



Villaggio Sant' Antonio

VILLAGGIO ITALIANO LIMITED

ACN 008 553 393

Operating

VILLAGGIO SANT' ANTONIO

Multicultural Aged Care Facility



35th ANNUAL REPORT

For year ended 30 June 2015

Villaggio Sant' Antonio

***An Australian Government Approved Aged Persons Facility
35 Burkitt St, Page, ACT 2614. Tel (02) 6255 1794 Fax (02) 6254 0766***

Operated by

VILLAGGIO ITALIANO LIMITED

A.C.N. 008 553 393

Postal Address: PO Box 613, Jamison Centre, ACT 2614

Chairman's Report for the year 2015

I'm pleased to report that once again Villaggio shows a positive financial result.

The Board has worked with the General Manager Mr Michael Giugni to ensure that the quality of care to our residents was maintained at the highest level possible. On behalf of the Board I wish to express our appreciation to the committed and loyal management and staff for achieving these results while maintaining or improving the level of care to our residents.

During the Year the Board has embarked on a number of projects to refurbish the facility ,i.e. replacing a very aged air conditioning system ,replacing the residents "help" call buttons ,replacing the carpet in a number of rooms with vinyl , e implementation of WiFi the purchase and installation of new care & financial software , and many other projects to ensure that we keep up to the ever changing needs of the residents.

During the year we had an accreditation visit and I'm glad to report that Villaggio met all standards and therefore attained accreditation for a three year period, our thanks go to management, staff and advisors for this great result.

I take this opportunity to thank all the Board Members past and present for their contributions , during the past year . On behalf of the Board I thank management , Staff and volunteers for their tireless work and dedication during the past year.



Dominic De Marco JP
Chairman

General Managers Report 2015

Having completed my second year as General Manager I am pleased with the results achieved to date. It's been a steep learning curve and I am learning something new every day. Unfortunately, numerous Legislative changes and non functioning Government initiatives are causing us, potential clients and current residents, no end of grief. I have a good working relationship with The Board and am constantly updating them on current issues and suggesting areas of improvement.

My open door policy has been successful and numerous issues have been resolved successfully prior to becoming a major incident.

The executive team has only had one change this year, with the Director of Care being successfully replaced with a clinical Care Manager. This restructure was undertaken so that more consistent clinical care could be delivered and care staff monitored while performing their duties. We also restructured the roles and responsibilities of the Executive team so their strengths are better utilised and the workload more fairly distributed.

We had an accreditation review in April 2015 for both the hostel and the community sectors. We achieved the maximum reaccreditation of three years which is a reflection of all the hard work undertaken to re-establish our position in the market place. The last time we achieved this was in 2009.

Staffing is a constant concern. We do have some fantastic staff but with the number of facilities opening there is a shortage of aged care workers available. We have had great success with our students with two making finals of training awards and one winning the ACT Title this year.

We have implemented a number of improvements over the year including a new wifi network and call bell system, and replaced the air conditioning system to common areas and the Dementia ward. We have commenced replacing carpet with vinyl throughout the facility and this will be staged over twelve months or so.

We have introduced a computerised care and medication management system which makes documentation for staff easier and more comprehensive. It also allows us to monitor resident care more efficiently and coordinate care with allied health providers and Doctors.

New administrative and financial software has been introduced to, streamline processing and provide more accurate reporting and human resource monitoring.

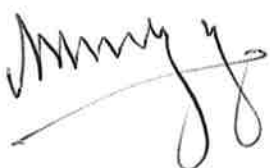
The villas have undergone some external repainting and equipment has been replaced as required. Due to the age of the Villas more will be spent on upgrading them.

We now have a water bore and tank on site and this water will be used for irrigation purposes. The irrigation system is deteriorating and an upgrade has been approved in principle. This should commence November 2015. We are also looking at capturing stormwater and directing that into the tank as well.

I would like to thank all the volunteers and family members who contribute their time and effort to Villaggio as the facility could not function as it does without them.

I would also like to thank The Board for their support, the staff for their dedication and the residents for their input.

