

# **Kellock Lodge Alexandra Inc.**

No. A0037078E

## **Financial Statements**

**For the Year Ended 30 June 2018**

**Kellock Lodge Alexandra Inc.**

No. A0037078E

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Independent Audit Report

**Kellock Lodge Alexandra Inc.**

No. A0037078E

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 30 June 2018**

	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
Revenue	4	<b>4,247,663</b>	4,365,056
Employee Expenses		<b>(3,204,500)</b>	(2,865,030)
Depreciation		<b>(511,473)</b>	(493,973)
Repairs & Maintenance		<b>(92,498)</b>	(70,023)
Utilities		<b>(103,045)</b>	(97,983)
Resident's expenses		<b>(183,678)</b>	(131,961)
Other expenses from ordinary activities		<b>(870,460)</b>	(315,152)
<b>Profit from operations</b>		<b>(717,991)</b>	390,934
Income tax expense		-	-
<b>Profit from operations</b>		<b>(717,991)</b>	390,934
<b>Profit for the year</b>		<b>(717,991)</b>	390,934
<b>Total comprehensive income for the year</b>		<b>(717,991)</b>	390,934

The accompanying notes form part of these financial statements.

**Kellock Lodge Alexandra Inc.**

No. A0037078E

**Statement of Profit or Loss  
For the Year Ended 30 June 2018**

		<b>Residential</b>		<b>Independent Living Units</b>	
		<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	4	<b>4,076,693</b>	4,188,099	<b>170,970</b>	176,957
Employee Expenses		<b>(3,192,540)</b>	(2,855,880)	<b>(11,960)</b>	(9,150)
Depreciation		<b>(433,575)</b>	(416,422)	<b>(77,898)</b>	(77,551)
Repairs & Maintenance		<b>(58,189)</b>	(49,314)	<b>(34,309)</b>	(20,709)
Utilities		<b>(91,138)</b>	(86,129)	<b>(11,907)</b>	(11,854)
Resident's expenses		<b>(183,678)</b>	(131,901)	-	(60)
Other expenses from ordinary activities		<b>(838,574)</b>	(308,196)	<b>(31,886)</b>	(6,956)
<b>Profit from operations</b>		<b>(721,001)</b>	340,257	<b>3,010</b>	50,677
Income tax expense		-	-	-	-
<b>Profit from operations</b>		<b>(721,001)</b>	340,257	<b>3,010</b>	50,677
<b>Comprehensive income</b>		<b>(721,001)</b>	340,257	<b>3,010</b>	50,677

The accompanying notes form part of these financial statements.

**Kellock Lodge Alexandra Inc.**

No. A0037078E

**Statement of Financial Position****30 June 2018**

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	<b>9,300,260</b>	6,848,443
Receivables	6	<b>836,665</b>	309,603
Other financial assets		<b>1,980</b>	1,980
Other assets		<b>102,246</b>	57,333
<b>TOTAL CURRENT ASSETS</b>		<b>10,241,151</b>	7,217,359
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	<b>10,089,324</b>	10,558,738
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,089,324</b>	10,558,738
<b>TOTAL ASSETS</b>		<b>20,330,475</b>	17,776,097
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payables	8	<b>10,598,843</b>	7,389,191
Short-term provisions	9	<b>528,594</b>	506,748
<b>TOTAL CURRENT LIABILITIES</b>		<b>11,127,437</b>	7,895,939
<b>NON-CURRENT LIABILITIES</b>			
Long-term provisions	9	<b>142,298</b>	101,427
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>142,298</b>	101,427
<b>TOTAL LIABILITIES</b>		<b>11,269,735</b>	7,997,366
<b>NET ASSETS</b>		<b>9,060,740</b>	9,778,731
<b>EQUITY</b>			
Retained earnings		<b>9,060,740</b>	9,778,731
<b>TOTAL EQUITY</b>		<b>9,060,740</b>	9,778,731

The accompanying notes form part of these financial statements.

