



Villaggio Sant' Antonio

VILLAGGIO ITALIANO LIMITED

ACN 008 553 393

Operating

VILLAGGIO SANT' ANTONIO

Multicultural Aged Care Facility



36th ANNUAL REPORT

For year ended 30 June 2016



Villaggio Sant' Antonio

VILLAGGIO ITALIANO LIMITED

ABN 94 008 553 393

FINANCIAL REPORT - 30 JUNE 2016

CONTENTS

Directors' Report	1
Statement of Financial Position	3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Changes in Funds	5
Statement of Cash Flows	6
Notes to the Financial Statements	7
Directors' Declaration	21
Independent Auditor's Report	22

VILLAGGIO ITALIANO LIMITED
ABN 94 008 553 393

FINANCIAL REPORT - 30 JUNE 2016

DIRECTORS' REPORT

Villaggio Italiano Limited is registered as a company limited by guarantee and not having a share capital under the provisions of the *Australian Charities and Not-for-profits Commission Act 2012*. The Directors present the report on Villaggio Italiano Limited for the financial year ended 30 June 2016 and report as follows:

DIRECTORS

The names of and other information on the Directors in office during or since the end of the year are as follows. The Directors were in office for this entire period unless otherwise stated.

DIRECTOR'S NAME	CURRENT POSITION	DATE APPOINTED TO BOARD	LAST RE-ELECTED
Mr Dominic DeMarco	Chairman	1 June 2004	2015
Mr Donald Giorgio	Treasurer	16 November 2010	2015
Ms Yvette Devlin	Director	16 November 2010	2014
Mr Emilio Cataldo	Director	25 November 2013	-
Mr Sebastian Giorgi	Director	25 November 2013	-
Mr Antonio Matruglio	Director	29 November 2011	2014
Mr Giuseppe Parisi *	Director	18 December 2008	2012
Ms Michela Gobbin	Secretary	November 2014	-
Ms Sally Pink	Director	November 2014	-
Mr Gino DeAngelis	Director	November 2015	-

*Resigned November 2015

PRINCIPAL ACTIVITIES

The principal activity of the company during the financial year was that of a charitable entity engaged in the operations of an aged care facility and retirement village.

There were no significant changes in the nature of the activities during the year.

OBJECTIVES OF THE COMPANY

The short term objectives of the company are to:

- Develop our care services for the people who use them
- Develop our organisational capacity
- Enhance the cultural diversity of residents and staff

The long term objectives of the company are to:

- Operate non-profit, culturally diverse aged care facilities providing services for ageing persons with a variety of needs. Villaggio will cater for residents from diverse cultural backgrounds and will respect each resident's spiritual or religious beliefs
- Provide, purchase, build, and/or establish suitable accommodation at various places for the maintenance and welfare of eligible aged persons, and persons of similar needs
- Provide in-home and other community-based care to eligible ageing persons, and persons of similar needs
- Advocate and care for each resident's well-being, having regard to their physical, mental, emotional and spiritual needs
- Maintain adequate and appropriately qualified staff and volunteers to enable to achievement of the primary objectives and vision of Villaggio, through sound people management practices and appropriate facilities

VILLAGGIO ITALIANO LIMITED**ABN 94 008 553 393****FINANCIAL REPORT - 30 JUNE 2016****DIRECTORS' REPORT****OBJECTIVES OF THE COMPANY (continued)**

- Noting that Villaggio was established by members of the Italian community for the benefit of aged citizens of Italian descent, we will maintain links with the Italian community by retaining an Italian flavour and traditions, while still operating within a culturally diverse environment
- Adopt the principles of social justice, namely: human dignity, the common good and solidarity, and maintain our traditional links with the Catholic Church

The company has adopted the following strategies to achieve its objectives:

- The encouragement of a culture of continuous improvement that is monitored by the Directors and executive management.
- A refinement of key performance indicators to ensure the maintenance of high quality care and financial accountabilities.
- Regular monitoring of actual performance to budget expectations.