Michael Giugni



VILLAGGIO ITALIANO LIMITED
ABN 94 008 553 393

FINANCIAL REPORT - 30 JUNE 2015

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VILLAGGIO ITALIANO LIMITED
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FINANCIAL REPORT - 30 JUNE 2015

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 2015 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	QUALIFICATIONS, EXPERIENCE & OTHER INFORMATION
Mr Dominic DeMarco	Chairman
<i>Date appointed:</i>	1 June 2004
<i>Re-elected</i>	2012
<i>Qualifications and experience:</i>	A retired businessman and former board member of the West Belconnen LAPA, the Ministerial Youth Advisory Committee and the Board of Employment and Commerce. Dominic has been on the board of Villaggio at various times since 2004.
Mr Donald Giorgio	Treasurer
<i>Date appointed:</i>	16 November 2010
<i>Re-elected</i>	2012
<i>Qualifications and experience:</i>	B.SC (ANU) in Mathematics and Computer Science. Donald worked as a Senior Analyst Programmer for the Parliamentary Library until he retired in December 2014. He is the Treasurer of the Campania Association and a board member of Villaggio since November 2010.
Ms Yvette Devlin	Secretary
<i>Date appointed:</i>	16 November 2010
<i>Re-elected:</i>	2014
<i>Qualifications and experience:</i>	BA (Hons). Formerly Director of Quality and Equity in the Higher Education Division of DETYA, had worked for over 27 years for the Federal Government until her retirement. She is also a committee member of the Dante Alighieri Society and has been on the board of Villaggio since November 2010. Freelance Reporter for la Fiamma.
Mr Emilio Cataldo	Director
<i>Date appointed:</i>	25 November 2013
<i>Qualifications and experience:</i>	Director of a number of retail and commercial businesses with extensive Project and financial management experience.

VILLAGGIO ITALIANO LIMITED
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DIRECTORS' REPORT

DIRECTOR'S NAME	QUALIFICATIONS, EXPERIENCE AND OTHER INFORMATION
Mr Sebastian Giorgi	Director
<i>Date appointed:</i>	25 November 2013
<i>Qualifications and experience:</i>	Owner and manager of retail businesses. Director of trust company, Sebastian previously served as Director on various Boards.
Mr Giuseppe Giugni	Director
<i>Date appointed:</i>	18 December 2008
<i>Re-elected:</i>	2012
<i>Date resigned:</i>	March 2015
<i>Qualifications and experience:</i>	OAM, a retired businessman who has contributed to numerous charities and community groups and served on many of their boards. Giuseppe has been on the board of Villaggio since 2012.
Mr Antonio Matruglio	Director
<i>Date appointed:</i>	29 November 2011
<i>Re-elected:</i>	2014
<i>Qualifications and experience:</i>	Successful businessman, served as a Director and committee member on numerous business and charitable organisations.
Mr Giuseppe Parisi	Director
<i>Date appointed:</i>	18 December 2008
<i>Re-elected</i>	2012
<i>Qualifications and experience:</i>	Public servant and volunteer community worker.
Ms Michela Gobbin	Director
<i>Date appointed:</i>	November 2014
<i>Qualifications and experience:</i>	Between January 1993 to April 2006, employed at Villaggio Italiano Limited. From 1995 as Hostel Supervisor and from 1997 as Corporate Manager/Deputy Chief Executive Officer. Skill set in aged care includes management of all operations of aged care (low and high care, respite, dementia specific and community care packages) including management of staff at all levels. Also holds a Bachelor of Arts Degree and Graduate Diploma in Cultural Heritage. From April 2006 to Current, employed at the Department of Employment as a policy and programmes officer.

VILLAGGIO ITALIANO LIMITED
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DIRECTORS' REPORT

DIRECTOR'S NAME	QUALIFICATIONS, EXPERIENCE & OTHER INFORMATION
Ms Sally Pink	Director
<i>Date appointed:</i>	November 2014
<i>Qualifications and experience:</i>	Registered Psychiatric Nurse with a Bachelor of Education (Pastoral Care), Diploma of Applied Science (Adv Psych. Nursing) and a member of AHPRA. Currently Chief Executive Officer of Key 2 Learning.