**Statement of Changes in Equity**  
**For the Year Ended 30 June 2018**

**2018**

	<b>Retained Earnings</b>	<b>Total</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2017</b>	<b>9,778,731</b>	<b>9,778,731</b>
Deficit for the year	(717,991)	(717,991)
<b>Transactions with owners in their capacity as owners</b>		
<b>Balance at 30 June 2018</b>	<b>9,060,740</b>	<b>9,060,740</b>

**2017**

	<b>Retained Earnings</b>	<b>Total</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2016</b>	<b>9,387,797</b>	<b>9,387,797</b>
Surplus for the year	390,934	390,934
<b>Transactions with owners in their capacity as owners</b>		
<b>Balance at 30 June 2017</b>	<b>9,778,731</b>	<b>9,778,731</b>

**Kellock Lodge Alexandra Inc.**

No. A0037078E

**Statement of Cash Flows  
For the Year Ended 30 June 2018**

	2018	2017
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Residents fees	1,028,644	1,014,824
Health and ageing services supplements	2,577,379	2,692,434
Interest	265,714	205,400
Sundry and fundraising	168,613	341,674
Employees benefits	(3,142,284)	(2,786,343)
Suppliers	(1,123,729)	(520,313)
Net cash provided by/(used in) operating activities	12 <u>(225,663)</u>	<u>947,676</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for plant and equipment	(26,656)	(131,191)
Payments for buildings and land	(15,403)	(498,148)
Net cash used by investing activities	<u>(42,059)</u>	<u>(629,339)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Accommodation bonds received for residential care	2,820,000	812,067
Lease premiums received for independent living units	783,000	-
Repayment of accommodation bonds	(883,461)	(202,310)
Repayment of lease premiums independent living units	-	(180,000)
Net cash used by financing activities	<u>2,719,539</u>	<u>429,757</u>
Net increase/(decrease) in cash and cash equivalents held	2,451,817	748,094
Cash and cash equivalents at beginning of year	6,848,443	6,100,349
Cash and cash equivalents at end of financial year	5 <u>9,300,260</u>	<u>6,848,443</u>

The accompanying notes form part of these financial statements.

## Kellock Lodge Alexandra Inc.

No. A0037078E

### Notes to the Financial Statements For the Year Ended 30 June 2018

The financial statements cover Kellock Lodge Alexandra Inc. as an individual entity. Kellock Lodge Alexandra Inc. is a not-for-profit Association incorporated in Victoria under the *Associations Incorporation Reform Act 2012* ('the Act').

The principal activities of the Association for the year ended 30 June 2018 were to operate an accredited aged care facility and independent living units at Alexandra in Victoria.

The functional and presentation currency of Kellock Lodge Alexandra Inc. is Australian dollars.

The financial report was authorised for issue by the Board of Directors on 31 October 2018.

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 and the Act.

#### 2 Summary of Significant Accounting Policies

##### (a) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

##### (b) 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 Association 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.

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

##### 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.

##### (c) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

##### (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 payable are stated inclusive of GST.



## Kellock Lodge Alexandra Inc.

No. A0037078E

### Notes to the Financial Statements For the Year Ended 30 June 2018

#### 2 Summary of Significant Accounting Policies

##### (d) Goods and services tax (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 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 and buildings are measured using the cost model.

The land upon which the retirement village and independent living units are built is not legally owned by the Association but is held by the Wangaratta Diocesan Trustees (**WDT**) on Trust for elderly people in the Alexandra community. A long term lease at a nominal rental, ending on 30 August 2039, has been granted by WDT to the Association.

##### Plant and equipment

Plant and equipment are measured using the cost model.

##### Depreciation

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

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

<b>Fixed asset class</b>	<b>Depreciation rate</b>
Buildings	2.5% - 4%
Plant and Equipment	13% - 20%

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.

## **Kellock Lodge Alexandra Inc.**

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### **Notes to the Financial Statements For the Year Ended 30 June 2018**

#### **2 Summary of Significant Accounting Policies**

**(f) 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.

**(g) Adoption of new and revised accounting standards**

Mandatory revisions or additions to Australian Accounting Standards and Interpretations are adopted by the Association where applicable.

**(h) New Accounting Standards and Interpretations**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Association has decided not to early adopt these Standards.

**(i) Accommodation Bond Liabilities**

Accommodation bonds are non-interest bearing deposits made by aged care facility residents to the Association upon their admission to low care and extra service accommodation. These deposits are liabilities which fall due and payable when the resident leaves the facility.

Accommodation bond liabilities are recorded at an amount equal to the proceeds received, net of retention and any other amounts deducted from the bond at the election of the bond-holder.

#### **3 Critical Accounting Estimates and Judgments**

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.

