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Heart & Home

FINANCIAL REPORT

2019

DIRECTORS' REPORT

The directors present their report together with the financial report of Harbison Memorial Retirement Village ("Company") for the financial year ended 30 June 2019, and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Katerina Constantinou
Qualifications: BA, LLB, GDLP
Appointed: June 2018
Member of the Governance Committee
Chair of the Built Environment and Development Committee (commenced 24 October 2018)

David James Cummins OAM
Qualifications: LLB (Sydney), Solicitor
Appointed: August 1989
Chair of the Built Environment and Development Committee (ceased 24 October 2018)

Janet Patricia Edwards
Qualifications: BA (Statistics/Psychology), MBA (Finance), CA, CPA, GAICD
CEO, BDCU Alliance Bank
Appointed: June 2004
Chair of the Risk & Audit Committee

Jennifer Marilyn Harper OAM
Qualifications: RN, Grad Cert Intensive Care, M. Mgt (Health)
Appointed: November 2004
Member of the Built Environment and Development Committee

Hendrik den Hertog
Qualifications: BBus, MTax, CPA, GAICD
Appointed: September 2008
Chair of the Board of Directors
Member of the Governance Committee
Member of the Built Environment and Development Committee
Member of the Risk & Audit Committee

Christopher Joseph Martin
Qualifications: MCom (Valuation), GradDip Property Investment, AdvCert RE, Licensed REA (NSW), GAICD
Appointed: February 2017
Member of the Built Environment and Development Committee
Member of the Risk & Audit Committee

DIRECTORS' REPORT (CONT)

Tanya Marie Schiller
Qualifications: BCom (Accounting), Dip Credit Management, CA
Appointed: February 2017
Member of the Governance Committee
Member of the Risk & Audit Committee

Campbell Robert Sinclair MacBean
Qualifications: BA, Grad and Post Grad Dip Psych, MAPS, GAICD
Appointed: 26 November 2011
Deputy Chair of the Board of Directors
Chair of the Governance Committee

Dr Mark Andrew Gordon Wilson
Qualifications: MBBS, MIPH (Honours), FRACGP, FARGP
Appointed: 27 July 2011
Member of the Governance Committee

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Meetings of Directors
During the financial year 39 meetings of directors and committees were held.

Attendance is set out in the following tables:

	Board Meetings		**Built Environment & Development Committee**	
Director	**Eligible to attend**	**Attended**	**Eligible**	**Attended**
Katerina Constantinou	13	12	11	10
David Cummins	13	13	11	10
Jan Edwards	13	10		
Jenny Harper	13	11	11	10
Henk den Hertog	13	12	11	11
Chris Martin	13	10	11	8
Tanya Schiller	13	10		
Campbell MacBean	13	13		
Mark Wilson	13	10		

DIRECTORS' REPORT (CONT)

	Audit and Risk Committee		Governance Committee		Art Committee	
Director	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**
Katerina Constantinou			5	5		
David Cummins						
Jan Edwards	7	5				
Jenny Harper						
Henk den Hertog	7	7	5	5	3	2
Chris Martin	7	4				
Tanya Schiller	7	7	5	4		
Campbell MacBean			5	5		
Mark Wilson			5	3		

2. Overview of the Company

Harbison is a not-for-profit organisation. The Company is limited by guarantee and at balance date had 29 (2018: 29) members.

In accordance with the Company's Constitution, every member has undertaken, in the event of a deficiency on winding up, during the time that they are a member or within one year afterwards, to contribute an amount not exceeding $50. At balance date, the total value of these guarantees was $1,450 (2018: $1,450).

The company is a Public Benevolent Institution and a charity registered with the Australian Charities and Not-For-Profit Commission.

3. Objectives, Strategies and Activities

Principal Objective

The principal objective of the Company is to provide, maintain, and manage residential and non-residential care or support services of all kinds for aged or disabled persons.

Principal Strategies

Strategies to achieve our objective includes:

- Maintaining accreditation as a Commonwealth Government funded aged care provider
- Maintaining a charitable status
- Employing suitable people to provide high quality aged care services
- Developing and redeveloping suitable infrastructure and technology
- Demonstrating a commitment to achieving an excellent experience consistent with our vision, mission and values
- Maintaining suitable inventory and equipment
- Developing and maintaining strong working relationships with relevant community organisations

DIRECTORS' REPORT (CONT)

- Providing a continuum of care to support choice by developing a range of services that may be delivered in a range of settings
- Prudent financial management focused on long-term sustainability
- Reinvestment of surpluses in developing improvements and innovations

Principal Activities

The principal activity of the Company during the financial year was the provision of Commonwealth Government funded aged care services, including:

- Residential Aged Care at Burradoo (160 places) and Moss Vale (138 places) including dedicated residential dementia care at Moss Vale
- Home Care
- Commonwealth Home Support
- NDIS funded services

The Company also operates self-care accommodation at Burradoo (34 units).