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
- 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

VILLAGGIO ITALIANO LIMITED
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FINANCIAL REPORT - 30 JUNE 2015

DIRECTORS' REPORT

OBJECTIVES OF THE COMPANY (CONTINUED)

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.

LIMITATION OF MEMBERS' LIABILITY

The company is registered under the *Australian Charities and Not-for-profits Commission Act 2012* 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.

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	10
Yvette Devlin	10	8
Emilio Cataldo	10	9
Sebastian Giorgi	10	10
Giuseppe Giugni	6	6
Michela Gobbin	6	6
Antonio Matruglio	10	7
Giuseppe Parisi	10	5
Sally Pink	6	3

VILLAGGIO ITALIANO LIMITED
ABN 94 008 553 393

FINANCIAL REPORT - 30 JUNE 2015

DIRECTORS' REPORT

INDEPENDENCE DECLARATION

The auditor's independence declaration as required under subdivision 60-C section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* for the year ended 30 June 2015 has been received and can be found on the following page, which forms part of the Directors' Report.

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



Dominic DeMarco
Chairman



Donald Giorgio
Treasurer

Canberra, 19 October 2015

VILLAGGIO ITALIANO LIMITED
ABN 94 008 553 393

FINANCIAL REPORT - 30 JUNE 2015

AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012
TO THE DIRECTORS OF
VILLAGGIO ITALIANO LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there has been:

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



StewartBrown
Chartered Accountants



S.J. Hutcheon
Partner

19 October 2015

VILLAGGIO ITALIANO LIMITED**ABN 94 008 553 393****STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2015**

	Note	2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	13,662,339	11,480,356
Trade and other receivables	7	1,512,876	757,092
<i>Total current assets</i>		<u>15,175,215</u>	<u>12,237,448</u>
Non-current assets			
Property, plant and equipment	8	11,444,626	10,973,006
Intangible assets	9	71,522	-
<i>Total non-current assets</i>		<u>11,516,148</u>	<u>10,973,006</u>
TOTAL ASSETS		<u>26,691,363</u>	<u>23,210,454</u>
LIABILITIES			
Current liabilities			
Trade and other payables	10	1,126,089	703,051
Refundable loans	11	22,237,666	19,600,864
Provisions	12	83,793	66,609
<i>Total current liabilities</i>		<u>23,447,548</u>	<u>20,370,524</u>
Non-current liabilities			
Provisions	12	2,252,650	2,604,910
<i>Total non-current liabilities</i>		<u>2,252,650</u>	<u>2,604,910</u>
TOTAL LIABILITIES		<u>25,700,198</u>	<u>22,975,434</u>
NET ASSETS		<u><u>991,165</u></u>	<u><u>235,020</u></u>
EQUITY			
Accumulated funds		<u>991,165</u>	<u>235,020</u>
TOTAL EQUITY		<u><u>991,165</u></u>	<u><u>235,020</u></u>

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 2015

	Note	2015 \$	2014 \$
Revenue	4	8,699,667	8,681,442
Other income	4	4,000	-
		<u>8,703,667</u>	<u>8,681,442</u>
Expenses			
Administration expenses		(374,111)	(324,837)
Catering and food supplies		(675,583)	(673,056)
Depreciation and amortisation	5	(601,484)	(573,675)
Finance costs	5	-	(2,000)
Maintenance costs		(283,219)	(319,670)
Land rent and insurance		(102,475)	(97,188)
Resident and client expenses		(239,748)	(242,097)
Salaries and employee benefits		(5,240,666)	(4,963,212)
Utilities		(324,236)	(336,954)
Villa profit share provision expense		(106,000)	(360,000)
		<u>(7,947,522)</u>	<u>(7,892,689)</u>
Surplus before income tax		756,145	788,753
Income tax expense		-	-
Surplus for the year		<u>756,145</u>	<u>788,753</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>756,145</u></u>	<u><u>788,753</u></u>