##### **Key estimates - impairment of property, plant and equipment**

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

## Kellock Lodge Alexandra Inc.

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### Notes to the Financial Statements For the Year Ended 30 June 2018

#### 4 Revenue and Other Income

##### Revenue from continuing operations

	2018	2017
	\$	\$
Revenue		
- Fundraising	49,013	157,692
- Health and Ageing Services, Supplements	2,586,122	2,692,434
- Sundry	38,527	44,374
- Residents fees - Residential Care	1,062,140	986,774
- Appropriated entry fees, accommodation retentions, interest and charges	103,581	122,259
- Resident fees - Independent Living Units	39,736	40,040
- Deferred lease premiums - Independent Living Units	102,830	116,083
- Investment Income	265,714	205,400
	<u>4,247,663</u>	<u>4,365,056</u>
<b>Total Revenue</b>	<b><u>4,247,663</u></b>	<b><u>4,365,056</u></b>

#### 5 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash at bank and in hand	10,607	589,093
Short-term deposits	9,289,653	6,259,350
	<u>9,300,260</u>	<u>6,848,443</u>

#### 6 Trade and Other Receivables

	2018	2017
	\$	\$
CURRENT		
Sundry debtors	8,743	-
Debtors resident fees	35,691	8,132
Accommodation bonds receivable	792,231	301,471
<b>Total current trade and other receivables</b>	<b><u>836,665</u></b>	<b><u>309,603</u></b>

##### (a) Collateral held as security

The Association does not hold any collateral over any receivables balances.

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

## Kellock Lodge Alexandra Inc.

No. A0037078E

### Notes to the Financial Statements For the Year Ended 30 June 2018

#### 6 Trade and Other Receivables

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

#### 7 Property, plant and equipment

	2018	2017
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At cost	834,819	834,819
Total Land	<u>834,819</u>	<u>834,819</u>
Buildings		
At cost	11,427,169	11,448,213
Accumulated depreciation	(2,573,640)	(2,163,898)
Total buildings	<u>8,853,529</u>	<u>9,284,315</u>
Total land and buildings	<u>9,688,348</u>	<u>10,119,134</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	955,277	892,174
Accumulated depreciation	(630,607)	(542,063)
Total plant and equipment	<u>324,670</u>	<u>350,111</u>
Motor vehicles		
At cost	101,978	101,978
Accumulated depreciation	(25,672)	(12,485)
Total motor vehicles	<u>76,306</u>	<u>89,493</u>
Total plant and equipment	<u>400,976</u>	<u>439,604</u>
<b>Total property, plant and equipment</b>	<u><b>10,089,324</b></u>	<u><b>10,558,738</b></u>

## Kellock Lodge Alexandra Inc.

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### Notes to the Financial Statements For the Year Ended 30 June 2018

#### 7 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:

	Independent Living Units	Land, Buildings, Improvements & Additions	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$
<b>Year ended 30 June 2018</b>					
Balance at the beginning of the year	2,640,392	7,478,741	350,111	89,494	10,558,738
Additions	-	15,403	26,656	-	42,059
Transfers	-	(36,447)	36,447	-	-
Depreciation expense	(73,838)	(335,904)	(88,544)	(13,187)	(511,473)
<b>Balance at the end of the year</b>	<b>2,566,554</b>	<b>7,121,793</b>	<b>324,670</b>	<b>76,307</b>	<b>10,089,324</b>

	Independent Living Units	Buildings	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$
<b>Year ended 30 June 2017</b>					
Balance at the beginning of the year	2,714,230	7,300,456	408,975	-	10,423,661
Additions	-	498,148	29,753	101,438	629,339
Depreciation expense	(73,838)	(319,863)	(88,616)	(11,945)	(494,262)
<b>Balance at the end of the year</b>	<b>2,640,392</b>	<b>7,478,741</b>	<b>350,112</b>	<b>89,493</b>	<b>10,558,738</b>

## Kellock Lodge Alexandra Inc.

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### Notes to the Financial Statements For the Year Ended 30 June 2018

#### 8 Trade and Other Payables

	Note	2018 \$	2017 \$
Current			
Trade creditors		250,547	144,079
Creditors (PAYG)		49,126	29,482
Accruals & income in advance		41,222	41,883
Residents accommodation bonds - Residential Care		7,417,528	5,013,497
Residents lease premiums - Independent Living Units		2,840,420	2,160,250
		<u>10,598,843</u>	<u>7,389,191</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.

