



FINANCIAL
REPORT

2019-2020

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Director's Report

The Directors present their report with the financial report of Westmont Aged Care Services Limited for the period ended 30 June 2020.

Directors

The names of the Directors of Westmont Aged Care Services Limited at any time during or since the end of the financial year are:

Name and Qualifications	Age	Experience and Special Responsibilities
Andrew Geoffrey Brown Registered Nurse Diploma of Management Tertiary studies in Health Sciences and Commerce GAICD	51	Director since 2013 Chairman since November 2018 Deputy Chairman 2016 – 2018 30 years experience in the health industry - clinical, management, project management and at executive level in regional roles in health services in both public and private sectors. Board Director Tallangatta Health Service and Chairman 2012 - 2014 General Manager Client Services, Gateway Health - current
Dr William Robert Keeton PhD - Management Masters - Management Bachelor - Political Science	58	Director since 2017 Deputy Chairman since 2018 20 years United States of America-Army Logistics 10 years Research student/casual lecturer- La Trobe University 3 years Director of Research- Centaur Institute Pty Ltd Lecturer La Trobe University- Current
Andrew Williams Bachelor of Law	68	Director since 2004 Deputy Chairman 2008 – 2015 12 years Partner Warren Graham & Murphy Solicitors 22 years Director Kell Moore Lawyers 6 years Nationally Accredited Mediator 4 years Andrew Williams Lawyer Consultant and Mediator
Eleanor Leoni Fitz Master Degree Business (HM) Grad. Dip.Ed. Admin, Dip. App. Sc Food Services Teaching Certificate Work Place Trainer Certificate UK Trade Certificates Catering Management	75	Director since 2004 Company Secretary since 2012 40 years Educational and Business Management experience Food Services – Aged Care Consultant International Vocational Education & Training Consultancy Business Partner Transport Services Tourism Services - Special Interest Cruises
Neville Gordon Seymour	81	Director since 2004 Deputy Chairman 2004 – 2008 21 years experience in local government as Councillor and Shire President 20 years Gundowring CFA Captain 2014 Member of Country Racing Working Party (3-year appointment) 2016 Director - Wodonga Cemetery Trust
Angela Collins	60	Director since 2013 6 years Morses Newsagency 18 years Myer 7 years Elders Real Estate 4 years Councillor City of Wodonga (2 years as Deputy Mayor) Fully licenced Real Estate Agent in NSW & Victoria Ian Ritchie Real Estate 2010 – current
Debbie MacKinlay Graduate Diploma in Management	62	Director since 2019 2015 – Current, Manager – Customer Service, North East Water Authority 1993 – 2015 Manager Community Lifestyle, City of Wodonga
Roger Snell Qualified Accountant	74	Director since 2019 2003-2009 CEO Lake Macquarie Private Hospital 1993-1998 CEO Hollywood Private Hospital, Western Australia 1986-88 VP COO Hospital Services of America, 22 Hospitals

Director's Report

Name and Qualifications	Age	Experience and Special Responsibilities
Graeme Patterson Diploma of Business Management	64	Co-opted as Director July 2019 36 years experience in private and public Employment and Training sector Private and Public Sector Management Experience 40+ years Board & Committee Experience in private and public sectors including 20 years Director and 6 years Chair Ovens & Murray Football Netball League

Board Director - Meeting Attendance

Board Meetings			Committees											
			Audit, Finance & Risk		Governance		PDG - Baranduda		PDG - Lifestyle		Clinical Governance		Community Care	
Director	Held	Attd	Held	Attd	Held	Attd	Held	Attd	Held	Attd	Held	Attd	Held	Attd
Andrew Brown	6	6	5	5	6	6	4	3	6	5	5	3	1	1
Dr William Keeton	6	6	5	5	6	6								
Eleanor Fitz	6	6			6	5	4	4	6	6				
Angela Collins	6	6							6	5	5	4		
Andrew Williams	6	6			6	5								
Roger Snell	6	6	5	5			4	4						
Debbie MacKinlay	6	6							6	6	5	3	1	1
Neville Seymour	6	6					4	3					1	1
Graeme Patterson	6	6									4	3	1	1

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

The company secretary at the end of the financial year was Mrs Eleanor Fitz.

Principal Activities

The principal activity of the Company during the course of the year was owning and operating aged care facilities and the provision of aged care services.

Operating Result

The net deficit of the Company for the year ended 30 June 2020 was \$1,465,913 (2019: net deficit of \$339,424). Prior to depreciation the Company had a surplus of \$278,287 (2019: surplus of \$1,446,171). The Company is exempt from income tax.

Dividends

As the Company is a limited company by guarantee and does not have share capital, no dividend is payable.