The accompanying notes form part of these financial statements

VILLAGGIO ITALIANO LIMITED**STATEMENT OF CHANGES IN EQUITY**
FOR THE YEAR ENDED 30 JUNE 2015

	Accumulated Funds \$	Total \$
Balance at 1 July 2013	(553,733)	(553,733)
Comprehensive income		
Surplus for the year	788,753	788,753
Other comprehensive income	-	-
Total comprehensive income for the year	<u>788,753</u>	<u>788,753</u>
Balance at 30 June 2014	<u>235,020</u>	<u>235,020</u>
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>

VILLAGGIO ITALIANO LIMITED**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers and government		7,992,556	7,483,709
Payments to suppliers and employees		(7,836,593)	(7,859,353)
Donations and bequests received		3,929	4,360
Interest received		427,268	380,945
Interest paid		-	(2,000)
<i>Net cash flows from operating activities</i>		<u>587,160</u>	<u>7,661</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		6,816	-
Purchase of property, plant and equipment		(1,074,254)	(156,242)
Purchase of intangible assets		(73,188)	-
<i>Net cash flows from investing activities</i>		<u>(1,140,626)</u>	<u>(156,242)</u>
Cash flows from financing activities			
Proceeds from refundable loans		4,858,893	3,857,000
Repayment of refundable loans		(2,123,444)	(1,657,444)
<i>Net cash flows from financing activities</i>		<u>2,735,449</u>	<u>2,199,556</u>
Net increase in cash and cash equivalents		2,181,983	2,050,975
Cash and cash equivalents at the beginning of the financial year		<u>11,480,356</u>	<u>9,429,381</u>
Cash and cash equivalents at the end of the financial year	6	<u>13,662,339</u>	<u>11,480,356</u>

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2015**Note 1 - Reporting entity**

The financial report includes the financial statements and notes of Villaggio Italiano Limited. Villaggio Italiano Limited is registered under 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 19 October 2015.

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 2015**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 villages 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. For the purposes of these financial statements, these resident loans have been designated as current liabilities. As a result of this classification the calculation of the amount payable is based on the variables as they stand at balance date.

Changes in accounting standards

During the current reporting period, the company changed the discount rate used in measuring its other long term employee benefits (annual leave and long service leave) from the Australian government bond rate to the high quality corporate bond rate. This change was necessitated by developments in the Australian business environment that confirmed there is a sufficiently observable, deep and liquid market in high quality Australian corporate bonds to satisfy the requirements in AASB 119 *Employee Benefits*. The company has concluded that this has resulted in a change in accounting estimate in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2015**Note 2 - Basis of preparation (continued)*****New and revised standards that are effective for these financial statements***

During the 30 June 2015 financial year the company adopted the following standards:

- a) *AASB 10 Consolidated Financial Statements,*
- b) *AASB 11 Joint Arrangements,*
- c) *AASB 12 Disclosure of interests in Other Entities,*
- d) *AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities,*
- e) *AASB 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements*

The adoption of these standards had no significant impact on the company.

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.

Going concern

The financial report has been prepared on a going concern basis. Notwithstanding the net current liability position at the date of signing this report, the Board of Directors believe it is appropriate to prepare the financial report on a going concern basis based on the following:

- The working capital deficiency is caused by the treatment of resident liabilities (accommodation bonds and entry contributions). Technically, these liabilities are required to be treated as a current liability to comply with accounting standards. In the normal course of business, the repayment of these liabilities is financed by a replacement bond or entry contribution. History also suggests that the actual amount expected to be refunded to residents over the next 12 months is approximately 20% and 10% of the total liability amount for accommodation bonds and resident entry contributions respectively
- The revenue of the company continues to grow and cash surpluses continue to be generated by the operating activities of the company

The company's forecast cash flows will be sufficient to enable it to trade and meet its current and future obligations as and when they fall due.

VILLAGGIO ITALIANO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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*.

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.

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 and dividends

Revenue from interest and dividends 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 2015**Note 3 - Significant accounting policies (continued)*****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 other than buildings 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.

Property

Buildings are carried at cost, less depreciation on buildings and impairment losses. The carrying amount of land and buildings 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.

