

ANNUAL REPORT

—
2018
—

2018



CaSPACare

Living well. Living locally.

OUR VISION

OLDER PEOPLE LIVING IN A COMPASSIONATE COMMUNITY THAT SUSTAINS AND REINFORCES INDEPENDENCE, SOCIAL RELATIONSHIPS AND COMMUNITY INTERACTION.

OUR MISSION

TO DELIVER A RANGE OF SERVICES, ACCOMMODATION AND CARE TO OLDER ADULTS AND THEIR FAMILIES IN THE CITY OF PORT PHILLIP WHICH:

- UPHOLDS THE INDEPENDENCE AND QUALITY OF LIFE OF RESIDENTS
 - PROVIDES WELLBEING AND DIGNITY BY RECOGNISING EACH PERSON'S SOCIAL, HEALTH, EMOTIONAL, INTELLECTUAL AND CULTURAL NEEDS
 - PROVIDES A WELCOMING, FRIENDLY, PLEASANT, SAFE AND SECURE ENVIRONMENT
 - EXCELS THROUGH LEARNING, CONTINUOUS IMPROVEMENT AND FOSTERING THE SKILLS OF STAFF
-

OUR VALUES

COMPASSION

WE PROVIDE CARE WITH KINDNESS AND EMPATHY THAT CONSIDERS AND MEETS EACH INDIVIDUAL'S NEEDS

RESPECT

WE TREAT EVERY PERSON WITH DIGNITY AND COURTESY, WE ARE POLITE AND WE LISTEN

COMMUNICATION

WE SHARE INFORMATION APPROPRIATELY, PROMPTLY AND OPENLY

TEAMWORK

WE ARE RELIABLE, FRIENDLY AND WE HELP EACH OTHER

ACCOUNTABILITY

WE ARE RESPONSIBLE FOR OUR DECISIONS AND WORK PROFESSIONALLY

HONESTY

WE TRUST EACH OTHER AND ARE TRUSTWORTHY

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CHAIRPERSON'S REPORT



CASPA CARE

RICHARD GATES
Chair

The 2018 financial year has been a most successful year for CaSPA Care with a number of achievements of which we are proud.

Both our Emerald Hill and South Port Residences are consistently achieving full occupancy reflecting the high level quality of care and lifestyle provided. Many other residential care service providers are not so fortunate. Full occupancy is the best validation of how we are regarded in our community.

Our household model of care continues to stand out as a best practice model in delivering care quality. The new Aged Care Quality Standards announced by Government earlier this year and which go live in July 2019 place consumer choice and dignity as an overarching priority. Our household model of care is an excellent fit with these new quality standards.

Particularly pleasing is the completion of the South Port significant refurbishment program where bedrooms and bathrooms have been remodelled to a level where resident and family feedback has been resoundingly positive. Claremont Home has been leased to YWCA Housing as a new home for vulnerable women over the age of 55. The lease is for a 18 month term and is a most suitable short term use whilst we plan for the re-development of Claremont. This worthwhile community project has been most aptly named "Lakehouse". We congratulate the City of Port Phillip who sponsored this most successful initiative.

We are progressing the consideration of a number of options for the re-development of the Claremont property. One option under review is the "apartments for life concept" where a retiree can age in place, moving from independent through to fully supported 24 hour care.

IN THE EVER CHANGING AGED CARE WORLD, WE ARE
IN AN EXCELLENT POSITION TO CONTINUE TO MEET
THE DEMANDS AND EXPECTATIONS OF OUR RESIDENTS,
THEIR FAMILIES, AND THE BROADER COMMUNITY

Recently the Board and key management completed a most successful strategy workshop. From the workshop, four critical themes emerged which we will focus on in the year ahead those being Development (property and our service offering), Care, Community and People. A set of priorities underpinning each theme are in place and this will be our strategic road map going forward.

We are pleased to report that our balance sheet is in excellent shape with strong cash reserves available to support the business well into the future.

After six and a half years at the helm, our CEO, Stephanie Clark has decided to resign and move onto the next chapter of her career. Stephanie's many achievements include:

- successfully merging the cultures of Claremont Home and South Port Community Home

- navigating the planning, design and building our state of the art 142 bed Emerald Hill Residence. Delivered on time and on budget
- recommending and then embedding our successful household model of care supported by a dedicated team of management and staff
- maintaining a seamless accreditation of our facilities with several announced and unannounced routine visits by the department.

The Board is most grateful to Stephanie for her work, the legacy she is leaving and the tremendous strength, resilience and commitment she has shown during her time as CEO.

We are very pleased that Sue Fowler has accepted the role of Acting Chief Executive Officer. Sue has a very strong executive background in both residential

aged care and community care and brings great experience. We look forward to Sue's ongoing contribution and leadership.

As in previous years, we have benefitted from the generosity of many people. Particular thanks to The Olver Carlyle Foundation's donation of \$15,000 with those funds principally directed to a Sensory room in the Emerald Hill's Memory Support Unit and The Edwards Foundation donation of \$5000 for a fish tank at level 3 of Emerald Hill. Once again, Rotary Club of Melbourne kindly contributed \$2,500 for staff education.