How Do Our Principal Activities Assist in Achieving Our Objectives?

By providing accredited aged care services the Company is permitted to charge fees and accept Refundable Accommodation Deposits ("RAD") with which it provides, maintains and manages residential aged care accommodation. The provision, maintenance and management of self-care accommodation is funded by fees charged to residents, donations and bequests.

How do we measure our performance?

- Comparison to financial, clinical, safety and KPI (occupancy, ACFI, supported resident ratio, RAD etc.) benchmarks
- Resident and employee satisfaction
- Financial outcomes

4. Review of Operations and Results

Throughout the year the company maintained and operated residential aged care facilities and independent living units. Ancillary services include Home Care, Home Support and Disability Support. The company serves the Southern Highlands and surrounding areas.

The gross revenue for the financial year was $25,150,259 (2018: $24,410,445). The operating result was a loss of $2,526,465 (2018: operating loss $426,708). The net cash from operations for the year was an outflow of $770,401 (2018: inflow of $302,106).

5. Events Subsequent to Reporting Date

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

DIRECTORS' REPORT (CONT)

6. Significant Change in the State of Affairs

The Company received approval through the 2018-19 Aged Care Approval Rounds for 14 additional Residential Aged Care places (currently offline) and 10 Short Term Restorative Care places (5 online as at 30 June 2019 and remaining 5 online as at 1 July 2019). During the year the Company also became an approved provider of Flexible Care.

7. Likely Developments

The Company is developing facilities at Burradoo that are expected to be fully operational during the financial year ending 30 June 2020.

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

8. Indemnification and Insurance of Officers and Auditors

Indemnification

The Company has agreed to indemnify directors of the Company for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including legal costs and expenses.

Insurance Premiums

During the financial year the Company has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the year ended 30 June 2019 and since the financial year, the Company has paid premiums in respect of such insurance contracts for the year ending 30 June 2020. Such insurance contracts insure against certain liability (subject to specific exclusions) of persons who are or have been directors or executive officers of the Company.

The directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure may be prohibited under the terms of the contract.

9. Directors' Benefits

No director of the Company has received or become entitled to receive, during or since the end of the financial year, a benefit by reason of a contract made by the Company with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed at note 14.

10. Directors' Interests

No director has an interest required to be disclosed by section 300(11) (a) of the *Corporations Act 2001*. The Company does not have share capital nor does it have any related corporations.

DIRECTORS' REPORT (CONT)

11. Auditor's Independence Declaration

The auditor's independence declaration is set out on page 36 of this report and forms part of the directors' report for the financial year ended 30 June 2019.

Signed in accordance with a resolution of the directors, at Burradoo on Wednesday 25th September 2019:

Henk den Hertog
Director

Campbell MacBean
Director

**STATEMENT OF PROFIT OR LOSS &
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

		2019	2018
	Notes	**$**	**$**
Revenue	3	25,053,677	24,247,967
Other Income	3	96,582	162,478
		25,150,259	**24,410,445**
Expenses			
Resident Care		(16,888,099)	(15,699,167)
Catering		(3,599,288)	(2,838,081)
Cleaning		(658,588)	(663,069)
Laundry		(359,901)	(238,706)
Maintenance		(1,298,213)	(1,108,276)
Utilities		(680,670)	(697,214)
Administration		(2,558,294)	(2,728,517)
Other expenses		(1,938,988)	(1,596,163)
Total Expenditure		**(27,982,041)**	**(25,569,193)**
Financial income	3	479,500	842,670
Financial expense	3	(174,183)	(110,630)
Net financing Income		**305,317**	**732,040**
(Deficit)/Surplus before Income Tax		**(2,526,465)**	**(426,708)**
Income tax expense	17(a)	-	
Deficit for the year		**(2,526,465)**	**(426,708)**
Other Comprehensive Income for the year			
Items that will not be reclassified to profit or loss:			
Revaluation of freehold land	9	2,100,000	-
Total comprehensive income for the year		**(426,465)**	**(426,708)**

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with Notes to the Financial Statements numbered 1 to 17.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