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2015**Note 3 - Significant accounting policies (continued)*****Property, plant and equipment (continued)*****Plant and equipment**

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's 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:

Leasehold buildings	2.5%
Plant & equipment	20%
Furniture & fittings	15% - 20%
Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Intangible assets**Software**

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.

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2015**Note 3 - Significant accounting policies (continued)*****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.

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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and (iv) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Non-derivative financial assets

The company classifies its non-derivative financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its non-derivative financial assets at initial recognition and re-evaluates this designation at each reporting date.

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2015**Note 3 - Significant accounting policies (continued)*****Financial instruments (continued)******Financial assets at fair value through profit or loss***

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if the possibility exists that it will be sold in the short term and the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of the reporting period.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

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.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months after the end of the reporting period.

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. The quoted market price used for financial assets held by the company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2015**Note 3 - Significant accounting policies (continued)*****Financial instruments (continued)*****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.

Derecognition

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

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.

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.

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2015**Note 3 - Significant accounting policies (continued)*****Borrowings***

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of the loan facilities are recognised in the statement of profit or loss and other comprehensive income when they are incurred.

Resident entry contributions

Resident entry contributions are received from residents of self care villages 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.

Resident entry contributions are classified as current liabilities because the facility does not have an unconditional right to defer settlement for more than 12 months. However, history shows that on average a resident in a retirement village will stay for between 6 and 12 years. The repayment of contributions to residents including capital gains and net of any retention will be funded largely by contributions from incoming residents.

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.

Accommodation bonds are classified as current liabilities because the company does not have an unconditional right to defer settlement for more than 12 months. However, history shows that on average a resident in a low care residential facility will stay for 3 years.

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.

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2015**Note 3 - Significant accounting policies (continued)*****Fair value of assets and liabilities (continued)***

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 LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
<u>Note 4 - Revenue</u>		
Operating revenue		
Government subsidies and recurrent grants	5,057,192	4,769,614
Resident fees and charges	2,417,913	2,299,685
Retentions from accommodation bonds	50,269	65,518
Retentions from resident loans	661,003	855,067
Other operating revenue	3,296	104,281
	<u>8,189,673</u>	<u>8,094,165</u>
Other revenue		
Donations and bequests	3,929	4,360
Interest income	401,035	397,822
Other revenue	105,030	185,095
	<u>509,994</u>	<u>587,277</u>
<i>Total revenue</i>	<u>8,699,667</u>	<u>8,681,442</u>
Other income		
Net gain on the disposal of property, plant and equipment	4,000	-
<i>Total other income</i>	<u>4,000</u>	<u>-</u>
<i>Total revenue and other income</i>	<u>8,703,667</u>	<u>8,681,442</u>
<u>Note 5 - Expenses</u>		
Depreciation and amortisation		
Buildings	398,124	398,124
Equipment and fittings	193,435	166,599
Motor vehicles	8,259	8,952
Software	1,666	-
<i>Total depreciation and amortisation</i>	<u>601,484</u>	<u>573,675</u>
Bad debts	544	6,740
Finance costs	-	2,000
<u>Note 6 - Cash and cash equivalents</u>		
Cash at bank and on hand	2,087,339	884,933
Deposits at call	11,575,000	10,595,423
<i>Total cash and cash equivalents</i>	<u>13,662,339</u>	<u>11,480,356</u>
<u>Note 7 - Trade and other receivables</u>		
<u>Current</u>		
Trade receivables	38,243	42,046
Resident loans receivable	1,341,000	459,000
Other receivables	87,317	221,274
Prepayments	46,316	34,772
<i>Total current trade and other receivables</i>	<u>1,512,876</u>	<u>757,092</u>

VILLAGGIO ITALIANO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 8 - Property, plant and equipment