Finally, I thank my fellow Directors, the executive team, the many committed employees and our generous volunteers who have been unstinting in ensuring that CaSPA Care continues to achieve the highest standard of care.



TREASURER'S REPORT



CASPA CARE

NEIL CATHEL
Treasurer

CaSPA Care is in a strong financial position holding in excess of \$13.4 million in cash reserves at year end.

During the year we generated revenue of \$15.8 million and incurred operational expenses of \$15.4 million resulting in a net surplus before depreciation of \$384,000. After depreciation of \$1.2 million the financial statements record a loss of \$70,584.

The financial result for 2018 was less than budgeted due to:

- The refurbishment of South Port which resulted in a substantial loss of revenue (\$808,000).
- Salary costs exceeding budget through the use of temporary staff to ensure residents receive the best possible care.
- Consulting and advisory services to ensure CaSPA Care is adopting best operation efficiencies and practices.

Despite this reduced operating result, we have maintained our cash reserves throughout the year and:

- Purchased a property in the Claremont precinct;
- Refurbished South Port; and
- Provide 66 residents with limited financial resources, an exemption from the requirement to pay a Refundable Accommodation Deposit or interest thereon.

It is important that we maintain a surplus to ensure there is sufficient funding to allow for essential refurbishments and redevelopments within CaSPA Care.

Emerald Hill had an occupancy of 98% while South Port had an occupancy of 92% at year end. So it is fair to conclude that our facilities are for all intents and purposes full at present with a reasonable waiting list.

This all augurs well for the future with next year's budget estimated to significantly exceed the result for 2018.

I would like to take this opportunity to personally thank the finance department of CaSPA Care led by Carolyn West for all their support and effort during the year.

CHIEF EXECUTIVE OFFICER'S REPORT



CASPA CARE

STEPHANIE CLARK
Chief Executive Officer

Another year has passed, and more milestones have been achieved.

CaSPA Care continues to provide a great service to the local community and I can only see this increasing as the organisation positions itself strategically for further developments.

This has been my last year as CEO of CaSPA Care as I will be retiring from my position following the Annual General Meeting in October.

It has caused me to reflect on the past seven years, having taken on the position in October 2011.

At that time Claremont Home Inc and South Port Community Residential Home Inc were both standalone homes operating independently; the formal lease on the parcel of land at 203 Napier Street had just been announced and the organisation we now know as CaSPA Care was in its fledgling state.

Seven years on and CaSPA Care is a thriving organisation committed to respectful and inclusive care for the elderly in our community.

A new home, Emerald Hill residence, has been planned, constructed and opened.

A new model of care was researched and implemented into both Emerald Hill and South Port Residences.

As I look back over the past seven years I reflect on what an amazing

journey it has been and will watch with interest as CaSPA Care moves into its next growth stage.

From an organisational perspective, in 2017/18, there was a change in the executive team with Carolyn West joining as CFO in July 2017 and the resignation of Fiona Elms, Director of Care and Quality in December 2017. Vicki Fraser joined the management team in May 18 as Lifestyle Manager.

The executive team has worked extremely hard to assist the organisation generally and me personally to ensure we remain a caring, committed, vibrant and viable organisation.

Operationally it has been a busy year.

The music program established by Kerryn Fields is a great success. After receiving grant funding to establish an iPod program for residents with memory decline, Kerryn implemented a very sensitive and evocative program with personalised playlist for residents loaded onto individual iPods. This program has been very successful.

A choir has also been formed with regular practice sessions through the home. The choir also performed at the Art and Craft fete held in May 2018. The art room has also been regularly utilised with art classes conducted twice weekly. Our budding artists showcased their works at the organisation's Art and Craft fete in May.

EMERALD HILL RESIDENCE

Emerald Hill maintained 98% occupancy throughout the year and continues to have a strong waitlist.

The lifestyle department has been expanded under our new Lifestyle Manager, Vicki Fraser, with a number of new staff coming onboard in May and June. This has seen an increase in the programs being offered to all residents.

In May an Art and Craft fete was held in the adjacent Temperance Hall and it was a wonderful day attended by residents, families and friends, staff and the local community.

Many residents made items for sale or simply to showcase, including paintings, cards, knitted items; the choir performed beautifully, and all present were further entertained by Les Sedal, our renowned classical pianist.

In January 2018 four assessors from the Australian Aged Care Quality Agency spent a day onsite carrying out an Unannounced quality visit. The feedback from this visit was extremely positive and all reviewed outcomes were met.

SOUTH PORT

South Port underwent a significant refurbishment program throughout 2017-2018. To do this resident numbers were reduced with no admissions from July 2017. In September 2017 one of the two wings was closed to allow for a complete renovation of the bathrooms and bedrooms.

In January 2018, following completion and reopening of the first wing, the second wing was closed for its refurbishment. The refurbishment program was completed in March 2018 and South Port quickly moved back to maximum occupancy.