EVENTS OCCURRING AFTER BALANCE DATE

The Directors advise that there were no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in the future years.

MEETINGS OF DIRECTORS

The number of meetings each Director was eligible to attend and actually attended during the financial year is summarised as follows:

	Eligible	Attended
Dominic DeMarco	10	9
Donald Giorgio	10	7
Yvette Devlin	10	9
Emilio Cataldo	10	7
Sebastian Giorgi	10	8
Gino Deangelis*	6	5
Michela Gobbin	10	7
Antonio Matruglio	10	8
Giuseppe Parisi**	4	0
Sally Pink	10	5

* Appointed during the year

** Resigned during the year

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



Dominic DeMarco
Chairman



Donald Giorgio
Treasurer

Canberra, 24 October 2016

VILLAGGIO ITALIANO LIMITED**ABN 94 008 553 393****STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2016**

	Note	2016 \$	2015 \$
ASSETS			
Cash and cash equivalents	6	14,528,346	13,662,339
Trade and other receivables	7	1,617,487	1,512,876
Property, plant and equipment	8	11,186,443	11,444,626
Intangible assets	9	63,075	71,522
TOTAL ASSETS		27,395,351	26,691,363
LIABILITIES			
Trade and other payables	10	899,246	1,126,089
Refundable loans expected to be paid within 12 months	11	2,972,744	2,912,783
Provisions expected to be paid within 12 months	12	97,985	83,793
Refundable loans expected to be paid after 12 months	11	19,967,634	19,324,883
Provisions expected to be paid after 12 months	12	1,998,782	2,252,650
TOTAL LIABILITIES		25,936,391	25,700,198
NET ASSETS		1,458,960	991,165
FUNDS			
Accumulated funds		1,458,960	991,165
TOTAL FUNDS		1,458,960	991,165

The accompanying notes form part of these financial statements

VILLAGGIO ITALIANO LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Revenue	4	9,108,378	8,699,667
Other income	4	-	4,000
		<u>9,108,378</u>	<u>8,703,667</u>
Expenses			
Administration expenses		(327,451)	(374,111)
Catering and food supplies		(682,483)	(675,583)
Depreciation and amortisation	5	(643,652)	(601,484)
Maintenance costs		(327,329)	(283,219)
Land rent and insurance		(72,218)	(102,475)
Resident and client expenses		(365,580)	(239,748)
Salaries and employee benefits		(5,834,641)	(5,240,666)
Utilities		(387,229)	(324,236)
Villa profit share provision expense		-	(106,000)
		<u>(8,640,583)</u>	<u>(7,947,522)</u>
Surplus before income tax		467,795	756,145
Income tax expense		-	-
Surplus for the year		<u>467,795</u>	<u>756,145</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>467,795</u></u>	<u><u>756,145</u></u>

The accompanying notes form part of these financial statements

VILLAGGIO ITALIANO LIMITED**STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 30 JUNE 2016**

	Accumulated Funds \$	Total \$
Balance at 1 July 2014	235,020	235,020
Comprehensive income		
Surplus for the year	756,145	756,145
Other comprehensive income	-	-
Total comprehensive income for the year	<u>756,145</u>	<u>756,145</u>
Balance at 30 June 2015	<u>991,165</u>	<u>991,165</u>
Balance at 1 July 2015	991,165	991,165
Comprehensive income		
Surplus for the year	467,795	467,795
Other comprehensive income	-	-
Total comprehensive income for the year	<u>467,795</u>	<u>467,795</u>
Balance at 30 June 2016	<u>1,458,960</u>	<u>1,458,960</u>