		2019	2018
	Notes	**$**	**$**
Current Assets			
Cash and cash equivalents	13(a)	3,052,067	12,098,393
Other financial assets	5	13,166,366	12,087,532
Trade and other receivables	6	1,472,084	828,265
Total Current Assets		**17,690,517**	**25,014,190**
Non-current Assets			
Investment Property	7	104,270	137,331
Intangible Assets	8	2,162,757	2,147,673
Property, plant and equipment	9	45,306,719	38,158,778
Total Non-current Assets		**47,573,746**	**40,443,782**
Total Assets		**65,264,263**	**65,457,972**
Current Liabilities			
Trade and other payables	10	2,682,549	1,469,695
Entry contributions and accommodation bonds	11	36,376,841	37,259,104
Employee Benefits	12	2,273,969	2,384,338
Total Current Liabilities		**41,333,359**	**41,113,137**
Non-current Liabilities			
Employee Benefits	12	144,695	132,161
Total Non-current Liabilities		**144,695**	**132,161**
Total Liabilities		**41,478,054**	**41,245,298**
Net Assets		**23,786,209**	**24,212,674**
Equity			
Asset revaluation reserve		9,344,998	7,244,998
Retained earnings		14,441,211	16,967,676
Total Equity		**23,786,209**	**24,212,674**

The Statement of Financial Position is to be read in conjunction with Notes to the Financial Statements numbered 1 to 17.

STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2019

	Asset Revaluation Reserve	**Retained Earnings**	**Total**
	$	**$**	**$**
Balance as at 1 July 2017	**7,244,998**	**17,394,384**	**24,639,382**
Surplus for the year	-	(426,708)	(426,708)
Other comprehensive income	-	-	-
Total comprehensive	-	(426,708)	(426,708)
Balance as at 30 June 2018	**7,244,998**	**16,967,676**	**24,212,674**
	Asset Revaluation Reserve	**Retained Earnings**	**Total**
Balance as at 1 July 2018	**7,244,998**	**16,967,676**	**24,212,674**
Deficit for the year	-	(2,526,465)	(2,526,465)
Other comprehensive income	2,100,000	-	2,100,000
Total comprehensive	2,100,000	(2,526,465)	(426,465)
Balance as at 30 June 2019	**9,344,998**	**14,441,211**	**23,786,209**

The Statement of Changes in Equity is to be read in conjunction with Notes to the Financial Statements numbered 1 to 17.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $	2018 $
Cash Flows from Operating Activities			
Receipts from donations and other income		61,831	55,145
Receipts from operating activities		24,846,149	23,993,031
Interest received - residents		5,514	428,738
Payments to suppliers and employees		(25,509,713)	(24,064,178)
Interest paid		(174,182)	(110,630)
Net Cash (used in)/generated from Operating Activities	13(b)	**(770,401)**	**302,106**
Cash Flows from Investing Activities			
Interest received - investments		395,152	397,459
Net (placement) of term deposits		(1,000,000)	1,051,943
Proceeds from the sale of property, plant and equipment		17,679	19,000
Acquisition of property, plant and equipment, intangibles and investment property		(6,869,454)	(2,304,969)
Net Cash (used in) Investing Activities		**(7,456,623)**	**(836,567)**
Cash Flows from Financing Activities			
Net (repayment)/proceeds from residents' entry contributions		(819,302)	10,832,504
Net Cash (used in)/generated from Financing Activities		**(819,302)**	**10,832,504**
Net (decrease)/increase in cash held		(9,046,326)	10,298,043
Cash and cash equivalents as at 1 July		12,098,393	1,800,350
Cash and cash equivalents as at 30 June	13(a)	**3,052,067**	**12,098,393**

The Statement of Cash Flows is to be read in conjunction with Notes to the Financial Statements numbered 1 to 17.

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

1. Reporting Entity

Harbison Memorial Retirement Village (Harbison *or the Company*) is a not-for-profit Company limited by guarantee and domiciled in Australia. The address of the Company's registered office is 2 Charlotte Street, Burradoo NSW 2576. The Company is primarily involved in the provision of aged care services through the operation of nursing home facilities at Burradoo, assisted living hostel facilities at Moss Vale and Burradoo, independent living units at Burradoo, dementia facilities at Moss Vale and Community Aged Care Packages in the Southern Highlands.

2. Basis of Preparation

(a) Statement of Compliance

The financial report is a Tier 2 general purpose financial report that has been prepared in accordance with the Australian Accounting Standards-Reduced Disclosure Requirements (AASBs), adopted by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not For Profit Commission Act 2012*.

The financial statements were approved by the Board of Directors on 25th September 2019.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for land which is measured at fair value.

(c) Functional and Presentation Currency

The financial report is presented in Australian dollars, which is the Company's functional currency.

(d) Use of Estimates and Judgements

The preparation of financial statements requires judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(e) Fair Value

A number of the Company's accounting policies and disclosures require the measurement of fair values, both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses market observable data as far as possible.

2. Basis of Preparation (cont)

An external, independent valuation company, having appropriately recognised professional qualifications and recent experience in the location and category of the property being valued, values the Company's freehold land every three years. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in Note 9 – Property, Plant and Equipment.

Significant valuation issues are reported to the Board.