I would like to thank the residents, their families and the staff who lived and worked through this sometimes noisy and disruptive refurbishment period.

In June 2018 the City of Port Phillip also moved the fence between South Port and Gasworks Park closer to South Port as surveys demonstrated it was not in the correct position. This has resulted in a significant loss of outdoor space. However, we will be actively working to ensure the remaining garden space is developed for use by our resident gardening group.

CLAREMONT HOME

Claremont Home was leased to YWCA Housing in December 2017. YWCA Housing will operate the home to provide short term accommodation for women aged 55+ who are at risk of homelessness.

YWCA Housing was selected following a tender process which was organised and supported by the City of Port Phillip. The premises will be leased for 18 months during which time the future of the site will be determined.

The historic mansion was not part of the leased area and continues to be used by CaSPA Care for staff training.

Various concepts for the possible redevelopment of the site continue to be explored and researched.

CaSPA Care purchased 445 Clarendon Street in July 2017 to further increase the footprint of the site for any future development.

OUR STAFF

CaSPA Care has a wonderful team of enthusiastic and committed staff who work to ensure the lives of people living with us are enriched.

To Rebecca Housden, my EA for six of the past years and Admin/HR Manager for the past year, thank you for all your help and support over these years. Your hard work and dedication has been greatly valued.

To the senior management team – Cameron Neubacher, Hospitality Services Manager, Adam West, Maintenance Manager, Carolyn West, CFO, Thuy Huynh-Reilly, Senior accountant, Cindy Tiangco, Quality Manager, Maricar, thank you all for your work and support throughout 2017-18.

To Jenny Spence and all the admin team, the Floor Supervisors, Registered nurses, lifestyle staff, Homemakers, catering, cleaning and maintenance staff, it has been a great pleasure working with you all.

You have all embraced the Household Model of care and are great advocates for the elderly persons living at CaSPA Care.

AWARDS

Lions Club – Maureen Smith Award – presented by Sue McGowan – recipient Eric Lennon

Harold Alexander
(Team Work Award)

Marie Fitzpatrick
(Leadership Award)

Bruce Leahey
(Encouragement Award)

Mary Kehoe
(Residents Choice Award)

10 Years' Service
Eric Lennon
Mui Tsan

EMERALD HILL

Robyn Bower
Spomenka Mrnjajus
Janene Watson – Café
Tripti Mishra
Paige Holt – EH

SOUTH PORT

Khando Choezom
Tracey Goodwin
Andrew McIntosh

VOLUNTEERS

Our volunteers provide great support to CaSPA Care and the people living in our residences.

The organisation is overseen by a volunteer Board of Directors who give of their time to ensure CaSPA Care remains true to its mission and vision.

We also have volunteers who sit on a number of Board sub-committees: Thank you to Beris Campbell, Liz Robson, Adair Bunnett and Anne Ferguson for their contribution to the Clinical Governance Committee: To Richard Roberts for his contribution to the Audit, Finance & Risk committee; To Sue McGowan and Ian Gould for their contribution to the Governance Committee and to Susanne Sperber and Jacki Burgess for their contribution to the Communications Committee.

We also have many volunteers who assist with a variety of programs which enhance the lives of all living at CaSPA Care. Thank you for your time and support. The community involvement with CaSPA Care, through our volunteers, is of great benefit to all.

I wish great things for the future of CaSPA Care and am confident the organisation will continue to grow and develop but at all times will remain an advocate for the elderly in our community.

AUDIT, FINANCE AND RISK COMMITTEE



CASPA CARE

NEIL CATHEL
Chair – Audit, Finance and
Risk Committee

The Audit, Finance and Risk Committee meets monthly and consists of the following members, Neil Cathels (Chair), Richard Gates, Stephanie Clark, Tony Hill, David Gorman and Paul Garry. Throughout the year the committee monitored the financial performance of CaSPA Care from a governance perspective and suggested improvements in financial operations and performance.

During the year a number of policy and procedures were recommended and implemented by finance division of CaSPA Care. Some of the recommendations included:

- The appointment of an internal auditor.
- Ensuring surplus cash is invested at the highest interest rates.

- Reviewed the cost and level of insurance cover for the various elements of the organisation.
- Reviewed our current and future information reporting systems.
- Reviewed the roles and duties of the personnel within the finance division.

I am confident the current team is well placed to meet the future challenges of the organisation. In this regard we would like to make a special mention of Carolyn West (CFO) and Thuy Huynh-Reilly (Senior Accountant) who have done an outstanding job in assisting the finance division during the year. In closing, I would like to thank all members of the committee for their time and contribution during the year.

CLINICAL GOVERNANCE COMMITTEE



CASPA CARE

JULIE PRIDEAUX
Chair – Clinical Governance
Committee

The Clinical Governance Committee has continued to focus on ensuring CaSPA Care provides the best care and quality of life for our residents.

A key highlight for the year has been the appointment of our new Residential Services Director, Sue Fowler. In the time she has been with us Sue has provided strong leadership and new insights into how to further advance the quality of life and care for our residents and the effective operation of our residences.