	Buildings	Work in Progress	Equipment and Fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$
At 30 June 2014					
Cost	16,375,204	-	2,991,366	111,434	19,478,004
Accumulated depreciation	(5,742,900)	-	(2,655,911)	(106,187)	(8,504,998)
<i>Net carrying amount</i>	<u>10,632,304</u>	<u>-</u>	<u>335,455</u>	<u>5,247</u>	<u>10,973,006</u>
Movements in carrying amounts					
Net carrying amount at 1 July 2014	10,632,304	-	335,455	5,247	10,973,006
Additions	-	685,673	358,510	30,071	1,074,254
Disposals	-	-	(2,816)	-	(2,816)
Depreciation charge for the year	(398,124)	-	(193,435)	(8,259)	(599,818)
Net carrying amount at 30 June 2015	<u>10,234,180</u>	<u>685,673</u>	<u>497,714</u>	<u>27,059</u>	<u>11,444,626</u>
At 30 June 2015					
Cost	16,375,204	685,673	3,248,443	86,601	20,395,921
Accumulated depreciation	(6,141,024)	-	(2,750,729)	(59,542)	(8,951,295)
<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>

Note 9 - Intangible assets

	Software	Software In Progress	Total
	\$	\$	\$
At 30 June 2014			
Cost	-	-	-
Accumulated amortisation	-	-	-
<i>Net carrying amount</i>	<u>-</u>	<u>-</u>	<u>-</u>
Movements in carrying amounts			
Net carrying amount at 1 July 2014	-	-	-
Additions	37,717	35,471	73,188
Net carrying amount at 30 June 2015	<u>37,717</u>	<u>35,471</u>	<u>73,188</u>
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>
	2015	2014	
	\$	\$	

Note 10 - Trade and other payables**Current**

Trade payables	188,667	173,145
Income in advance	10,346	32,615
Liabilities to employees - annual leave & superannuation	296,760	287,233
Resident loans payable	269,375	-
Other payables	360,941	210,058
<i>Total current trade and other payables</i>	<u>1,126,089</u>	<u>703,051</u>

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

	2015 \$	2014 \$
Note 11 - Refundable loans		
<u>Current</u>		
Refundable accommodation deposits and accommodation bonds		
- estimated to be payable within 12 months	1,378,033	1,287,877
- estimated to be payable later than 12 months	5,512,133	5,151,510
	<u>6,890,166</u>	<u>6,439,387</u>
Resident entry contributions		
- estimated to be payable within 12 months	1,534,750	1,316,148
- estimated to be payable later than 12 months	13,812,750	11,845,329
	<u>15,347,500</u>	<u>13,161,477</u>
<i>Total current loans and borrowings</i>	<u>22,237,666</u>	<u>19,600,864</u>
(a) Movement in refundable accommodation deposits and accommodation bonds		
Opening balance	6,439,387	6,049,311
Add (less)		
New deposits and bonds received	1,374,750	1,745,000
Allowable deductions	(50,269)	(65,518)
Transfers from entry contributions	315,625	-
Deposits and bonds refunded	(1,189,327)	(1,289,406)
Closing balance	<u>6,890,166</u>	<u>6,439,387</u>

(b) Terms and conditions

Refundable accommodation deposits and accommodation bonds (loans) are repayable on the follow

- (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.

	2015 \$	2014 \$
Note 12 - Provisions		
<u>Current</u>		
Employee entitlements - long service leave	83,793	66,609
<i>Total current provisions</i>	<u>83,793</u>	<u>66,609</u>
<u>Non-current</u>		
Capital gains payable	2,146,000	2,522,500
Employee entitlements - long service leave	106,650	82,410
<i>Total non-current provisions</i>	<u>2,252,650</u>	<u>2,604,910</u>

(a) Capital gains payable

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

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015****Note 12 - Provisions (continued)****(b) Movements in provisions**

	Long Service Leave	Capital Gains Payable	Total
	\$	\$	\$
Opening carrying amount	149,019	2,522,500	2,671,519
Additional provision recognised	41,424	106,000	147,424
Provision utilised during the year	-	(482,500)	(482,500)
Closing carrying amount	190,443	2,146,000	2,336,443

Note 13 - Contingent liabilities

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

Note 14 - 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.