Significant Changes in the State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs that occurred during the financial period under review not otherwise disclosed in this report or the financial report.

Director's Report

Review of Operations

Westmont Aged Care Services has continued to develop and operate a range of aged care, residential and community services for the people of Wodonga and the surrounding region in the 2019.20 financial year.

In December 2019 the Company acquired a 10 Hectare property at 34 Ellen McDonald Drive, Baranduda for \$2.4m which was previously run as Trinity College. The Board has entered the design phase to develop this site as a Seniors Lifestyle Village which will have the capacity to accommodate approximately 100, two and three bedroom modular homes on the site. This acquisition will add to the existing segments of Residential Aged Care, Assisted Living Apartments, Retirement Village and Community Care Operation.

In January 2020, work commenced on the construction of an additional 32 bed residential aged care facility on the site at 265 Baranduda Boulevard, Baranduda. These beds have been designed in a cottage style (8 beds per cottage), and are designed to accommodate residents living with dementia in our community. It is expected that occupation will commence late in 2020.

The impact of COVID-19 virus on the overall business has been minimal in a financial sense, however restrictions on visitation and service provision in the home (Community Care) has affected the way business is conducted.

The 100 bed residential aged care facility (the Homestead) continues to perform strongly with close to 100% occupancy throughout the year. The Homestead continues to be the cornerstone of Westmont's operation.

The 40 Assisted Living Units, referred to as Westmont Apartments, has had 12 changeovers, with 11 of these Residents moving into permanent care in the Homestead. This is well up on the 4 changeovers in the previous year. All rooms have been re-leased, as demand still remains strong for this form of accommodation.

The 2019.20 financial year was the first full year of occupancy of all 123 Independent Living Units, referred to as Westmont Village. Any vacancies during the year have been filled quickly, so demand is still very strong. COVID-19 has restricted the movement of these residents, from March with activities in The Ray Snell Centre, particularly impacted.

Home Care Packages within the Community Care component of the Westmont business is the area that is experiencing the greatest growth, moving from 113 packages at the end of the previous financial year to 275 at the end of 2019.20. It is expected the Commonwealth Government will release further packages in 2020.21, with the expectation that Westmont will be a strong contender to be the provider of these services in the Wodonga region.

The Royal Commission into Aged Care, Quality and Safety is continuing, albeit slowly due to COVID-19. The Commission has already highlighted a number areas of concern, and the industry awaits the final recommendations.

The Board is confident of continued positive financial results with prudent fiscal management.

Director's Report

Indemnification and insurance of Directors and Officers

During the year, a premium was paid in respect of a contract insuring Directors and Officers of the Company against liability. The Officers of the Company covered by insurance contract include the Directors, Executive Officers, Secretary, and Employees. In accordance with the normal commercial practice, disclosure of the total amount of premium payable under, and the nature of the liabilities covered by, the insurance is prohibited by a confidentiality clause in the contract.

The Company has not indemnified its auditors.

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's independence

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page five of the financial report.

This report is signed in accordance with a resolution of the Directors.



William Keeton
Director & Member of Audit, Finance & Risk Committee

30 September 2020

Auditors' Independence Declaration

As lead auditor for the audit of Westmont Aged Care Services Pty Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a.) No contraventions of the auditor independence requirements of the *Corporations Act 2001* or *Australian Charities and Not for Profits Commission Act 2012* in relation to the audit; and
- b.) No contraventions of any applicable code of professional conduct in relation to the audit.

Johnsons MME
Chartered Accountants



Stephen Clarke
Director

Albury
30 September 2020

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	NOTES	2020 \$	2019 \$
Revenue	2	18,902,943	18,023,976
Expenditure			
Employee Benefits Expense		(13,442,397)	(12,181,930)
Finance Costs		(90,249)	(101,384)
Other Expenses		(5,092,010)	(4,294,491)
	3	(18,624,656)	(16,577,805)
EBITDA (Surplus for year before depreciation)		278,287	1,446,171
Depreciation Expense	3	(1,744,200)	(1,785,595)
Surplus/(deficit) before income tax		(1,465,913)	(339,424)
Income tax expense	1(d)	-	-
Net surplus/(deficit) for the year		(1,465,913)	(339,424)
Other comprehensive income			
Net gain on revaluation of non-current assets		2,630,584	(388,271)
Total comprehensive result for the year		1,164,671	(727,695)

