



# Villaggio Sant' Antonio

**VILLAGGIO ITALIANO LIMITED**

**ABN 94 008 553 393**

**FINANCIAL REPORT - 30 JUNE 2019**

## **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	20
Independent Auditor's Report	21

**VILLAGGIO ITALIANO LIMITED**  
**ABN 94 008 553 393**

**FINANCIAL REPORT - 30 JUNE 2019**

**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 2019 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 ELECTED
Mr Dominic DeMarco	Chairman	June 2004	2018
Mr Donald Giorgio	Treasurer	November 2010	2018
Mr Emilio Cataldo	Director	November 2013	2016
Mr Sebastian Giorgi	Director	November 2013	2016
Mr Antonio Matruglio	Director	November 2011	2017
Mr Gino DeAngelis	Director	November 2015	2015
Ms Cristina Giusti*	Director	November 2017	2017
Ms Luisa Capezio**	Director	August 2018	2018
Ms Angela Castillo**	Director	November 2018	2018

\* resigned during the year

\*\* appointed and resigned during the year

**PRINCIPAL ACTIVITIES**

The principal activity of the company during the financial year was that of a charitable company 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 2019****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:

	<b>Eligible</b>	<b>Attended</b>
Dominic DeMarco	10	10
Donald Giorgio	10	9
Emilio Cataldo	10	7
Sebastian Giorgi	10	10
Gino DeAngelis	10	5
Antonio Matruglio	10	8
Cristina Giusti*	7	3
Luisa Capezio**	6	5
Angela Castillo**	4	2

\* *resigned during the year*

\*\* *appointed and resigned during the year*

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



Dominic DeMarco  
Chairman



Donald Giorgio  
Treasurer

Canberra, 30 September 2019

**VILLAGGIO ITALIANO LIMITED**  
**ABN 94 008 553 393**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
Cash and cash equivalents	6	23,560,507	20,523,938
Trade and other receivables	7	980,478	2,127,605
Capital work in progress	8	252,945	182,805
Property, plant and equipment	9	9,994,708	10,483,903
Intangible assets	10	9,045	27,843
<b>TOTAL ASSETS</b>		<u>34,797,683</u>	<u>33,346,094</u>
<b>LIABILITIES</b>			
Trade and other payables to be paid within 12 months	11	1,114,845	960,926
Refundable loans expected to be paid within 12 months	12	4,163,424	4,040,043
Provisions expected to be paid within 12 months	13	62,156	77,860
Trade and other payables to be paid after 12 months	11	201,917	240,602
Refundable loans expected to be paid after 12 months	12	25,012,560	24,273,067
Provisions expected to be paid after 12 months	13	1,221,252	1,245,912
<b>TOTAL LIABILITIES</b>		<u>31,776,154</u>	<u>30,838,410</u>
<b>NET ASSETS</b>		<u><u>3,021,529</u></u>	<u><u>2,507,684</u></u>
<b>FUNDS</b>			
Accumulated funds		<u>3,021,529</u>	<u>2,507,684</u>
<b>TOTAL FUNDS</b>		<u><u>3,021,529</u></u>	<u><u>2,507,684</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 2019**

	Note	2019 \$	2018 \$
<b>Revenue</b>	4	9,281,934	8,700,665
		<u>9,281,934</u>	<u>8,700,665</u>
<b>Expenses</b>			
Administration expenses		(412,686)	(468,808)
Catering and food supplies		(739,364)	(706,274)
Depreciation and amortisation	5	(773,141)	(746,185)
Maintenance costs		(307,286)	(330,942)
Land rent and insurance		(83,083)	(75,165)
Resident and client expenses		(851,902)	(596,048)
Salaries and employee benefits		(5,270,553)	(5,222,210)
Utilities		(330,074)	(325,136)
		<u>(8,768,089)</u>	<u>(8,470,768)</u>
<b>Surplus before income tax</b>		513,845	229,897
Income tax expense		<u>-</u>	<u>-</u>
<b>Surplus for the year</b>		513,845	229,897
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><u>513,845</u></u>	<u><u>229,897</u></u>

The accompanying notes form part of these financial statements

VILLAGGIO ITALIANO LIMITEDSTATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED 30 JUNE 2019