Over the past year the Clinical Governance Committee has concentrated on four key areas:

- embedding the Household Model of Care;
- expanding our lifestyle program offerings;
- considering how to improve opportunities for resident and family participation and feedback; and,
- improving our quality assurance systems so that we can be sure we are providing a high quality care and lifestyle experience for our residents.

We remain committed to the Household Model of Care and under the guidance of our Residential Services Director are continually fine-tuning how we can further embed this innovative model into the day to day care and life experiences for our residents.

Central to this model is providing an interesting range of activities

and lifestyle choices for our residents.

In the second half of this year we introduced a new senior staff position dedicated to advancing lifestyle opportunities. Fortunately, we were able to appoint Vicky Fraser an experienced manager with a track record of delivering excellent lifestyle programs. In the short time she has been with us Vicky has expanded an already busy program of activities by introducing a wide range of new activities to respond to resident interests.

In addition, we are purchasing a new mini bus to support the busy lifestyle program so that residents can attend events of interest to them outside the home.

Whilst the annual resident and staff survey continues to show high levels of satisfaction overall we are reviewing how to improve feedback from residents, families and staff. We want you to have active and ready channels for telling us what you think. We hope you will all participate in this in the future as we value your feedback.

We have also continued our focus on enhancing and streamlining our quality reporting so that we have the best analytics available to us assists us to identify what we are doing well and where we need to improve. To assist us with providing better care and accountability we are investing in new clinical software and revising our reporting regime.

GOVERNANCE COMMITTEE



CASPA CARE

ANITA HORVATH
Chair – Governance Committee

Corporate Governance, underpinned by good policy and practice, is the foundation upon which board and organisational cohesiveness is obtained.

It includes setting and monitoring CaSPA Care's actions, policies and decision-making practices, so that the organisation can fulfil its Vision and Mission on behalf of its stakeholders, notably, its residents, families and staff.

The past year has focussed on continuing to refresh existing governance policies according to the committee's biennial work plan. These include: board evaluation, board meeting agenda and workplan review, CEO oversight and reporting review, regulatory compliance, CEO delegated authority policy and conflict of interests' declaration and register.

In the coming year our focus will target board succession planning and the board skill set and recommending an audit of policies to ensure efficient compliance. Additionally, new policies may be added to assist board planning to achieve its strategy.

To maximise the diversity of input which the committee members provide, committee members may be invited to take the lead on individual policy oversight.

The governance committee meets four times per year. I wish to thank the current members for their contributions: Henry Blatman, Ellie Schwab, Ian Gould, Sue McGowan and Stephanie Clark (CEO) and our secretary and administrative assistant, Rebecca Housden.



BOARD OF DIRECTORS' REPORT

CASPA CARE

Your Board Members present their report on the consolidated entity, being Claremont and South Port Aged Care Limited and South Port Community Residential Home Inc. ("the Group") for the financial year ended 30 June 2018.

BOARD MEMBERS

The names of board members for the whole of the financial year and up to the date of this report unless otherwise stated are:

Richard Gates

David Gorman
(Resigned October 2017)

Antony Hill

Julie Prideaux

Henry Blatman

Heather Witham

Neil Cathels

Anita Horvath

Ellie Schwab

OBJECTIVES

The short-term and long-term objectives of the Group are to provide permanent and respite accommodation to the frail elderly assessed as being eligible for residential aged care.

STRATEGY FOR ACHIEVING THE OBJECTIVES

The Group's strategy for achieving these objectives includes:

- To continue to research and implement contemporary and best practice models of care for residents; and
- To provide high quality professional development and training for all staff.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were to provide permanent and respite accommodation and associated services to elderly citizens generally assessed as requiring care.

PERFORMANCE MEASURES

The Group measures performance through the use of both quantitative and qualitative measures. These are used by the Board and Management to assess whether the Group has achieved its short and long-term objectives.

SIGNIFICANT CHANGES IN ACTIVITIES

No significant change in the nature of these activities occurred during the year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year.

EVENTS SUBSEQUENT TO REPORTING PERIOD

There has not arisen in the interval between the end of the financial year and the date of this report, any additional item, transaction or event of material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the group, the results of those operations, or the state of affairs of the group, in future financial years.

INDEMNIFICATION OF OFFICERS AND AUDITORS

Since the end of the previous financial year, the Group has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Group.

OPERATING RESULTS

The operating deficit amounted to \$ 870,584 (2017: surplus of \$288,564).

The total comprehensive deficit for the year amounts to \$870,584 (2017: total comprehensive income \$288,564).

The Group's operating deficit was primarily due to lower revenue at South Port as occupancy was reduced whilst refurbishment

works were completed. In addition, higher than budget salary costs and additional consulting services were incurred to ensure residents receive the best possible care and the organisation is adopting best operation efficiencies and practices.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required in terms of Section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on the following page and forms part of this Board of Directors report.