VILLAGGIO ITALIANO LIMITED**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers and government		8,415,815	7,992,556
Payments to suppliers and employees		(8,708,725)	(7,836,593)
Donations and bequests received		26,401	3,929
Interest received		397,499	427,268
<i>Net cash flows from operating activities</i>		<u>130,990</u>	<u>587,160</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	6,816
Purchase of property, plant and equipment		(368,931)	(1,074,254)
Purchase of intangible assets		(11,424)	(73,188)
<i>Net cash flows from investing activities</i>		<u>(380,355)</u>	<u>(1,140,626)</u>
Cash flows from financing activities			
Proceeds from refundable loans		1,705,500	4,858,893
Repayment of refundable loans		(590,128)	(2,123,444)
<i>Net cash flows from financing activities</i>		<u>1,115,372</u>	<u>2,735,449</u>
Net increase in cash and cash equivalents		866,007	2,181,983
Cash and cash equivalents at the beginning of the financial year		<u>13,662,339</u>	<u>11,480,356</u>
Cash and cash equivalents at the end of the financial year	6	<u>14,528,346</u>	<u>13,662,339</u>

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2016**Note 1 - Reporting entity**

The financial report includes the financial statements and notes of Villaggio Italiano Limited. Villaggio Italiano Limited is registered with the *Australian Charities and Not-for-profits Commission Act 2012* and is domiciled in Australia.

The financial statements were approved by the Board of Directors on 24 October 2016.

Note 2 - Basis of preparation***Statement of compliance***

Villaggio Italiano Limited adopted Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010-2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirement*.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions.

Basis of measurement

The financial statements, except for the cash flow information, 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.

Comparatives

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year. Where the company has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

Critical accounting estimates and judgements

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

VILLAGGIO ITALIANO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 2 - Basis of preparation (continued)

Critical accounting estimates and judgements (continued)

Key estimates

Impairment

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

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Long service leave provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of rates and pay increases through promotion and inflation have been taken into account.

Resident entry contributions

The amounts repayable to residents upon their exit from the company's retirement villas changes with time and movements in the value of the underlying property. The amounts that will be deducted from the original amount deposited by the resident are a function of time. The amount that may be added to the original amount deposited by the resident is a function of the movement in the underlying property value.

New and revised standards that are effective for these financial statements

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2015, however none are expected to significantly impact the entity's financial statements.

Residential aged care segment

As an approved provider for the purposes of the *Aged Care Act 1997* and in receipt of the Conditional Adjustment Payments, the company is required to comply with the financial reporting requirements of *Accountability Principles 2014, Part 4, Division 2, Section 35 (2)(e)*. Paragraph 2(e) of *Accountability Principles 2014* states "treat residential aged care as a reportable segment within the meaning of the accounting standard relating to segment reporting that applies to the relevant financial year".

The company is applying Australian Accounting Standards - Reduced Disclosure Requirements and in accordance with paragraph Aus2.6 AASB 8: *Operating Segments* the company has elected to comply with some of the requirements of AASB 8 to allow the reporting of the residential aged care segment to ensure compliance with conditions of the Conditional Adjustment Payment funding arrangements. This residential aged care segment information is disclosed in note 19.

VILLAGGIO ITALIANO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 2 - Basis of preparation (continued)

Presentation of Statement of Financial Position on a liquidity basis

The Directors have taken the view that in complying with the requirements of AASBs, the treatment of refundable loans (accommodation bonds, refundable accommodation deposits and entry contributions) as current liabilities does not reflect the true liquidity of the entity as these liabilities are not likely to be repaid in the next 12 months.

Accordingly, in the current year the Directors have chosen to present its statement of financial position under the liquidity presentation method (*AASB 101 Presentation of Financial Statements*) on the basis that it presents a more reliable and relevant view.

Note 3 - Significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Income tax

Villaggio Italiano Limited is a not-for-profit Charity & Public Benevolent Institution and is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

Revenue recognition

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes including goods and services tax (GST). Revenue is recognised for the major business activities as follows:

Resident fees, daily accommodation payments and recurrent government subsidies

Revenue from residents' fees, daily accommodation payments and related government subsidies are recognised on a proportional basis to take account of the delivery of service to or occupancy by residents.

Grants, donations and bequests

Income arising from the contribution of an asset (including cash) is recognised when the following conditions have been satisfied:

- (a) the company obtains control of the contribution or the right to receive the contribution;
- (b) it is probable that the economic benefits comprising the contribution will flow to the company; and
- (c) the amount of the contribution can be measured reliably at the fair value of the consideration received.