(f) Going Concern

Notwithstanding that the Company's current liabilities exceed its current assets, the financial report has been prepared on the going concern basis which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

In relation to current liabilities, it is noted that all accommodation bonds and entry contributions are classified as a current liability as the Company does not have an unconditional right to defer payment of these beyond 12 months.

During the year ended 30 June 2019, the Company refunded a total of $9,414,134 to departing residents. As these vacated beds and units were re-allocated, the Company received accommodation bonds and entry contributions from incoming residents to a total of $9,073,441.

(g) Changes in accounting policy

Except for the change below, the Company has consistently applied the accounting policies set out in Note 17 to all periods presented in these consolidated financial statements.

2. Basis of Preparation (cont)

The Company has applied AASB 9 including any consequential amendments to other standards, from 1 July 2018.

Due to the transition methods chosen by the Company in applying AASB 9, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard.

The initial application of this standard has not resulted in any changes in the measurement of reported amounts and did not result in any transition adjustments at 1 July 2018.

AASB 9 *Financial Instruments*

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement.*

As a result of the adoption of AASB 9, the Company has adopted consequential amendments to AASB 101 *Presentation of Financial Statements*, which require impairments of financial assets to be presented in a separate line item in the statement of profit or loss and Other Comprehensive Income (OCI).

Additionally, the Company has adopted consequential amendments to AASB 7 *Financial Instruments: Disclosures* that are applied to disclosures about 2019 but have not been generally applied to comparative information.

Classification and measurement of financial assets and financial liabilities

AASB 9 contains three principal classification categories for financial assets: measure at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL). The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. AASB 9 eliminates the previous AASB 139 categories of held to maturity, loans and receivables and available for sale.

AASB 9 largely retains the existing requirements in AASB 139 for the classification and measurement of financial liabilities.

The adoption of AASB 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under AASB 9, see Note 17(e).

2. Basis of Preparation (cont)

The following table explains the original measurement categories under AASB 139 and the new measurement categories under AASB 9 for each class of the Company's financial assets as at 1 July 2018.

The adoption of AASB 9 did not have any impact on the carrying amount of financial assets at 1 July 2018.

Financial Assets	Original classification under AASB 139	New classification under AASB 9
Cash and cash equivalents	Loans and receivables	Amortised cost
Term deposits	Loans and receivables	Amortised cost
Trade and resident debtors	Loans and receivables	Amortised cost

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under AASB 9 any credit losses are likely to be recognised earlier than under AASB 139.

The Company has determined that the application of AASB 9's impairment requirements at 1 July 2018 did not require any adjustment to its provision for impairment of receivables.

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

3. Revenue and Other Income

	2019	2018
	$	$
Revenue from Rendering of Services		
Government funding	17,563,772	16,674,308
Resident fees	5,722,445	5,837,560
Rent	285,811	331,284
	23,572,028	**22,843,152**
Other Revenue		
Accommodation charges	1,256,232	1,155,514
Retention on resident bonds	62,961	88,013
Other revenue	162,456	161,288
	1,481,649	**1,404,815**
Total Revenue	**25,053,677**	**24,247,967**
Other Income		
Donations & bequests	5,860	8,673
Other non-operating income	87,138	145,159
Profit on the sale of assets	3,584	8,646
Total Other Income	**96,582**	**162,478**
Net Financing Income		
Interest received - financial assets	473,986	413,932
Interest received – other	5,514	428,738
Interest paid on resident bonds	(174,183)	(110,630)
Net Financing Income	**305,317**	**732,040**

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

4. Expenses

	2019	2018
	$	$
Depreciation and amortisation		
Buildings	1,216,373	865,375
Motor vehicles	16,353	25,168
Property, plant and equipment	516,179	615,020
Investment property	51,667	61,816
Software	24,823	18,189
Total depreciation and amortisation	**1,825,395**	**1,585,568**
Personnel Expense		
Wages and salaries	15,405,887	15,358,036
Workers Compensation	443,764	379,401
Superannuation defined contribution funds	1,392,579	1,410,618
Increase in liability for annual leave	55,508	77,215
(Decrease) in liability for long service leave	(98,600)	(51,245)
Total personnel expense	**17,199,138**	**17,174,025**

5. Other Financial Assets

	$	$
Term deposits with financial institutions	13,166,366	12,087,532

The accrued value of interest on these deposits to 30 June 2019 has been included with the deposit.

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

6. Trade and Other Receivables

	2019	2018
	$	$
Trade and resident debtors	368,767	476,673
Provision for impairment of receivables	-	(7,667)
Other debtors	302,340	172,944
Prepayments	800,977	186,315
	1,472,084	**828,265**

As at 30 June 2019 current trade receivables with a nominal value of $241,167 (2018 – $272,298) were past due. Of this past due amount, no balance (2018 –$7,667) was considered impaired and provided for.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Balance at 30 June 2017	**43,873**
Amounts written off/(received)	(36,206)
Balance at 30 June 2018	**7,667**
Amounts written off/(received)	(7,667)
Balance at 30 June 2019	-

7. Investment Property

	$	$
Buildings and infrastructure – at cost	778,273	760,013
Accumulated depreciation	(674,003)	(622,682)
Total Investment Property	**104,270**	**137,331**

Movements in carrying amounts

Movement in the carrying amounts for investment property between the beginning and the end of the current financial year.