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



RICHARD GATES
Chair



NEIL CATHEL
Treasurer

27 September 2018

Auditor's Independence Declaration

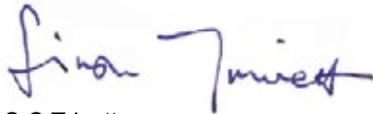
To the Directors of Claremont and South Port Aged Care Ltd

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for profits Commission Act 2012*, as lead auditor for the audit of Claremont and South Port Aged Care Ltd for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



S C Trivett
Partner - Audit & Assurance

Melbourne, 27 September 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Revenue	2	15,800,791	15,832,016
Employee benefits expenses	3	(11,752,424)	(10,342,530)
Depreciation expense	3	(1,255,286)	(1,147,391)
Medical supplies and services		(277,466)	(721,528)
Food and catering expenses		(659,704)	(598,100)
Utilities expense		(538,237)	(412,994)
Cleaning expenses		(172,599)	(205,685)
Repairs and maintenance expenses		(304,278)	(316,771)
Interest expense		(91,988)	(234,586)
Other expenses		(1,619,393)	(1,563,867)
Operating surplus/(deficit) for the year		(870,584)	288,564
Surplus/(deficit) for the year before income tax expense		(870,584)	288,564
Income tax expense	1(c)	-	-
Surplus/(deficit) for the year attributable to the members of the Group		(870,584)	288,564
Other comprehensive income		-	-
Total comprehensive (deficit)/income attributable to members of the Group		(870,584)	288,564

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
Assets			
Cash and cash equivalents	4	13,430,326	12,507,162
Trade and other receivables	5	132,502	57,106
Other current assets	6	26,749	20,996
Total current assets		13,589,577	12,585,264
Non current assets			
Property, plant and equipment	7	54,129,524	52,601,031
Total non current assets		54,129,524	52,601,031
TOTAL ASSETS		67,719,101	65,186,295
Liabilities			
Trade and other payables	8	777,107	952,246
Other current liabilities	9	35,530,670	32,212,783
Employee provisions	10	880,282	631,223
Total current liabilities		37,188,059	33,796,252
Non-current liabilities			
Employee provisions	10	95,954	84,371
Total Non-current liabilities		95,954	84,371
TOTAL LIABILITIES		37,284,013	33,880,623
NET ASSETS		30,435,088	31,305,672
EQUITY			
Reserves		17,625,154	17,625,154
Retained earnings		12,809,934	13,680,518
TOTAL EQUITY		30,435,088	31,305,672

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Retained Earnings \$	Reserves \$	Total \$
Balance at 1 July 2016	13,391,954	17,625,154	31,017,108
Total comprehensive income for the year	288,564	-	288,564
Balance at 1 July 2017	13,680,518	17,625,154	31,305,672
Total comprehensive deficit for the year	(870,584)	-	(870,584)
Balance at 30 June 2018	12,809,934	17,625,154	30,435,088

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Commonwealth Department of Health		11,091,401	11,328,695
Receipts from residents		4,200,695	4,333,208
Interest received		373,642	562,347
Interest paid		(91,988)	(234,586)
Payments to suppliers and employees		(15,264,160)	(13,881,276)
Net cash from/(used in) operating activities	12	309,590	2,108,388
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(2,783,777)	(2,099,410)
Net cash used in investing activities		(2,783,777)	(2,099,410)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans		-	(5,894,366)
Increase in resident bonds		3,397,351	10,331,197
Net cash from financing activities		3,397,351	4,436,831
Net increase in cash held		923,164	4,445,809
Cash and cash equivalents at beginning of year		12,507,162	8,061,353
Cash and cash equivalents at end of year	12	13,430,326	12,507,162

The accompanying notes form part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION

The financial statements include the consolidated financial statements and notes of the consolidated entity, being Claremont and South Port Aged Care Limited and South Port Community Residential Home Inc. ('the Group'). The operations of these entities have been conducted at the locations of Emerald Hill Residence and South Port Community Residential Home. Claremont and South Port Aged Care Limited is a not-for-profit unlisted public company limited by guarantee and South Port Community Residential Home Inc. is an Incorporated Association. The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

The consolidated financial statements for the year ended 30 June 2018 were approved and authorized for issue by the Board of Directors on 27 September 2018.

BASIS OF PREPARATION

The consolidated financial statements are general purpose financial statements, prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, the Australian Charities and Not-for-Profits Commission Act 2012 and associated regulations as appropriate for not-for-profit oriented entities.

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Certain prior year balance sheet amounts have been reclassified in order to confirm with the current year presentation. The reclassifications have no effect on income and are purely for presentation purposes.

SIGNIFICANT ACCOUNTING POLICIES

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in consolidated financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these consolidated financial statements are presented below and have been consistently applied unless otherwise stated.

NEW, REVISED OR AMENDING ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards have been issued but are not yet effective which may be applicable to the Company in future reporting periods:

- AASB 9 Financial Instruments (applicable 30 June 2019)
- AASB 15 Revenue from Contracts with Customers (applicable (30 June 2020)
- AASB 16 Leases (applicable (30 June 2020)
- AASB 1058 Income of Not-for-Profit Entities (applicable (30 June 2020)

The Board has made an initial assessment of the impacts of these standards upon adoption. The only material impact identified is in relation to the two property leases, which are below market value, and which will be required to be brought to account as assets (right to use assets) and measured at fair value, with a corresponding gain to profit or loss. The assets will subsequently be depreciated to profit or loss over the term of the leases. No other material changes are expected upon adoption of these standards.