#### Non-Current

#### 9 Provisions

	2018 \$	2017 \$
CURRENT		
Provision for ADO	19,533	15,172
Provision for employee entitlements - Annual Leave	317,845	316,655
Provision for employee entitlements - Long Service Leave	191,216	174,921
	<u>528,594</u>	<u>506,748</u>
	2018 \$	2017 \$
NON-CURRENT		
Provision for employee entitlements - Long Service Leave	129,700	89,329
Provision major maintenance fund - Independent Living Units	12,598	12,098
	<u>142,298</u>	<u>101,427</u>

#### 10 Financial Risk Management

The Association is exposed to a variety of financial risks through its use of financial instruments.

The Association's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Association does not speculate in financial assets.

## Kellock Lodge Alexandra Inc.

No. A0037078E

### Notes to the Financial Statements For the Year Ended 30 June 2018

#### 10 Financial Risk Management

The most significant financial risks to which the Association is exposed to are described below:

##### Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

##### Financial instruments used

The principal categories of financial instrument used by the Association are:

- Trade receivables
- Cash at bank
- Investments in listed shares
- Trade and other payables

##### Liquidity risk

Liquidity risk arises when the Association is unable to meet its financial obligations as they fall due. The Association operates under the policy of setting financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets and dealing in high quality liquid markets. The Association's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Accommodation Bonds have an undetermined maturity date and it is estimated that accommodation bonds turn over every 3 years. The Accommodation Bond balance is only refunded when a resident leaves the facility. For the year ended 30 June 2018, new resident bonds have exceeded bonds refunded to residents.

##### Credit risk

Credit risk represents the loss that would be recognised if counter parties failed to perform as contracted. The counter parties associated with the Association's investments are AAA rated Approved Deposit Taking institutions. The Association does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

## Kellock Lodge Alexandra Inc.

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### Notes to the Financial Statements For the Year Ended 30 June 2018

#### 10 Financial Risk Management

##### Market risk

The Association's potential exposure to market risk would primarily be through interest risk with currently no exposure to other price risk or foreign currency risk. Objectives, policies and processes used to manage the risks are disclosed in the paragraph below.

Current interest rate risk is minimal as the Association does not carry any interest bearing debt instruments.

Sensitivity disclosure analysis takes into account past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets. The Association believes it does not hold financial assets or financial liabilities of the type whose value will impact upon the net operating result as result of movements in interest rates

Cash on hand, Receivables and Accommodation Bonds are non interest bearing.

#### 11 Contingencies

In the opinion of the Board of Directors, the Association did not have any contingencies at 30 June 2018 (30 June 2017:None).

#### 12 Cash Flow Information

##### (a) Reconciliation of result for the year to cashflows from operating activities

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

	2018	2017
	\$	\$
Profit for the year	(717,991)	390,934
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	511,473	494,262
- deferred lease premium ILU's	(102,830)	(116,083)
- retention of entry fees and accommodation bonds	(22,508)	(24,908)
- provision for major maintenance ILU's	500	4,430
- provision for leave entitlements	62,216	78,687
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(37,062)	19,374
- (increase)/decrease in other assets	(44,263)	5,869
- (increase)/decrease in inventories	(650)	1,210
- increase/(decrease) in trade and other payables	106,468	72,222
- increase/(decrease) in accrued expenses	18,984	21,679
Cashflows from operations	<u>(225,663)</u>	<u>947,676</u>



## Kellock Lodge Alexandra Inc.

No. A0037078E

### Notes to the Financial Statements For the Year Ended 30 June 2018

#### 13 Events after the end of the Reporting Period

The financial report was authorised for issue on 31 October 2018 by the Board of Directors.

The Association has entered into an Agreement and Gift Deed with The Trustees of the Anglican Diocese of Wangaratta, for the following to occur:

1. Transfer of titles to land by way of gift, upon which the Kellock Lodge residential aged care buildings and independent living units are constructed and a house located at 5 Bon Street, Alexandra, to the Association;
2. Transfer of aged care bed licences currently held in the name of The Trustees of the Anglican Diocese of Wangaratta as the approved provider to the Association;
3. In consideration for the above transfers, the payment for the aged care bed licences by the Association to The Trustees of the Anglican Diocese of Wangaratta, will be made

The above transactions are anticipated to be completed in the financial year ended 30 June 2019.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