	Accumulated Funds \$	Total \$
<b>Balance at 1 July 2017</b>	2,277,787	2,277,787
<b>Comprehensive income</b>		
Surplus for the year	229,897	229,897
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u>229,897</u>	<u>229,897</u>
<b>Balance at 30 June 2018</b>	<u><b>2,507,684</b></u>	<u><b>2,507,684</b></u>
<b>Balance at 1 July 2018</b>	2,507,684	2,507,684
<b>Comprehensive income</b>		
Surplus for the year	513,845	513,845
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u>513,845</u>	<u>513,845</u>
<b>Balance at 30 June 2019</b>	<u><b>3,021,529</b></u>	<u><b>3,021,529</b></u>

The accompanying notes form part of these financial statements

**VILLAGGIO ITALIANO LIMITED****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from customers and government		8,347,979	7,798,951
Payments to suppliers and employees		(8,429,629)	(8,790,757)
Donations and bequests received		29,146	23,519
Interest received		412,396	482,558
<i>Net cash flows from operating activities</i>		<u>359,892</u>	<u>(485,729)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment - residential		(148,132)	(123,019)
Purchase of property, plant and equipment - other		(113,475)	(54,981)
Purchase of capital working in progress		(70,140)	(176,805)
Purchase of intangible assets		(3,889)	(4,495)
<i>Net cash flows from investing activities</i>		<u>(335,636)</u>	<u>(359,300)</u>
<b>Cash flows from financing activities</b>			
Proceeds from refundable accommodation deposits		4,966,387	5,045,500
Repayment of refundable accommodation deposits		(3,190,620)	(2,352,720)
Proceeds from refundable entry contributions		3,015,000	3,107,000
Repayment of refundable entry contributions		(1,778,454)	(2,686,807)
<i>Net cash flows from financing activities</i>		<u>3,012,313</u>	<u>3,112,973</u>
Net increase in cash and cash equivalents		3,036,569	2,267,944
Cash and cash equivalents at the beginning of the financial year		<u>20,523,938</u>	<u>18,255,994</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>23,560,507</u></u>	<u><u>20,523,938</u></u>

The accompanying notes form part of these financial statements

**VILLAGGIO ITALIANO LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019****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 30 September 2019.

**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 Requirements*.

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 judgements 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 2019****Note 2 - Basis of preparation (continued)*****Critical accounting estimates and judgements (continued)*****Key estimates*****Impairment***

The Directors assess 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***

AASB 9 *Financial Instruments* is effective for the year ended 30 June 2019 however its application has not significantly impacted the company's financial statements.

***New standards and interpretations not yet adopted***

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting period and have not been early adopted by the company. These include:

- AASB 15 *Revenue from Contracts with Customers* (effective for the year ending 30 June 2020)
- AASB 16 *Leases* (effective for the year ending 30 June 2020)
- AASB 1058 *Income of Not-for-profit Entities* (effective for the year ending 30 June 2020)

The Directors' assessment of the impact of these new standards (to the extent applicable to the company) is that none are expected to significantly impact the company's financial statements in future reporting periods.

**VILLAGGIO ITALIANO LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019****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 company 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 accrual's 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 2019****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 include 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 LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019****Note 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 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.

***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 2019****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.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component.

**Classification and subsequent measurement*****Financial assets***

Financial assets other than those designated and effective as hedging instruments are classified upon initial recognition into the following categories:

- amortised cost
- equity instruments at fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVPL)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income or finance costs, except for impairment of trade receivables which are disclosed with other expenses.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset
- the business model for managing the financial asset

***Financial assets at amortised cost***

Financial assets are measured at amortised cost if the asset meets the following conditions (and are not designated as FVPL):

- the financial asset is managed solely to collect contractual cash flows
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates

***Equity instruments at fair value through other comprehensive income***

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at fair value through other comprehensive income. Subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss unless the dividend clearly represents return of capital.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

**VILLAGGIO ITALIANO LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019****Note 3 - Significant accounting policies (continued)*****Financial instruments (continued)******Financial assets at fair value through profit or loss***

Financial assets that are held within a different business model other than to “hold and collect” or “hold to collect and sell” are categorised at fair value through profit or loss. The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

***Impairment of financial assets***

The impairment requirements as applicable under AASB 9 use more forward looking information to recognise expected credit losses. Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due, and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Directors considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk
- financial instruments that have deteriorated significantly in credit quality since initial recognition and the credit risk is not low
- financial assets that have objective evidence of impairment at reporting date

The loss allowance for the first category is measured as “12-month expected credit loss” and for the second category is measured as “lifetime expected credit losses”.