ACCOUNTING POLICIES

A. BASIS OF CONSOLIDATION

The Group financial statements consolidate those of Claremont and South Port Aged Care Limited and South Port Community Residential Home Inc. as at 30 June 2018. All transactions and balances between Group entities are eliminated on consolidation. There are no non-controlling interests in these entities.

SUBSIDIARIES

The consolidated financial statements include the parent company and its controlled entities.

Entities under the control of Claremont and South Port Aged Care Limited are:

- South Port Community Residential Home Inc.

Controlled entities are all entities over which the Group has management control. Claremont and South Port Aged Care Limited is governed by a Board of Directors. South Port Community Residential Home Inc. has a Committee of Management. Both the Board of Directors and Committee of Management share common members for continuity. Accordingly, Claremont and South Port Aged Care Limited is able to govern the financial and operating policies by virtue of control. As management deems that Claremont and South Port Aged Care Limited has control of South Port Community Residential Home Inc., this entity has been included in the consolidated financial statements.

B. REVENUE

Government subsidies and grant revenue

Government subsidies and grant revenue, is recognized in profit or loss when it is controlled. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes, it is recognized in the statement of financial position as a liability until such conditions are met or services provided.

Contributions

Claremont and South Port Aged Care Limited may receive non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets would be recognized at fair value on the date of acquisition in the consolidated Statement of Financial Position, with a corresponding amount of income recognized in profit or loss.

Donations and bequests

Donations and bequests are recognized as revenue when received.

Resident fees

Residents may be liable to pay basic daily fees, means tested care fees and accommodation payments under the relevant act. These fees are recognized as revenue when services are provided.

Retention fees

Monthly retention fees are deducted from accounts according to statutory requirements and recognized as revenue.

Interest

Interest revenue is recognized using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognized when the right to receive a dividend has been established.

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

C. INCOME TAX

No provision for income tax has been raised as the Group is exempt from income tax under Div. 50 of the *Income Tax Assessment Act 1997*.

D. PROPERTY, PLANT AND EQUIPMENT

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

Property

Land and buildings are shown at their fair value based on valuations by external independent valuers periodically and Director Valuations in intervening periods.

Increases in the carrying amount not arising on revaluation of land and buildings are in periods when the freehold land and buildings have not been subject to an independent valuation. The directors review the carrying value to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Revaluation increases are recognized in other comprehensive income and accumulated in the revaluation reserve in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognized in other comprehensive income under the heading of revaluation reserve. All other decreases are recognized in profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are initially recognized and measured at the fair value of the asset at the date it is acquired.

Capital Work in Progress/Project Developments

Project developments are shown at cost and are not depreciated until such time as work is completed and the Project development is fit for use. When capital work is complete the asset is transferred to Property, Plant and Equipment.

Leased Property

Property subject to lease arrangements is not considered to be Property, Plant and Equipment and is not capitalized. Leasehold improvements are capitalized and depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognized either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognized at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalized lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or

the estimated useful lives of the improvements.

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

Class of Fixed Asset Rate	Depreciation
Buildings	2% - 2.5%
Furniture and fittings	10%
Plant and equipment	10% - 20%
Computer equipment	10% - 33%
Motor vehicles	8.33%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognized in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

E. LEASES

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

Lease incentives under operating leases are recognized as a liability and amortized on a straight-line basis over the life of the lease term.

F. PROVISIONS

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

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

Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the net present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not

satisfy vesting requirements. Those cash outflows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cash flows

Contributions are made by the entity to employee superannuation funds and are charged as expenses when incurred. Annual leave that is not expected to be wholly settled within 12 months is discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

G. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated Statement of Financial Position.

H. GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognized net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the consolidated Statement of Financial Position.

Cash flows are presented on a gross basis in the consolidated Statement of Cash Flows. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

I. TRADE AND OTHER PAYABLES

Trade and other payables represent the liabilities for goods and services received by the Group during the reporting period that remain unpaid at the end of the reporting period. The balance is recognized as a current liability with the amounts normally paid within 30 days of recognition of the liability.

J. LOANS AND BORROWINGS

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and

borrowings are subsequently measured at amortized cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings. Borrowings are classified as current liabilities unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

K. FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

L. ECONOMIC DEPENDENCE

Claremont and South Port Aged Care Limited is dependent on the Department of Health for the majority of its revenue used to operate the business. At the date of this report, the Board of Directors has no reason to believe the Department will not continue to support Claremont and South Port Aged Care Limited and South Port Community Residential Home Inc.

M. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the consolidated financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events; management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimate of fair value of property

The entity has completed development of 203 Napier Street, South Melbourne known as the Emerald Hill residence with a building carrying value of approximately \$36.9 million, representing the fair value at the reporting date.