The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement Of Financial Position

as at 30 June 2020

	NOTES	2020 \$	2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	6,084,358	5,395,849
Trade and other receivables	5	1,409,435	1,429,503
Other	6	206,313	197,501
Total current assets		7,700,106	7,022,853
Non-current assets			
Property, plant and equipment	7	44,820,989	37,090,373
Investment Property	8	42,711,024	42,651,024
Intangible Assets	9	16,240	16,240
Total non-current assets		87,548,253	79,757,637
Total assets		95,248,359	86,780,490
LIABILITIES			
Current liabilities			
Trade and other payables	10	4,003,057	2,261,903
Financial liabilities	11	4,031,700	742,980
Employee benefits	12	1,854,100	1,626,500
Other	13	60,608,251	58,726,435
Total current liabilities		70,497,108	63,357,818
Non-current liabilities			
Employee benefits	14	834,700	716,900
Provisions	15	378,475	398,127
Financial liabilities	16	65,760	-
Total non-current liabilities		1,278,935	1,115,027
Total liabilities		71,776,043	64,472,845
Net assets		23,472,316	22,307,645
EQUITY			
Retained surplus		861,631	2,452,250
Other reserves		2,309,769	2,185,063
Asset revaluation reserve		20,300,916	17,670,332
		23,472,316	22,307,645

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement Of Changes in Equity

for the year ended 30 June 2020

	NOTE	Retained Earnings \$	Asset Revaluation Reserve \$	Other Reserves	Total \$
Balance at 30 June 2018		3,716,251	18,058,603	1,260,486	23,035,340
Effect of change in accounting policy	1(p)	(314,104)			(314,104)
Reported (deficit) for year		(25,320)			(25,230)
Re-stated (deficit) for year		(339,424)			(339,424)
Revaluation increment			(388,271)		(388,271)
Transfer to/(from) reserves		(924,577)		924,577	
Balance at 30 June 2019		2,452,250	17,670,332	2,185,063	22,307,645
Surplus/(deficit) for year		(1,465,913)			(1,465,913)
Revaluation increment / (decrement)			2,630,584		2,630,584
Transfer to Retained Earnings		(124,706)		124,706	
Balance at 30 June 2020		861,631	20,300,916	2,309,769	23,472,316

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2020

	NOTES	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from residents and government		17,596,540	16,491,501
Payments to suppliers and employees		(16,806,512)	(15,885,944)
		790,028	605,557
Interest received		94,998	101,500
Interest Paid		(90,249)	(101,384)
Net cash inflow (outflow) from operating activities		794,777	605,673
Cash flows from investing activities			
Payments for property, plant & equipment		(6,844,232)	(751,193)
Payments for investment properties		-	(5,154,955)
Net cash inflow (outflow) from investing activities		(6,844,232)	(5,906,148)
Cash flows from financing activities			
Apartments Lease premiums received		2,405,000	1,206,500
Apartments Lease premiums repaid		(1,883,084)	(612,400)
Accommodation RAD's received		6,222,391	4,578,434
Accommodation bonds/RAD's repaid		(4,165,305)	(5,068,117)
Villa lease premiums received		2,002,452	6,568,753
Villa lease premiums repaid		(1,197,970)	(1,114,415)
Proceeds from borrowings		3,354,480	742,980
Net Cash provided by (used in) Financing Activities		6,737,964	6,301,735
Net increase (decrease) in cash and cash equivalents held		688,509	1,001,260
Cash and cash equivalents at the beginning of the financial year		5,395,849	4,394,589
Cash and cash equivalents at the end of the financial year	5	6,084,358	5,395,849

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes To And Forming Part Of The Financial Statements for the year ended 30 June 2020

1. Summary of significant accounting policies

(a) Basis of preparation of accounting

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) 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.

Under Australian Accounting Standards, there are requirements that apply specifically to not-for-profit entities that are not consistent with International Reporting Standards (IFRS) requirements. The Company has analysed its purpose, objectives and operating philosophy and determined that it does not have profit generation as a prime objective. Consequently, where appropriate the company has elected to apply options and exemptions within the accounting standards which are applicable to not-for-profit entities.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated. Comparative information has been reclassified where appropriate to enhance comparability. The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. Unless stated otherwise, the accounting policies have been consistently applied to all years presented.

(b) Revenue

Government subsidies

Revenue from Government subsidies that are enforceable and with sufficient specific performance obligations are accounted for under AASB 15 as revenue from contracts, with revenue recognised as the performance obligations are met. Government subsidies received but performance obligations are yet to be met are deferred as a contract liability (refer note 10).

Government subsidies relating to aged care delivery, accommodation supplements and home and community care are recognised as revenue at the point in time the services are delivered to the resident or client.

Government funding received where there is not sufficiently specific performance obligations are recognised as revenue when the Company has an unconditional right to receive the funds, which usually coincides with the receipt of the cash.

Deferred Management Fees

Deferred management fees deducted from resident lease premiums are recognised as revenue over time based on the estimated average length of stay of residents, which for Villas is 7 years and for Apartments is 5 years. Where deferred management fees are deducted from lease premiums in advance they are deferred as a contract liability (refer note 10).