	2015 \$	2014 \$
Note 15 - Commitments		
Capital commitments		
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:	35,825	-

Operating lease commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements as follows:

Within one year	30,000	30,000
Later than one year but not later than five years	120,000	120,000
Later than five years	2,420,000	2,450,000
	2,570,000	2,600,000

The land lease is non-cancellable lease with a ninety nine year term from March 14, 2002 with rent payable quarterly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased in accordance to the increase in 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	25,388	-
Later than one year but not later than five years	76,164	-
	101,552	-

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
<u>Note 16 - 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:	<u>476,286</u>	<u>427,921</u>

Note 17 - Events occurring after balance date

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

Note 18 - Economic dependency

The company considers that it is economically dependent on revenue received from the Commonwealth Government Department of Social Services 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 \$5,057,192 (2014: \$4,769,614) and this represented 57.5% of total revenue (2014: 54.8%).

VILLAGGIO ITALIANO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 19 - Residential aged care segment

The following information is provided in compliance with *Accountability Principles 2014, Part 4, Division 2, Section 35 (2)(e)* which deems residential care to be a reporting segment for the purposes of *AASB 8: Operating Segments*.

		Income Statement			
		2015	2014	2015	2014
		\$	\$	\$	\$
Revenue				Expenses	
Operating revenue					
Government subsidies	4,478,454	4,204,731	Wages - care	3,441,262	3,232,073
Resident charges	1,991,873	1,865,183	Wages - administration	332,789	340,797
Bond retentions	53,565	66,575	Wages - other	477,293	555,396
Interest	-	4,253	Management fees	-	-
Trust distributions	-	-	Depreciation & amortisation	338,204	295,023
Donations and contributions	2,929	7,727	Interest	-	-
Other operating revenue	-	-	Bad debts	274	-
Total operating revenue	6,526,821	6,148,469	Donations/fund raising	1,035	-
			Fees & charges	27,886	-
Non-operating revenue			Gas & power	139,145	160,757
Capital grants	-	-	Insurance	39,523	35,770
Profit on sale of assets	2,000	-	IT & communications	39,932	25,349
Revaluation increase	-	-	Motor vehicle expenses	7,829	5,208
Insurance claims	7,485	93,667	Rents & rates	86,219	84,550
Other non-operating revenue	272,209	279,131	Repairs & maintenance	152,979	169,269
Total non-operating revenue	281,694	372,798	Wages "on costs"	218,371	253,673
			Other expenses	1,186,446	964,564
Total revenue	6,808,515	6,521,267	Total expenses	6,489,187	6,122,429
Net segment profit	319,328	398,838			

		Balance Sheet			
		2015	2014	2015	2014
		\$	\$	\$	\$
Assets				Liabilities	
Current assets				Current liabilities	
Cash	2,087,338	884,933	Short term borrowings	-	-
Liquid assets (non cash)	25,795	11,090	Trade payables	188,667	173,145
Trade receivables	-	-	Employee provisions	346,924	396,523
Inventory	-	-	Refundable loans	1,378,033	-
Other	57,187	71,114	Other	248,588	154,570
Total current assets	2,170,320	967,137	Total current liabilities	2,162,212	724,238
Non-current assets			Non-current liabilities		
Loans	-	-	Long term borrowings	-	30,000
Property, plant & equipment	5,330,274	4,714,588	Employee provisions	106,650	82,410
Investments	6,075,000	7,000,000	Refundable loans	5,512,133	6,439,387
Intangibles	-	-	Other	-	2,797
Other	-	-			
Total non-current assets	11,405,274	11,714,588	Total non-current liabilities	5,618,783	6,554,594
Total assets	13,575,594	12,681,725	Total liabilities	7,780,995	7,278,832
Net segment assets	5,794,599	5,402,893			

VILLAGGIO ITALIANO LIMITED
ABN 94 008 553 393

FINANCIAL REPORT - 30 JUNE 2015

DIRECTORS' 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 2015, and the statement of comprehensive profit or loss and other income, statement of changes in equity 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 2015 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, 19 October 2015

VILLAGGIO ITALIANO LIMITED
ABN 94 008 553 393

FINANCIAL REPORT - 30 JUNE 2015

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 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity 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*.

VILLAGGIO ITALIANO LIMITED**ABN 94 008 553 393****FINANCIAL REPORT - 30 JUNE 2015****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 2015 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*.



StewartBrown
Chartered Accountants



S.J. Hutcheon
Partner

19 October 2015