Fair value has been determined by an independent external valuation of the property at 30 June 2016. The value of the property at 30 June 2016 was assessed by taking into account factors and market conditions evident at reporting date. The valuation was performed on the highest and best value basis in accordance with AASB 13 *Fair value measurement*.

Changes in market conditions in the future may impact the fair value in the future.

At current reporting date, the directors have determined a directors' valuation to assess fair value at 30 June 2018. Utilizing assumptions and information for prior valuations, they do not believe any material changes to have occurred which would materially impact the fair value.

Impairment of non-financial assets

The Group assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

N. CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the consolidated Statement of Financial Position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realized or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realized within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

O. WORKING CAPITAL DEFICIENCY

The consolidated Statement of Financial Position shows a deficit in working capital at 30 June 2018 of \$23,598,482. Current liabilities include resident funded loans in the form of refundable accommodation deposits' (RADs) totaling \$35,482,310, which are repayable at call, subject to applicable conditions.

Historical turnover statistics indicate that only a small percentage of resident funded loans are likely to be required to be repaid within the next twelve months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
2 REVENUE		
Operating revenue		
Government subsidies from Department of Health	11,145,303	11,197,044
Resident fees	3,824,007	3,678,483
Donations	3,120	16,942
Interest and dividends received	373,644	562,349
Rent	142,737	112,412
Sundry Income	311,980	264,786
Total revenue	15,800,791	15,832,016
3 EXPENSES		
Employee benefits expenses		
Wages and salaries and associated expenses	10,791,831	9,470,972
Superannuation	960,593	871,558
Total staff expenses	11,752,424	10,342,530
Depreciation		
Plant and equipment	101,410	107,538
Buildings	711,060	786,363
Furniture and fittings	198,652	201,221
Motor vehicles	3,993	3,993
Computer equipment	90,171	48,276
Leasehold Land	150,000	-
Total depreciation	1,255,286	1,147,391
4 CASH AND CASH EQUIVALENTS		
Total cash at bank	13,430,326	12,507,162

The accompanying notes form part of these consolidated financial statements



CONTINUED	Notes	2018 \$	2017 \$
5 TRADE AND OTHER RECEIVABLES			
Trade receivables		51,124	50,496
Prepayments		12,411	32,647
Commonwealth funding clearing account		98,967	3,963
Provision for bad debts		(30,000)	(30,000)
		132,502	57,106
6 OTHER CURRENT ASSETS			
GST Receivable		26,749	20,996
		26,749	20,996
7 PROPERTY, PLANT AND EQUIPMENT			
Land and buildings			
Land at fair value – at 286–294 Albert Road South Melbourne		11,800,000	11,800,000
Land at fair value – at 445 Clarendon Street		780,000	-
Buildings at fair value - at 203 Napier Street, South Melbourne	(a)	36,917,800	36,906,860
Buildings at fair value – at 286–296 Albert Road South Melbourne		2,222,439	2,129,509
Building at fair value – at 445 Clarendon Street		1,040,739	-
Less Accumulated Depreciation		(1,607,752)	(811,064)
		51,153,226	50,025,305
Leasehold improvements at South Port 18-30 Richardson Street, Albert Park	(b)	1,566,076	828,879
Less: Accumulated Depreciation		(348,144)	(274,772)
		1,217,932	554,107
Total land and buildings		52,371,158	50,579,412
Plant and equipment			
Plant and equipment at cost		845,638	778,727
Less: Accumulated depreciation		(500,672)	(399,263)
		344,966	379,464
Computer equipment and software at cost		289,274	284,092
Less: Accumulated depreciation		(200,133)	(125,222)
		89,141	158,870
Furniture and fittings at cost		2,052,477	2,789,373
Less: Accumulated depreciation		(767,018)	(1,348,882)
		1,285,459	1,440,491
Motor Vehicles at cost		47,933	47,933
Less: Accumulated depreciation		(9,133)	(5,139)
		38,800	42,794
Total plant and equipment		1,758,366	2,021,619
Total property, plant and equipment		54,129,524	52,601,031

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

2018	Freehold Land \$	Buildings & Leasehold Improvements \$	Computer Equipment \$	Motor Vehicles \$	Furniture & Fittings \$	Plant & Equipment \$	Total \$
Balance at 1 July 2017	11,800,000	38,779,412	158,870	42,794	1,440,491	379,464	52,601,031
Additions	780,000	1,881,806	32,792	-	34,620	66,912	2,796,130
Disposals	-	-	(12,350)	-	-	-	(12,350)
Depreciation expense	-	(870,060)	(90,171)	(3,993)	(189,652)	(101,410)	(1,255,286)
Balance at 30 June 2018	12,800,000	39,571,158	89,141	38,801	1,285,459	344,966	54,129,525

A. Construction on the Emerald Hill Residence at 203 Napier Street, South Melbourne was completed during the fiscal year ending 30 June 2016. The carrying value of \$36.9 million for buildings represented the fair value at reporting date. Fair value had been determined by an independent external valuation of the property at 30 June 2016 by Nelson Partners Australia. The valuation was performed on the highest and best value basis in accordance with AASB 13 *Fair value measurement*.