	$	$
Balance at 1 July 2018	137,331	189,908
Additions	2,194	9,239
Transfers from WIP	16,412	-
Depreciation expense	(51,667)	(61,816)
Balance at 30 June 2019	**104,270**	**137,331**

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

8. Intangible Assets

	2019	2018
	$	$
Bed Licences	2,112,000	2,112,000
Computer software	50,757	35,673
	2,162,757	**2,147,673**

Movements in carrying amounts
Movement in the carrying amounts for intangible assets between the beginning and the end of the current financial year.

Bed licences

	$	$
Balance at 1 July 2018	2,112,000	2,112,000
Additions – activated bed licences at fair value	-	-
Balance at 30 June 2019	**2,112,000**	**2,112,000**

Computer software

	$	$
At Cost	426,717	386,810
Less accumulated amortisation	(375,960)	(351,137)
Total	**50,757**	**35,673**
Balance at 1 July 2018	35,673	15,868
Additions	27,907	37,994
Transfers from WIP	12,000	-
Amortisation	(24,823)	(18,189)
Balance at 30 June 2019	**50,757**	**35,673**

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

9. Property, Plant & Equipment

	2019	2018
	$	$
Freehold land – at fair value	**9,600,000**	**7,500,000**
Buildings and infrastructure – at cost	48,543,517	46,964,521
Accumulated depreciation	(20,960,559)	(19,744,186)
	27,582,958	**27,220,335**
Capital works in progress – at cost	**7,055,167**	**2,377,080**
Plant and equipment – at cost	6,241,020	5,850,525
Accumulated depreciation	(5,219,070)	(4,813,428)
	1,021,950	**1,037,097**
Motor vehicles – at cost	232,986	227,760
Accumulated depreciation	(186,342)	(203,494)
	46,644	**24,266**
Total Property, Plant and Equipment	**45,306,719**	**38,158,778**

Fair value hierarchy
A formal valuation of land at Burradoo and Moss Vale was obtained for the year ended 30 June 2019, dated 24 May 2019. The valuation was performed by J Millar, Certified Practicing Valuer, Registered Valuer No 67391. The valuer J Millar, in arriving at the land value, has taken into consideration sales evidence of comparable properties within the Wingecarribee Shire. He has further given consideration to the size and location of the comparable sales and made appropriate adjustments prior to assessing a fair and reasonable value for the subject property. The adopted fair value based on the valuation obtained was $9,600,000.

The fair value measurement of freehold land has been categorized as a Level 2 fair value based on the inputs to the valuation technique (see Note 2(e)).

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

9. Property, Plant & Equipment (cont)

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

	Land	Buildings and Infrastructure	Plant and Equipment	Motor Vehicles	Capital Works in Progress	Total
	$	$	$	$	$	$
Cost						
Balance at 1 July 2017	7,500,000	46,929,254	5,540,214	304,854	631,108	60,905,430
Additions	-	35,267	476,498	-	1,745,972	2,257,737
Transfers from WIP	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Disposals	-	-	(166,187)	(77,094)	-	(243,281)
Balance at 30 June 2018	**7,500,000**	**46,964,521**	**5,850,525**	**227,760**	**2,377,080**	**62,919,886**
Balance at 1 July 2018	7,500,000	46,964,521	5,850,525	227,760	2,377,080	62,919,886
Additions	-	32,052	364,929	51,445	6,390,927	6,839,353
Transfers from WIP	-	1,546,944	137,484	-	(1,712,840)	(28,412)
Revaluation	2,100,000	-	-	-	-	2,100,000
Disposals	-	-	(111,918)	(46,219)	-	(158,137)
Balance at 30 June 2019	**9,600,000**	**48,543,517**	**6,241,020**	**232,986**	**7,055,167**	**71,672,690**

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

9. Property, Plant & Equipment (cont)

	Land	Buildings and Infrastructure	Plant and Equipment	Motor Vehicles	Capital Works in Progress	Total
	$	$	$	$	$	$
Accumulated Depreciation						
Balance at 1 July 2017		**18,878,811**	**4,364,595**	**245,065**		**23,488,471**
Depreciation for the Year	-	865,375	615,020	25,168	-	1,505,563
Disposals	-		(166,187)	(66,739)	-	(232,926)
Balance at 30 June 2018	-	**19,744,186**	**4,813,428**	**203,494**	-	**24,761,108**
Balance at 1 July 2018	-	**19,744,186**	**4,813,428**	**203,494**	-	**24,761,108**
Depreciation for the year	-	1,216,373	516,179	16,353	-	1,748,905
Disposals	-		(110,537)	(33,505)	-	(144,042)
Balance at 30 June 2019	-	**20,960,559**	**5,219,070**	**186,342**	-	**26,365,971**