Interest

Revenue from interest is recognised on an accruals basis.

Retentions from entry contributions and accommodation bonds

The retention income earned from resident entry contributions is recognised as revenue as the company becomes entitled to receive the retention under the terms of the resident agreement. The accommodation bond retention is recognised as revenue over the first five years of the resident's occupation of the facility.

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2016**Note 3 - Significant accounting policies (continued)*****Goods and services tax (GST)***

Revenues, expenses and assets are recognised 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 statement of financial position.

Cash flows are presented on a gross basis. 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.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of twelve months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Trade receivables

For all sources of recurrent income, trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment in relation to doubtful receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of profit or loss and other comprehensive income.

Property, plant and equipment**Recognition and measurement**

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

VILLAGGIO ITALIANO LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016Note 3 - Significant accounting policies (continued)***Property, plant and equipment (continued)***Carrying amount

The carrying amount of property, plant and equipment is reviewed annually by the Directors to ensure that it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation and amortisation

The depreciable amount of all property, plant and equipment including buildings, is depreciated on a straight line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

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

Buildings	2.5%
Equipment & fittings	15% - 20%
Motor vehicles	20%

Intangible assetsSoftware

Software has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the software over its estimated useful life of three years.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

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

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2016**Note 3 - Significant accounting policies (continued)*****Financial instruments*****Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets this is equivalent to the date that the company commits itself to either purchase or sell the asset. Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity. This includes the capital index bonds and deposits held with financial institutions with original maturity dates of greater than twelve months held by the company.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The company only holds financial instruments that are traded in an active market. The fair value of financial instruments traded in active markets (such as publicly traded securities, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period.

Impairment

At the end of each reporting period, the Directors assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. The carrying amount of trade and other payables is deemed to reflect fair value.

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2016**Note 3 - Significant accounting policies (continued)*****Income received in advance***

Income, other than government contract income, that is received before the service to which the payment relates has been provided is recorded as a liability until such time as the service has been provided, at which time it is recognised in the statement of profit or loss and other comprehensive income.

Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be 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 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 high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Resident entry contributions

Resident entry contributions are received from residents of self care villas and they are non-interest bearing and the net amount is repayable upon departure or transfer. Resident entry contributions are measured at the principle amount net of any retentions or any other amounts deducted from the loan at the election of the resident, plus the resident's share of the capital gains (if any) based on the market value of the underlying property at balance date.

Refundable accommodation deposits and resident accommodation bonds

Refundable accommodation deposits and resident accommodation bonds are non-interest bearing deposits made by aged care facility residents to the entity upon their admission. Refundable accommodation deposits are measured at their principal amount less any other amounts deducted from the deposit at the election of the resident. Accommodation bonds are measured at the principal amount net of any retentions or any other amounts deducted from the bond at the election of the resident.

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2016**Note 3 - Significant accounting policies (continued)*****Fair value of assets and liabilities***

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. Fair value is the price the entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

	2016 \$	2015 \$
<u>Note 4 - Revenue</u>		
Operating revenue		
Government subsidies and recurrent grants	5,417,880	5,057,192
Resident fees and charges	2,519,627	2,417,913
Retentions from accommodation bonds	31,641	50,269
Retentions from resident entry contributions	654,894	661,003
Other operating revenue	-	3,296
	<u>8,624,042</u>	<u>8,189,673</u>
Other revenue		
Donations and bequests	26,401	3,929
Interest income	395,279	401,035
Other revenue	62,656	105,030
	<u>484,336</u>	<u>509,994</u>
<i>Total revenue</i>	<u>9,108,378</u>	<u>8,699,667</u>
Other income		
Net gain on the disposal of property, plant and equipment	-	4,000
<i>Total other income</i>	<u>-</u>	<u>4,000</u>
<i>Total revenue and other income</i>	<u>9,108,378</u>	<u>8,703,667</u>
<u>Note 5 - Expenses</u>		
Depreciation and amortisation		
Buildings	398,899	398,124
Equipment and fittings	210,232	193,435
Motor vehicles	14,650	8,259
Software	19,871	1,666
<i>Total depreciation and amortisation</i>	<u>643,652</u>	<u>601,484</u>
Bad debts	-	544
Net loss on the disposal of property, plant and equipment	3,333	-
<u>Note 6 - Cash and cash equivalents</u>		
Cash at bank and on hand	1,953,346	2,087,339
Deposits at call	12,575,000	11,575,000
<i>Total cash and cash equivalents</i>	<u>14,528,346</u>	<u>13,662,339</u>
<u>Note 7 - Trade and other receivables</u>		
<u>Expected to be received within 12 months</u>		
Trade receivables	3,040	38,243
Refundable loans receivable	1,345,500	1,341,000
Other receivables	116,975	87,317
Prepayments	151,972	46,316
<i>Total trade and other receivables</i>	<u>1,617,487</u>	<u>1,512,876</u>

