- Mr Greg Nankin
- Ms Marcia Pinskier
- Mr Bruce Rosengarten (Resigned Nov 2014)
- Mr Andrew Schwartz (Appointed 2014)
- Mr Michael Schoenfeld

**22. Related parties transactions (cont'd)**

**Transactions with other related parties**

Other related parties include:

- Subsidiary: Jewish Aid Society Incorporated

During the financial year, the following transactions occurred between the Group and its other related parties:

- Jewish Care (Vic) Inc provided administration services to Jewish Aid Society Inc for the financial year with an administration charge of $11,867.

The following balances arising from transactions between the Association and its other related parties are outstanding at reporting date:

| | 2015 $ | 2014 $ |
|---|---|---|
| (i) Amounts receivable from controlled entities: | | |
| Jewish Aid Society Incorporated | - | - |
| (ii) Amounts payable to controlled entities: | | |
| Jewish Aid Society Incorporated | - | - |

All amounts advanced to or payable to related parties are unsecured and are subordinate to other liabilities. The amounts outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties. Transactions and balances between the association and its subsidiaries were eliminated in the preparation of consolidated financial statements of the Group.

**23. Subsequent events**

The Group has strategic development plans including developing a disability respite centre, community housing and to build residential aged care facilities which are forecast to commence during financial year 2016.

The Group has made enquiries with major financial institutions in order to seek capital funding in developing Windsor site. At the date of signing of Annual Accounts, no decision has been reached by the Committee in regard to the preferred financier. It is anticipated the loan will be established during the course of year ending 30 June 2016, and capital works will commence during this period.

The Group has a conditional purchase of land in Wahgoo Rd, Carnegie, subject to an approved town planning permit to build a new aged care facility. At the date of signing of Annual Accounts, no decision has been reached by the Committee in regard the anticipated start date for capital works

Apart from the aforementioned funding proposal, there have not been any other matters or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.





**24: Segment Information**

**The following disclosure is in respect to the Aged Care services within the state of Victoria, Australia.**

| | Residential Services 2015 $ | Residential Services 2014 $ |
|---|---|---|
| Fees and charges | 8,030,131 | 7,959,048 |
| Government subsidies | 21,573,052 | 20,547,818 |
| Other revenues | 3,002,616 | 2,021,329 |
| **Total revenues** | 32,605,799 | 30,528,195 |
| Employee benefits expense | (15,865,546) | (14,341,880) |
| Depreciation and amortisation expenses | (2,481,983) | (2,203,861) |
| Community development expenses | 67,308 | 331,771 |
| External services expenses | (117,354) | (86,677) |
| Food expenses | (4,827,007) | (4,786,059) |
| Repairs and maintenance expenses | (2,323,314) | (2,724,682) |
| Medical and other supplies | (542,579) | (669,568) |
| Consulting expenses | (150,028) | (39,140) |
| Energy expenses | (450,352) | (434,596) |
| Administration expenses | (4,599,503) | (4,374,101) |
| Laundry expenses | (675,566) | (632,718) |
| Other expenses | (316,377) | (317,558) |
| **Total expenses** | (32,282,301) | (30,279,069) |
| Surplus/(deficit) before tax | 323,498 | 249,126 |
| Income tax expense | - | - |
| **Surplus/(deficit) after tax** | 323,498 | 249,126 |
| Gain on available for sale investments | - | - |
| **Total comprehensive income for the year** | 323,498 | 249,126 |
| Residential Assets | 105,333,428 | 97,077,645 |
| Residential Liabilities | 78,355,721 | 73,380,111 |

## Statement by Members of the Committee

**For the year ended 30 June 2015**

1. In the opinion of the Committee of Jewish Care Victoria Incorporated:

(a) The financial statements comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and Group notes are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012 and:

(i) comply with Australian Accounting Standards Reduced Disclosure Regime and the Australian Charities and Not-for-Profits Commission Regulation 2013; and

(ii) give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date.

(b) In the Committee's opinion there are reasonable grounds to believe that the Group 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 Committee of Jewish Care Victoria Incorporated and is signed for and on behalf of the Committee by:

Committee Member
Melbourne, 18 September 2015

Committee Member
Melbourne, 18 September 2015



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# Independent auditor's report to the members of Jewish Care (Victoria) Incorporated

We have audited the accompanying financial report of Jewish Care (Victoria) Incorporated and Controlled Entity (the Group), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Members of the Committee declaration for the consolidated entity comprising the Group and the entity it controlled at the year's end or from time to time during the financial year.

## Responsibility of Members of the Committee for the Financial Report

The Members of the Committee are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the financial reporting requirements of the *Associations Incorporation Reform Act 2012 (and its associated Regulations)*, and for such internal controls as the Committee determines are necessary to enable the preparation of the 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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Members of the Committee, as well as evaluating the overall presentation of the financial report.