Carrying Amount						
Balance at 30 June 2018	**7,500,000**	**27,220,335**	**1,037,097**	**24,266**	**2,377,080**	**38,158,778**
Balance at 30 June 2019	**9,600,000**	**27,582,958**	**1,021,950**	**46,644**	**7,055,167**	**45,306,719**

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

10. Trade and Other Payables

	2019	2018
	$	**$**
Unsecured		
Trade creditors	1,515,049	514,446
Accrued expenses	398,045	125,494
Income received in advance	167,507	198,683
Other creditors	601,948	631,072
	2,682,549	**1,469,695**

11. Entry Contributions and Accommodation Bonds

	2019	2018
	$	**$**
Unsecured		
Entry Contributions and Accommodation Bonds	36,376,841	37,259,104

Accommodation bonds become payable by the Company on departure by the resident. As the Company does not have an unconditional right to defer the refund for 12 months the accommodation bond is required to be disclosed as a current liability.

During the year entry contribution and bond refunds totaled $9,414,134 (2018: $5,854,955).

12. Employee Benefits

	2019	2018
	$	**$**
Current		
Annual leave	1,403,193	1,347,685
Long service leave	784,491	895,624
Accrued days off	86,285	141,029
	2,273,969	**2,384,338**
Non-current		
Long service leave	144,695	132,161
Total employee benefits	**2,418,664**	**2,516,499**

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

13. Notes to the Statement of Cash Flows

	2019	2018
	$	**$**
(a) Reconciliation of Cash and Cash Equivalents		
Cash and cash equivalents at the end of the financial year, as shown		
in the statement of cash flows, is reconciled to		
items in the balance sheet as follows.		
Cash on hand and at bank	3,052,067	12,098,393
	3,052,067	**12,098,393**
(b) Reconciliation of Cash flow from Operations		
with Surplus from Operating Activities		
Net surplus after income tax	(2,526,465)	(426,708)
Adjustments for:		
Investment Interest Received	(473,986)	(413,932)
Gain on sale of assets	(3,584)	(8,646)
Retentions on resident bonds	(62,961)	(88,013)
Depreciation and amortisation	1,825,395	1,585,568
Net Cash Flows provided by Operating Activities		
before Change in Assets and Liabilities	**(1,241,601)**	**648,269**
Changes in assets and liabilities		
(Increase) in trade and other receivables	(643,819)	(210,535)
Increase in trade and other payables	1,212,854	(161,597)
(Decrease) in employee benefits	(97,835)	25,969
Net Cash from Operating Activities	**(770,401)**	**302,106**

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

14. Related Parties

Key management personnel comprise directors and senior executives of the Company.

Transactions with Key Management Personnel

Directors do not receive any remuneration. The Chair of the Board of Directors receives a reimbursement payment of $4,800 per annum.

14. Related Parties (cont)

Key management personnel include the company's Directors, all of which are non-executive directors, and six (2018: five) staff.

In addition to the salaries paid to senior executives, the Company also provides non-cash benefits to executive key management personnel, and contributes to a post-employment defined contribution superannuation fund on their behalf.

A key management personnel owns a company which provides Home Care services to the Company. The Company paid the Home Care provider $635,091 during the financial year ended 30 June 2019 while the owner was employed by the Company. As at 30 June 2019 there was $988 outstanding payable from the Company to the Home Care provider. The terms and conditions of the transactions were no more favourable than those available on similar transactions to non-key management personnel related entities on an arm's length basis.

Key Management Personnel Compensation
The total key management personnel compensation included in 'personnel expenses' is $929,784 (2018: $934,315).

15. Commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is $1,572,110 (2018: $nil).

16. Events Subsequent to Reporting Date

In the opinion of the directors there were no significant events subsequent to the reporting date that would impact upon the financial results, operations or performance of Harbison.

17. Statement of Significant Accounting Policies

(a) Income Tax
The Company is exempt from income tax under Section 50-5 of the *Income Tax Assessment Act 1997*, being a non-profit charitable organisation, not carried on for the purpose of profit or gain to its members. Accordingly, no provision for income tax has been made in these financial statements.

The Company has been endorsed as an income tax exempt charity since 1 July 2000.

(b) Property, Plant and Equipment
Recognition and Measurement
With the exception of land, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

17. Statement of Significant Accounting Policies (cont)

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located.