#### 14 Statutory Information

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

Kellock Lodge Alexandra Inc.  
15 Bon Street  
Alexandra Victoria 3714

#### 15 Operating Segments

##### Segment information

	Residential		Independent Living Units		Total	
	2018	2017	2018	2017	2018	2017
Revenue	4,076,693	4,188,099	170,970	176,957	4,247,663	4,365,056
<b>Less: Operating expenses</b>						
Employee expenses	3,192,540	2,855,880	11,960	9,150	3,204,500	2,865,030
Depreciation	433,575	416,422	77,898	77,551	511,473	493,973
Repairs & maintenance	58,189	49,314	34,309	20,709	92,498	70,023
Utilities	91,138	86,129	11,907	11,854	103,045	97,983
Residents expenses	183,678	131,901	-	60	183,678	131,961
<b>Other expenses</b>	<b>838,574</b>	<b>308,196</b>	<b>31,886</b>	<b>6,956</b>	<b>870,460</b>	<b>315,152</b>
<b>Profit (Loss) from operations</b>	<b>(721,001)</b>	<b>340,257</b>	<b>3,010</b>	<b>50,677</b>	<b>(717,991)</b>	<b>390,934</b>

# Kellock Lodge Alexandra Inc.

No. A0037078E

## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 15 Operating Segments

#### Segment information

##### Assets & Liabilities

	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Cash & cash equivalents	8,397,086	6,709,687	903,174	138,756	9,300,260	6,848,443
Receivables	836,665	309,604	-	-	836,665	309,604
Investments	1,980	1,980	-	-	1,980	1,980
Other assets	99,620	51,867	2,626	5,466	102,246	57,333
Property plant & equipment	7,507,258	7,898,774	2,582,066	2,659,964	10,089,324	10,558,738
<b>Total Assets</b>	<b>16,842,609</b>	<b>14,971,912</b>	<b>3,487,866</b>	<b>2,804,186</b>	<b>20,330,475</b>	<b>17,776,098</b>
<b>Liabilities</b>						
Trade & other payables	340,895	152,962	-	-	340,895	152,962
Provisions	658,294	658,560	12,598	12,098	670,892	670,658
Accommodation bonds	7,417,528	5,013,497	-	-	7,417,528	5,013,497
Lease premiums	-	-	2,840,420	2,160,250	2,840,420	2,160,250
<b>Total liabilities</b>	<b>8,416,717</b>	<b>5,825,019</b>	<b>2,853,018</b>	<b>2,172,348</b>	<b>11,269,735</b>	<b>7,997,367</b>
<b>Net Assets</b>	<b>8,425,892</b>	<b>9,146,893</b>	<b>634,848</b>	<b>631,838</b>	<b>9,060,740</b>	<b>9,778,731</b>

## STATEMENT BY MEMBERS OF THE BOARD

In the opinion of the Board, the Financial Statements, as set out on the previous pages;

1. Present a true and fair view of the financial position of Kellock Lodge Alexandra Inc. as at 30 June 2018 and its performance for the year ended on that date in accordance with Australian Accounting Standards and the requirements of the Associations Incorporation Reform Act 2012 (Victoria), mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that Kellock Lodge Alexandra Inc. will be able to pay its debts as and when they fall due.

This Statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:

Chairman:

Handwritten signature of Harry Fallon in cursive script.

Treasurer:

Dated this 31st day of October, 2018.

**Kellock Lodge Alexandra Inc.**

## **Independent Audit Report to the members of Kellock Lodge Alexandra Inc.**

### **Report on the Audit of the Financial Report**

#### **Opinion**

We have audited the financial report of Kellock Lodge Alexandra Inc. (the Association), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and 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 statement by Members of the Board.

In our opinion, the accompanying financial report presents fairly, in all material respects, including:

- (i) giving a true and fair view of the Association's financial position as at 30 June 2018 and of its financial performance and its cash flows for the year ended; and
- (ii) complying with Australian Accounting Standards.

#### **Basis for Opinion**

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 Association in accordance with the auditor independence requirements of 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 opinion.

#### **Responsibilities of Management and Those Charged with Governance**

Management is responsible for the preparation and fair presentation of the financial report in accordance with the Associations Incorporation Reform Act 2012, and for such internal control as management determines is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.



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**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 the 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 this financial report.

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

- 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 association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.
- Conclude on the appropriateness of the committee's 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 association'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 association 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 committee 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.



**M V ANDERSON & CO**  
Chartered Accountants  
Level 5, North Tower  
485 La Trobe Street,  
Melbourne Vic 3000



**SHAUN EVANS**  
Partner

Dated: 31 October, 2018