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

## Independence

In conducting our audit we have complied with the independence requirements of the Australian professional accounting bodies and the *Associations Incorporation Reform Act 2012 (and its associated Regulations).* We have given to the Committee of the Group a written Auditor's Independence Declaration, a copy of which is included in the Committee's report.

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## Opinion

In our opinion the financial report of Jewish Care (Victoria) Incorporated and Controlled Entity is in accordance with the *Associations Incorporation Reform Act 2012 (and its associated Regulations)*, including:

(a) giving a true and fair view of the financial position of the consolidated entity at 30 June 2015 and of its performance for the year ended on that date; and

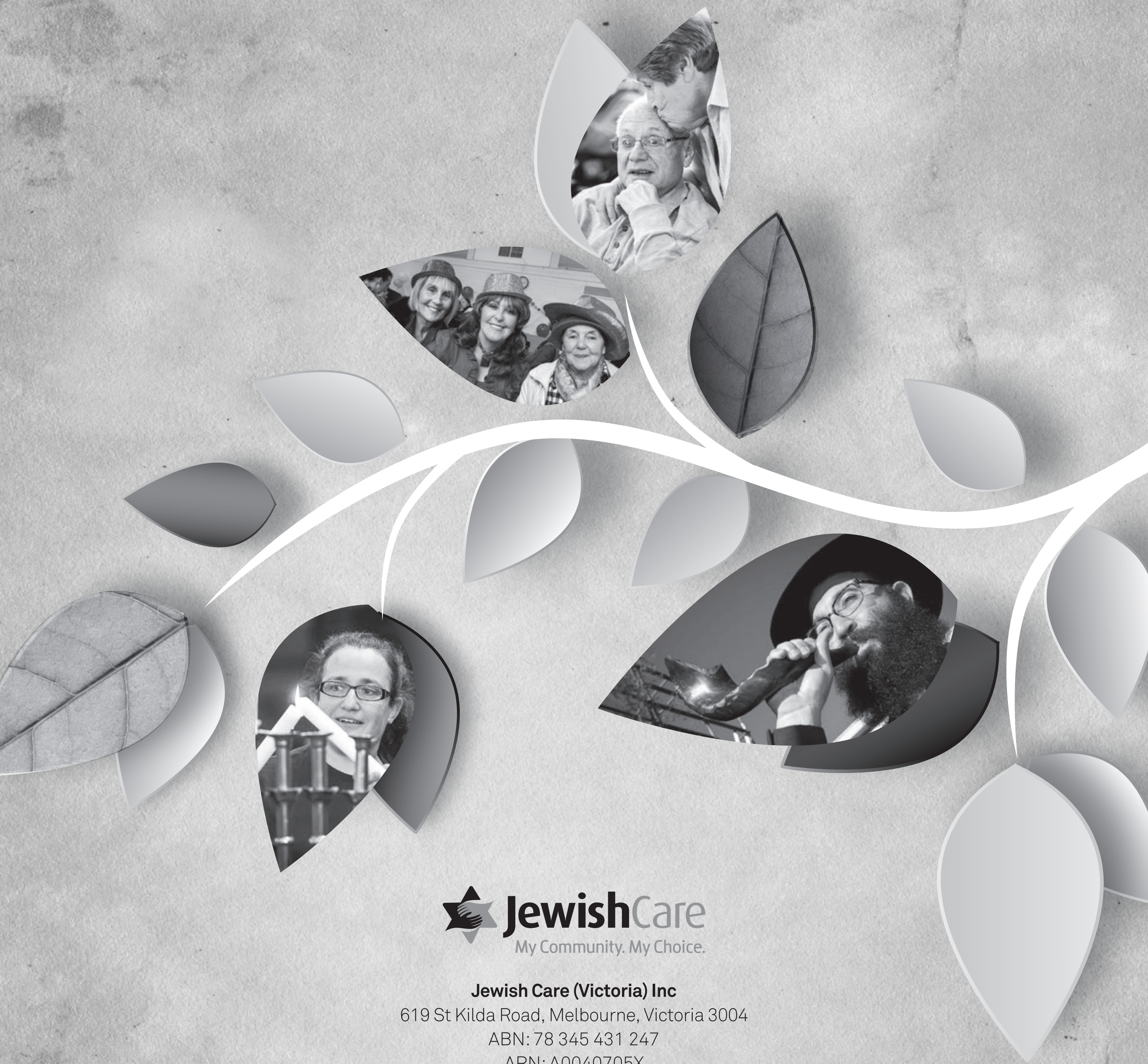
(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Associations Incorporation Reform Act 2012 (and its associated Regulations).*

Ernst & Young

Ernst & Young

Paul Gower

Paul Gower
Partner
Melbourne
18 September 2015



JewishCare
My Community. My Choice.

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