***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.

**VILLAGGIO ITALIANO LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019****Note 3 - Significant accounting policies (continued)*****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 company 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 LIMITEDNOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
<b><u>Note 4 - Revenue and other income</u></b>		
<b>Operating revenue</b>		
Government subsidies and recurrent grants	5,159,516	4,779,246
Resident fees and charges	2,654,350	2,633,633
Retentions from accommodation bonds	331	14,404
Retentions from refundable entry contributions	744,608	640,808
	<u>8,558,805</u>	<u>8,068,091</u>
<b>Other revenue</b>		
Donations and bequests	29,146	23,519
Interest income	530,305	498,715
Other revenue	163,678	110,340
	<u>723,129</u>	<u>632,574</u>
<i>Total revenue</i>	<u>9,281,934</u>	<u>8,700,665</u>
<b><u>Note 5 - Expenses</u></b>		
Depreciation and amortisation		
Buildings	401,997	401,662
Equipment and fittings	342,443	315,576
Motor vehicles	6,014	6,015
Software	22,687	22,932
<i>Total depreciation and amortisation</i>	<u>773,141</u>	<u>746,185</u>
Net loss on the disposal of property, plant and equipment	348	740
<b><u>Note 6 - Cash and cash equivalents</u></b>		
Cash at bank and on hand	1,560,507	523,938
Deposits at call	22,000,000	20,000,000
<i>Total cash and cash equivalents</i>	<u>23,560,507</u>	<u>20,523,938</u>
<b><u>Note 7 - Trade and other receivables</u></b>		
<u>Expected to be received within 12 months</u>		
Trade receivables	5,130	240
Refundable loans receivable	468,000	1,872,500
Other receivables	254,478	158,555
Prepayments	252,870	96,310
<i>Total trade and other receivables</i>	<u>980,478</u>	<u>2,127,605</u>



**VILLAGGIO ITALIANO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

	2019 \$	2018 \$
<b>Note 8 - Capital work in progress</b>		
<b>Residential</b>		
Cost	252,945	182,805
<i>Total capital work in progress</i>	252,945	182,805
<b>Movements in carrying amounts</b>		
Opening net carrying amount	182,805	-
Additions	70,140	176,805
Reclassification	-	6,000
Closing net carrying amount	252,945	182,805

**Note 9 - Property, plant and equipment**

	Buildings \$	Equipment and Fittings \$	Motor Vehicles \$	Total \$
<b>At 30 June 2018</b>				
Cost	16,410,448	4,720,180	95,237	21,225,865
Accumulated depreciation	(7,342,880)	(3,312,861)	(86,221)	(10,741,962)
<i>Net carrying amount</i>	9,067,568	1,407,319	9,016	10,483,903
<b>Movements in carrying amounts</b>				
Opening net carrying amount	9,067,568	1,407,319	9,016	10,483,903
Additions - residential	-	148,132	-	148,132
Additions - non residential	25,636	87,839	-	113,475
Disposals	-	(348)	-	(348)
Depreciation charge for the year	(401,997)	(342,443)	(6,014)	(750,454)
Closing net carrying amount	8,691,207	1,300,499	3,002	9,994,708
<b>At 30 June 2019</b>				
Cost	16,436,084	4,859,716	95,237	21,391,037
Accumulated depreciation	(7,744,877)	(3,559,217)	(92,235)	(11,396,329)
<i>Net carrying amount</i>	8,691,207	1,300,499	3,002	9,994,708

**Note 10 - Intangible assets**

<b>Software</b>		
Cost	97,538	93,649
Accumulated amortisation	(88,493)	(65,806)
<i>Total intangible assets</i>	9,045	27,843
<b>Movements in carrying amounts</b>		
Opening net carrying amount	27,843	46,280
Additions	3,889	4,495
Amortisation charge for the year	(22,687)	(22,932)
Closing net carrying amount	9,045	27,843