VILLAGGIO ITALIANO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 8 - Property, plant and equipment

	Buildings	Work in Progress	Equipment and Fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$
At 30 June 2015					
Cost	16,375,204	685,673	3,259,338	86,601	20,406,816
Accumulated depreciation	(6,141,024)	-	(2,761,624)	(59,542)	(8,962,190)
<i>Net carrying amount</i>	<u>10,234,180</u>	<u>685,673</u>	<u>497,714</u>	<u>27,059</u>	<u>11,444,626</u>
Movements in carrying amounts					
Opening net carrying amount	10,234,180	685,673	497,714	27,059	11,444,626
Additions	13,455	-	355,476	-	368,931
Disposals	-	-	(3,333)	-	(3,333)
Reclassification	-	(685,673)	685,673	-	-
Revaluation	-	-	(8,636)	8,636	-
Depreciation charge for the year	(398,899)	-	(210,232)	(14,650)	(623,781)
Closing net carrying amount	<u>9,848,736</u>	<u>-</u>	<u>1,316,662</u>	<u>21,045</u>	<u>11,186,443</u>
At 30 June 2016					
Cost	16,388,659	-	4,195,342	95,237	20,679,238
Accumulated depreciation	(6,539,923)	-	(2,878,680)	(74,192)	(9,492,795)
<i>Net carrying amount</i>	<u>9,848,736</u>	<u>-</u>	<u>1,316,662</u>	<u>21,045</u>	<u>11,186,443</u>

Note 9 - Intangible assets

	Software	Software In Progress	Total
	\$	\$	\$
At 30 June 2015			
Cost	37,717	35,471	73,188
Accumulated amortisation	(1,666)	-	(1,666)
<i>Net carrying amount</i>	<u>36,051</u>	<u>35,471</u>	<u>71,522</u>
Movements in carrying amounts			
Opening net carrying amount	36,051	35,471	71,522
Additions	11,424	-	11,424
Reclassification	35,471	(35,471)	-
Amortisation charge for the year	(19,871)	-	(19,871)
Closing net carrying amount	<u>63,075</u>	<u>-</u>	<u>63,075</u>
At 30 June 2016			
Cost	84,612	-	84,612
Accumulated amortisation	(21,537)	-	(21,537)
<i>Net carrying amount</i>	<u>63,075</u>	<u>-</u>	<u>63,075</u>

VILLAGGIO ITALIANO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
Note 10 - Trade and other payables		
<u>Expected to be settled within 12 months</u>		
Trade payables	333,948	188,667
Income in advance	38,819	10,346
Liabilities to employees	331,498	296,760
Refundable loans payable	-	269,375
Other payables	194,981	360,941
<i>Total trade and other payables</i>	<u>899,246</u>	<u>1,126,089</u>
Note 11 - Refundable loans		
<u>Expected to be settled within 12 months</u>		
Refundable accommodation deposits and accommodation bonds	1,357,413	1,378,033
Resident entry contributions	1,615,331	1,534,750
	<u>2,972,744</u>	<u>2,912,783</u>
<u>Expected to be settled after 12 months</u>		
Refundable accommodation deposits and accommodation bonds	5,429,653	5,512,133
Resident entry contributions	14,537,981	13,812,750
	<u>19,967,634</u>	<u>19,324,883</u>
<i>Total refundable loans</i>	<u>22,940,378</u>	<u>22,237,666</u>
(a) Movements in refundable loans		
Opening net carrying amount	22,237,666	19,600,864
Loans received	1,710,000	5,740,893
Allowable deductions	(686,535)	(711,272)
Loans refunded	(320,753)	(2,392,819)
Closing net carrying amount	<u>22,940,378</u>	<u>22,237,666</u>