Software purchased, that is integral to the function of computer hardware, is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Land is recognised initially at cost, then subsequently measured at fair value.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent Costs
The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when the cost is incurred, if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation
Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

	2019
Buildings – Moss Vale	40 years
Buildings – Burradoo Nursing Home	40 years
Buildings – Burradoo Hostel	5 years
Plant and Equipment	3-7 years
Motor Vehicles	3-7 years

The useful life, residual value and the depreciation method applied to an asset are reviewed at each financial year end and adjusted if appropriate.

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

17. Statement of Significant Accounting Policies (cont)

(c) Intangible Assets

(i) Recognition and Measurement

Intangible assets are only recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company, and the costs of the assets are reliably measurable.

Intangible assets are initially measured at cost. Where an intangible asset is acquired at no cost or for a nominal cost, the cost is the fair value as at the date of acquisition.

(ii) Bed Licences

The Company has been granted or otherwise acquired bed licences over an extended period of time commencing many years ago. It has been determined that the fair value of bed licences at grant or acquisition date, prior to transition to Australian equivalents to International Financial Reporting Standards (AIFRS) is unable to be reliably measured and therefore no bed licences granted or acquired prior to 1 July 2004 have been recognised.

Licences granted after this date are recognised at their fair value as at the date they are put to use. Licences otherwise acquired after this date will be recognised at cost. Bed licences are considered to have an indefinite life and are therefore not amortised, however they are subject to an annual impairment assessment.

(iii) Software

Software acquired by the Company that is not integral to the function of computer hardware, is stated at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three to five years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(d) Investment Property

(i) Recognition and Measurement

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost less accumulated depreciation and any accumulated impairment losses.

17. Statement of Significant Accounting Policies (cont)

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(ii) Depreciation
Depreciation is recognised in profit or loss on a straight-line basis over its estimated useful life.

The estimated useful life for the current and comparative periods is as follows:

Self Care Accommodation at Burradoo	10 years

The useful life, residual values and the depreciation method applied to investment property is reviewed at each financial year-end and adjusted if appropriate.

(e) Financial Instruments
(i) Recognition and initial measurement
Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liability are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement
Financial assets – Policy applicable from 1 July 2018.

On initial recognition, a financial asset is classified as measured at amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

17. Statement of Significant Accounting Policies (cont)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial measurement, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment losses are recognized in profit and loss.

Financial assets – policy applicable before 1 July 2018
The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Loans and Receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise bank term deposits, and trade and other receivables.

Non-derivative financial liabilities
All financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

17. Statement of Significant Accounting Policies (cont)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: trade and other payables, refundable accommodation deposits, entry contributions and accommodation bonds.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(f) Impairment

Financial Assets – policy applicable from 1 July 2018

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes analysis based on the Company's historical experience and informed credit assessment and including forward-looking information.

12-month ECLs are the porton of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

17. Statement of Significant Accounting Policies (cont)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Financial Assets – policy applicable before 1 July 2018
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Non-Financial Assets
The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset
group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash- generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

As an alternative measure of value-in-use, the Company is able to use depreciated replacement cost in accordance with AASB 136 Impairment of Assets.

17. Statement of Significant Accounting Policies (cont)

In respect of non-financial assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee Benefits
(i) Defined Contribution Plans
Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Long-Term Employee Benefits
The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

(iii) Short-Term Employee Benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(h) Revenue
(i) Resident Fees and Charges
Revenue from the rendering of a service is recognised upon the delivery of the service to the residents. Rents and service charges are billed in advance. Where income for a future period has been billed, this amount is recognised as a liability called income received in advance.

(ii) Government Grants
Unconditional government grants are recognised in profit or loss as other revenue when the grant becomes receivable.

Other government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Company for the cost of an asset are recognised in profit or loss as other income in the period that the grant is received.

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

17. Statement of Significant Accounting Policies (cont)

(iii) Donations
Donations received from the general public are taken into account as other income on receipt.

(iv) Accommodation Charges
Persons entering a high care aged care facility prior to 1 July 2014 were asset tested and have been required to pay an accommodation charge. Accommodation charges are recognised as revenue as they become due and receivable from residents.

(v) Accommodation Bonds/Refundable Accommodation Deposits
Persons entering a low care aged care facility prior to 1 July 2014 who were assessed as “non-supported residents” were required to pay an accommodation bond. All persons entering an aged care facility after 1 July 2014 who were assessed as “non-supported residents” are required to pay a refundable accommodation deposit (RAD). Accommodation bonds and RADs are held by the Company in the form of interest free loans from residents.

Accommodation bonds and RADs paid by residents are repayable by the Company when the resident leaves the facility (refund event).