B. Leasehold improvements relate to amounts which have been capitalized in respect of improvements made to the property under lease at 18-30 Richardson Street, Albert Park. Improvements have been recognized at cost and amortized over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Corrections of errors have restated these assets at their carrying value.

	2018 \$	2017 \$
8 TRADE AND OTHER PAYABLES		
Trade payables	183,249	270,993
Accruals	157,587	161,585
PAYG tax payables	-	112,615
Payroll accruals	436,271	407,053
	777,107	952,246
9 OTHER CURRENT LIABILITIES		
Other liabilities	48,360	127,824
Resident bonds and refundable accommodation deposits	35,482,310	32,084,959
Total other current liabilities	35,530,670	32,212,783
10 EMPLOYEE PROVISIONS		
<i>Current</i>		
- Annual leave entitlements	714,109	480,434
- Long service leave entitlements	166,173	150,789
Total other current employee provisions	880,282	631,223
<i>Non-current</i>		
- Long service leave entitlements	95,954	84,371
Total provisions	976,236	715,594

	2018 \$	2017 \$
11 KEY MANAGEMENT PERSONNEL		
Compensation		
The aggregate compensation made to members of key management personnel of the Group is set out below.		
Aggregate compensation	412,533	380,978
12 CASH FLOW INFORMATION		
Operating surplus/(deficit)	(870,584)	288,564
Non-cash flows in operating surplus		
Depreciation	1,255,286	1,147,391
Changes in assets and liabilities		
Trade payables and accruals	(175,139)	272,591
Receivables and prepayments	(75,396)	210,355
Other assets	(5,755)	181,879
Provisions	260,642	60,799
Other liabilities	(79,464)	(53,191)
Net cash from operating activities	309,590	2,108,388
Cash as at balance date comprises:		
Cash at bank	13,430,326	12,507,162
	13,430,326	12,507,162

13 COMMITMENTS

Under the lease arrangements for 203 Napier Street, South Melbourne with the Department of Health, a rent-free period exists for three years from 8 July 2015. After this period ceases, a rent will be determined by the landlord which is intended to equate to 2% of the market value of the land considering its specific uses. Fixed Under AASB 116: Leases, rent expenses are required to be accounted for over the full lease term including rent free periods. Rent expense has not yet been recognized as the Directors are not able to estimate this amount reliably. As at the date of these financial statements the rent free period has ended however the rent is still to be determined. If fair value as determined using valuations obtained at 30 June 2016 were reflective of future values to be determined by the landlord, an expense of approximately \$264k (2017: \$264k) would be recognized. The financial effects of the leasing arrangement will be recognized when the rent expense is known by the organisation. The Group has an ongoing lease commitment in relation to the property at 18-30 Richardson Street, Albert Park Vic 3206 for \$1 per annum.

14 RELATED PARTY TRANSACTIONS

Key management personnel

Disclosures relating to key management personnel are set out in note 11.

Transactions with related parties

There were no transactions with related parties outside the consolidated group during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties outside of the group at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties outside of the group at the current and previous reporting date.

15 EVENTS AFTER REPORTING DATE

No matters or circumstance have arisen since 30 June 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

16 GROUP DETAILS

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

Emerald Hill Residence
203 Napier Street
South Melbourne Vic 3205

South Port Community Residential Home
18-30 Richardson Street
Albert Park Vic 3206

DIRECTORS DECLARATION

In the opinion of the Directors of Claremont and South Port Aged Care Limited:

Signed in accordance with a resolution of the Directors.

1. The consolidated financial statements and notes of Claremont and South Port Aged Care Limited are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:



RICHARD GATES
Chair

- A Giving a true and fair view of its financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and



NEIL CATHEL'S
Treasurer

27 September 2018

- B Complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Regulation 2013; and
2. There are reasonable grounds to believe that Claremont and South Port Aged Care Limited will be able to pay its debts as and when they become due and payable.

Independent Auditor's Report

To the Members of Claremont and South Port Aged Care Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Claremont and South Port Aged Care Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and comprising notes to the financial statements, including a summary of significant accounting policies and the Directors' Declaration.

In our opinion, the financial report of Claremont and South Port Aged Care Ltd has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 Company in accordance with 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 audit opinion.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Group's Directors' Report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibility of the Directors for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not for Profits Commissions Act 2012*. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Company's financial reporting process.

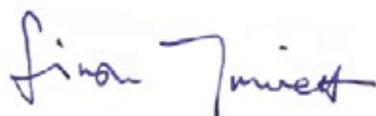
Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd
Chartered Accountants



S C Trivett
Partner – Audit & Assurance

Melbourne, 27 September 2018







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Emerald Hill Residence**
203 Napier St
South Melbourne
VIC 3205



(03) 9633 9200



(03) 9633 9301



**South Port Community
Residential Home**
18-30 Richardson St
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