(b) Terms and conditions

Refundable accommodation deposits and accommodation bonds (loans) are repayable on the following basis:

- (i) If the resident gives notice more than 14 days prior to departure then the loan is payable on the date of departure;
- (ii) If the resident gives notice less than 14 days prior to departure the loan is payable within 14 days after notice is given;
- (iii) If the resident gives no notice the loan is repayable 14 days after departure; and
- (iv) If the resident dies, the loan is repayable within 14 days from the date that notice is received of the granting of probate or letters of administration.

Resident entry contributions are non-interest bearing and have a maximum repayment term of 6 months.

VILLAGGIO ITALIANO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
Note 12 - Provisions		
<u>Expected to be settled within 12 months</u>		
Employee entitlements - long service leave	97,985	83,793
	<u>97,985</u>	<u>83,793</u>
<u>Expected to be settled after 12 months</u>		
Capital gains payable	1,882,000	2,146,000
Employee entitlements - long service leave	116,782	106,650
	<u>1,998,782</u>	<u>2,252,650</u>
<i>Total provisions</i>	<u>2,096,767</u>	<u>2,336,443</u>

(a) Capital gains payable

Provision is made for the estimated liability to some outgoing residents due to capital appreciation of their units.

(b) Movements in provisions

	Long Service Leave \$	Capital Gains Payable \$	Total \$
Opening carrying amount	190,443	2,146,000	2,336,443
Additional provision recognised	44,038	-	44,038
Provision utilised during the year	(19,714)	(264,000)	(283,714)
Closing carrying amount	<u>214,767</u>	<u>1,882,000</u>	<u>2,096,767</u>
	2016 \$	2015 \$	

Note 13 - Commitments**Capital commitments**

Capital expenditure contracted for at the reporting date:	<u>-</u>	<u>35,825</u>
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Operating lease commitments

Non-cancellable operating leases contracted for at reporting date:

Within one year	32,000	30,000
Later than one year but not later than five years	128,000	120,000
Later than five years	2,388,000	2,420,000
	<u>2,548,000</u>	<u>2,570,000</u>

The land lease is non-cancellable lease with a ninety nine year term from March 2002 with rent payable quarterly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased in accordance with the assessable rental value of land as determined by the Australian Capital Territory Government.

Other expenditure commitments

Contractual obligations for software licence maintenance expenditure is payable as follows:

Within one year	54,323	25,388
Later than one year but not later than five years	162,969	76,164
	<u>217,292</u>	<u>101,552</u>

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
<u>Note 14 - Key management personnel</u>		
<i>Remuneration of key management personnel</i>		
The aggregate amount of compensation paid to directors and other key management personnel during the year was:	502,396	476,286

Note 15 - Contingent liabilities

At balance date the company is not aware of the existence of any contingent liability.

Note 16 - Limitation of members' liability

The company is incorporated as a company limited by guarantee. If the company is wound up, the Constitution states each member has no obligation in respect of the debts and liabilities of the company and the costs, charges and expenses of winding up the company.

Note 17 - Events occurring after balance date

There have not been any significant events subsequent to the reporting date.

Note 18 - Economic dependency

The Directors consider that the company is economically dependent on revenue received from the Commonwealth Government Department of Health with respect to its residential aged care facilities and community care programs. The Directors believe that this revenue will continue to be made available to the company for the foreseeable future.