## VILLAGGIO ITALIANO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
	\$	\$
<b><u>Note 11 - Trade and other payables</u></b>		
<u>Expected to be settled within 12 months</u>		
Trade payables	343,475	160,693
Income in advance	72,363	61,325
Liabilities to employees	372,111	435,318
Other payables	326,896	303,590
	<u>1,114,845</u>	<u>960,926</u>
<u>Expected to be settled after 12 months</u>		
Other payables	201,917	240,602
	<u>201,917</u>	<u>240,602</u>
<i>Total trade and other payables</i>	<u>1,316,762</u>	<u>1,201,528</u>
<b><u>Note 12 - Refundable loans</u></b>		
<u>Expected to be settled within 12 months</u>		
Refundable accommodation deposits and accommodation bonds	2,491,651	2,417,464
Resident entry contributions	1,671,773	1,622,579
	<u>4,163,424</u>	<u>4,040,043</u>
<u>Expected to be settled after 12 months</u>		
Refundable accommodation deposits and accommodation bonds	9,966,606	9,669,857
Resident entry contributions	15,045,954	14,603,210
	<u>25,012,560</u>	<u>24,273,067</u>
<i>Total refundable loans</i>	<u>29,175,984</u>	<u>28,313,110</u>
<b><i>(a) Movements in refundable accommodation deposits</i></b>		
Opening net carrying amount	12,087,321	8,802,445
New RADs received	3,561,887	5,652,000
Retention/interest from accommodation bonds	(331)	(14,404)
RADs refunded	(3,190,620)	(2,352,720)
Closing net carrying amount	<u>12,458,257</u>	<u>12,087,321</u>
<b><i>(b) Movement in resident entry contributions</i></b>		
Opening net carrying amount	16,225,789	16,446,404
New contributions received	3,015,000	3,107,000
Retention/interest from contributions	(744,608)	(640,808)
Contributions refunded	(1,778,454)	(2,686,807)
Closing net carrying amount	<u>16,717,727</u>	<u>16,225,789</u>

**VILLAGGIO ITALIANO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**Note 12 - Refundable loans (continued)**

***(c) Terms and conditions***

Refundable accommodation deposits 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 of letters of administration being used. Resident entry contributions are non-interest bearing and have a maximum repayment term of 6 months.

	2019 \$	2018 \$
<b><u>Note 13 - Provisions</u></b>		
<u>Expected to be settled within 12 months</u>		
Employee entitlements - long service leave	62,156	77,860
	62,156	77,860
<u>Expected to be settled after 12 months</u>		
Capital gains payable	1,210,000	1,210,000
Employee entitlements - long service leave	11,252	35,912
	1,221,252	1,245,912
<i>Total provisions</i>	1,283,408	1,323,772

**Note 14 - Commitments**

***Operating lease commitments***

Within one year	32,000	32,000
Later than one year but not later than five years	128,000	128,000
Later than five years	2,292,000	2,324,000
	2,452,000	2,484,000

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	54,323
Later than one year but not later than five years	-	54,323
	54,323	108,646

VILLAGGIO ITALIANO LIMITEDNOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
<b><u>Note 15 - Key management personnel</u></b>		
<b><i>Remuneration of key management personnel</i></b>		
The aggregate amount of compensation paid to Directors and other key management personnel during the year was:	369,075	413,032
	<u>369,075</u>	<u>413,032</u>

**Note 16 - Contingent liabilities**

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

**Note 17 - 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 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.

**VILLAGGIO ITALIANO LIMITED****ABN 94 008 553 393****FINANCIAL REPORT - 30 JUNE 2019****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 2019, 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 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 (including Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
  - (b) give a true and fair view of the financial position as at 30 June 2019 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, 30 September 2019

**VILLAGGIO ITALIANO LIMITED**  
**ABN 94 008 553 393**

**FINANCIAL REPORT - 30 JUNE 2019**

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

***Opinion***

We have audited the financial report of Villaggio Italiano Limited which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

In our opinion, the accompanying 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 2019 and of its financial performance for the year then ended, and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

***Basis for Opinion***

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the Directors of the company, would be in the same terms if given to the Directors as at the time of this auditor's report.

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

***Directors' Responsibility for the Financial Report***

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements 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 a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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

**VILLAGGIO ITALIANO LIMITED**  
**ABN 94 008 553 393**

**FINANCIAL REPORT - 30 JUNE 2019**

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

***Auditor's Responsibilities for the Audit of the Financial Report***

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

A further description of our responsibilities for the audit of the financial report is located at *The Auditing and Assurance Standards Board* and the website address is <http://www.auasb.gov.au/Home.aspx>

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**StewartBrown**  
Chartered Accountants

**S.J. Hutcheon**  
Partner

30 September 2019