Accommodation bonds paid by residents entering a low care aged care facility prior to 1 July 2014 are generally subject to a reduction of the original bond by way of retentions as specified in the Residents Agreement, pursuant to the *Aged Care Act 1997*. For each resident, the retention is recognised in profit or loss on a straight-line basis over the term of residency at the aged care facility, but not more than 5 years.

On the basis of historical information, the Company has determined that the average term of residency at each of its aged care facilities is less than the maximum accommodation bond retention period of five years. The average term of residency is reviewed annually.

Accommodation bonds and RADs are classified as current liabilities as the Company does not have the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The obligation to settle could occur at any time.

Once a refunding event occurs the accommodation bond or RAD becomes interest bearing. The interest rate varies according to the rates specified by the Department of Health at the time the refunding event occurs. Interest expense is recognised in the profit or loss when incurred.

(vi) Self Care Entry Contribution
Persons entering independent living units, subject to financial means, may be required to pay an Entry Contribution in the form of an interest free loan to the Company, repayable upon vacation of the unit. The original loan made by a resident is reduced to an agreed residual value over a specified period as set out in the Self Care Residence Loan Licence Agreement, and in accordance with the *Retirement Village Act NSW 1999*.

17. Statement of Significant Accounting Policies (cont)

For each resident, the loan reduction (retention) is taken to profit on a straight-line basis. The total retention is amortised over the life of the tenancy. When a resident vacates a unit, any variation between the amortised retention and the retention under the contract terms is recognised in the period in which the unit is vacated.

On the basis of historical information, the Company has determined that the average term of residency is less than the maximum retention period of five years. The average term of residency is reviewed annually.

Resident loans are classified as current liabilities as the Company does not have the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The obligation to settle could occur at any time, up to a maximum of six months from when a resident vacates an independent living unit.

(vii) Rental Income
Rental income from independent living units is recognised in profit or loss on a straight-line basis over the term of the lease. Rental income is billed in advance. Where income for a future period has been billed, this amount is recognised as a liability called income received in advance.

(i) Finance Income and Expense
Finance income comprises interest income on funds invested and outstanding accommodation bond and resident loans. Interest accrues on outstanding accommodation bonds from the date the resident enters care and on outstanding resident loans from the date of occupancy of the self-care facility. Interest income is recognised in profit and loss as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, interest paid to residents subsequent to a refunding event and accommodation bonds. All borrowing costs are recognised in profit or loss using the effective interest method.

(j) Lease Payments
Operating Lease Payments
Payments made under operating leases are recognised in the profit and loss on a straight- line basis over the term of the lease.

(k) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

17. Statement of Significant Accounting Policies (cont)

The Company is registered for the purposes of goods and services tax. The aged care facilities have a GST free status on the basis that those facilities are health services. The independent living facility has a GST free status based on the concessions granted to the charitable sector for aged housing. GST paid to suppliers will be recouped. Until the GST is recouped it is treated as a debtor.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Reserves

The asset revaluation reserve relates to the revaluation of freehold land. This reserve would normally remain constant for the period between revaluations. The exception would be disposal of land.

(m) Donated Services

Various services are donated to the Company. No assessment of the value of those services is included in the accounts.

(n) Members' liability

The Company is limited by guarantee and has 29 members (2018: 29 members).

Pursuant to the Memorandum of Association of the Company, every member has undertaken in the event of a deficiency on winding up during the time that they are a member, to contribute an amount not exceeding $50.

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2019

In the opinion of the directors of Harbison Memorial Retirement Village (the Company):

(a) the Company is not publicly accountable;

(b) the financial statements and notes that are set out on pages 7 to 34 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and

(c) 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 directors, at Burradoo on Wednesday 25th September 2019:

Henk Den Hertog
Director

Campbell MacBean
Director

Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the directors of Harbison Memorial Retirement Village

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2019 there have been:

i. 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

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Richard Drinnan

Partner

Wollongong

25 September 2019

Independent Auditor's Report

To the members of Harbison Memorial Retirement Village

Opinion

We have audited the Financial Report, of Harbison Memorial Retirement Village (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

i. giving a true and fair view of the Company's financial position as at 30 June 2019, and of its financial performance and its cash flows for the year ended on that date; and

ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The Financial Report comprises:

i. Statement of financial position as at 30 June 2019.

ii. Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.

iii. Notes including a summary of significant accounting policies.

iv. Directors' declaration of the Company.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *ACNC 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 fulfilled our other ethical responsibilities in accordance with the Code.

KPMG

Other information

Other Information is financial and non-financial information in Harbison Memorial Retirement Village's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC.

ii. Implementing necessary internal control 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.

iii. Assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and

ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

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

We also:

i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Company's internal control.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

iv. Conclude on the appropriateness of the Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Company to cease to continue as a going concern.

v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the registered Company 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.

KPMG

KPMG

Richard Drinnan

Partner

Wollongong

25 September 2019

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Heart & Home