The total amount of recurrent government funding received during the financial year was \$5,417,880 (2015: \$5,057,192) and this represented 59.5% of total revenue (2015: 57.5%).

Note 19 - Residential aged care segment

	Income Statement			
	2016	2015	2016	2015
	\$	\$	\$	\$
Revenue				
Operating revenue				
Government subsidies	4,923,995	4,478,454	4,179,010	3,441,262
Resident charges	2,094,815	1,991,873	638,068	332,789
Bond retentions	31,641	53,565	436,359	477,293
Interest	-	-	-	-
Trust distributions	-	-	368,536	338,204
Donations and contributions	26,401	2,929	-	-
Other operating revenue	-	-	7,055	274
Total operating revenue	7,076,852	6,526,821	740	1,035
Non-operating revenue				
Capital grants	-	-	23,742	27,886
Profit on sale of assets	-	2,000	141,452	139,145
Revaluation increase	-	-	165,629	39,523
Insurance claims	-	7,485	27,605	39,932
Other non-operating revenue	558,063	272,209	8,127	7,829
Total non-operating revenue	558,063	281,694	108,939	86,219
Total revenue	7,634,915	6,808,515	105,328	152,979
Expenses				
Wages - care			65,544	218,371
Wages - administration			1,310,525	1,186,446
Wages - other				
Management fees				
Depreciation & amortisation				
Interest				
Bad debts				
Donations/fund raising				
Fees & charges				
Gas & power				
Insurance				
IT & communications				
Motor vehicle expenses				
Rents & rates				
Repairs & maintenance				
Wages "on costs"				
Other expenses				
Total expenses			7,586,659	6,489,187
Net segment profit	48,256	319,328		

	2016	2015		2016	2015
	\$	\$		\$	\$
Assets			Liabilities		
Current assets			Current liabilities		
Cash	1,654,323	2,087,338	Short term borrowings	-	-
Liquid assets (non cash)	25,158	25,795	Trade payables	333,441	188,667
Trade receivables	0	-	Employee provisions	391,530	346,924
Inventory	0	-	Refundable loans	1,357,413	1,378,033
Other	138,865	57,187	Other	156,536	248,588
Total current assets	1,818,346	2,170,320	Total current liabilities	2,238,920	2,162,212
Non-current assets			Non-current liabilities		
Loans	-	-	Long term borrowings	-	-
Property, plant & equipment	5,210,026	5,330,274	Employee provisions	116,782	106,650
Investments	6,599,838	6,075,000	Refundable loans	5,429,653	5,512,133
Intangibles	-	-	Other	-	-
Other	-	-			
Total non-current assets	11,809,864	11,405,274	Total non-current liabilities	5,546,435	5,618,783
Total assets	13,628,210	13,575,594	Total liabilities	7,785,355	7,780,995
Net segment assets	5,842,855	5,794,599			

VILLAGGIO ITALIANO LIMITEDABN 94 008 553 393FINANCIAL REPORT - 30 JUNE 2016DIRECTORS' REPORT

The Directors of the Villaggio Italiano Limited declare that:

1. The financial statements, which comprises the statement of financial position as at 30 June 2016, and the statement of comprehensive profit or loss and other income, statement of changes in funds and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the company.
2. In the opinion of the Directors there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Dominic DeMarco
Chairman



Donald Giorgio
Treasurer

Canberra, 24 October 2016

VILLAGGIO ITALIANO LIMITED
ABN 94 008 553 393

FINANCIAL REPORT - 30 JUNE 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
VILLAGGIO ITALIANO LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Villaggio Italiano Limited which comprises the statement of financial position as at 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' Declaration of the company.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and any applicable code of professional conduct in relation to the audit.

VILLAGGIO ITALIANO LIMITED**ABN 94 008 553 393****FINANCIAL REPORT - 30 JUNE 2016****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**
VILLAGGIO ITALIANO LIMITED***Auditor's Opinion***

In our opinion the financial report of Villaggio Italiano Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- 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*.



Stewart Brown
Chartered Accountants



S.J. Hutcheon
Partner

24 October 2016