Resident and client fees

The performance obligations relating to resident and client fees are based on the delivery of services. Revenue is recognised as the services are delivered.

(c) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes deposits at call, which are readily convertible to cash on hand and are subject to an insignificant risk of change in value, net of any outstanding bank overdrafts.

(d) Income Tax

The Company is an approved Public Benevolent institution and, as such, is exempt from income tax.

Notes To And Forming Part Of The Financial Statements for the year ended 30 June 2020

(e) Property, plant and equipment

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

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial valuations by independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to an asset revaluation reserve in equity. Decreases that offset previous increases of the same asset class are recognised against the asset revaluation reserve directly in equity. All other decreases are recognised in the statement of profit or loss.

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

Plant & Equipment

Plant and equipment are measured at cost less accumulated depreciation and any impairment losses. Cost is measured as the fair value of the assets given up, liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. The purchase method of accounting is used for all acquisitions of assets.

The carrying amounts of property, plant and equipment are reviewed annually by the Directors to ensure they are not in excess of the recoverable amount from those assets.

Items with a cost in excess of \$1,000 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 comprehensive income during the financial period in which they are incurred.

The depreciable amount of all fixed assets, including buildings is depreciated over their useful lives commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant & Equipment at cost	10%
Motor Vehicles	15%

An asset's carrying amount is written down to its recoverable amount. If the assets carrying amount is greater than it's recoverable amount (refer note (j)).

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

(f) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for estimated credit losses. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision is raised when some doubt as to collection exists.

Notes To And Forming Part Of The Financial Statements for the year ended 30 June 2020

(g) Goods and services tax

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 Tax 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 expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Investment Property

Investment properties are held to generate lease income and capital appreciation. All tenant leases are on an arm's length basis. Investment properties are initially measured at cost and subsequently measured at fair value. Fair value is determined annually and any changes to fair value are recognised in the statement of profit or loss.

The fair value of investment properties is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value of investment properties is determined annually based on a valuation by an independent valuer with relevant professional qualifications. Fair values are generally determined using market information, including sale prices for similar properties in comparable locations.

(j) Impairment of Assets

Assets that are subject to depreciation and 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 the asset's fair value less costs to sell and value in use. As the Company is a not-for-profit entity, the value in use is the depreciated replacement cost of the asset.

(k) Financial Instruments

Financial assets and financial liabilities are recognised when the entity 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 (i.e. trade date accounting is adopted). 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 cost are expensed to profit or loss immediately.

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

(l) Employee entitlements

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The Company's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position.

Notes To And Forming Part Of The Financial Statements for the year ended 30 June 2020

Other long-term employee benefits

Provision is made for employees' annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on commonwealth bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements of obligations for other long-term employee benefits for changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting date, in which case the obligations are presented as current provisions.

(m) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) Leases

The Company assesses whether a contract contains a lease at the inception of the contract. The Company recognises a right of use asset and a corresponding lease liability in respect to all lease arrangements in which it is the lessee, with the exception for short term leases (leases with a term of less than 12 months) and leases of low value assets (less than \$10,000). For these leases, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

The lease liability is initially measured at the net present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

The right of use assets recognise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment. Right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset.

(o) Adoption of new and revised accounting standards

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for the current and future reporting periods. The directors have decided not to early adopt any accounting standards not yet effective, as they are not expected to have a material impact on the Company. The Company has adopted all new and revised accounting standards issued by the AASB that are relevant to its operation and effective for accounting periods beginning 1 July 2019, as follows:

AASB 15: Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue and related interpretations and requires the Company to recognise revenue when the Company satisfies a performance obligation by transferring a promised good or services to a customer. The impact of the initial application of AASB 15 is not significant. After applying the 5 step model per AASB 15 the Directors have assessed there was no material difference in the recognition of revenue between AASB 15 and the former AASB 118, other than disclosures reflected in note 2.

Notes To And Forming Part Of The Financial Statements for the year ended 30 June 2020

AASB 16: Leases

This standard introduces a single lessee accounting model that eliminates the requirements for leases to be classified as operating or finance leases. The main change introduced by the standard will be for all leases to be recognised on the statement of financial position at the inception of the lease with the exception of short term leases (less than 12 months) and leases of low value assets. The lessee must recognise a right of use asset and a corresponding lease liability in the amount of the net present value of the lease payments. Subsequent to this initial measurement, the right of use asset is depreciated over the lease term, whilst lease payments are separated into principal and interest portion to wind up the lease liability over the lease term.

The company has applied AASB 16 using the modified retrospective approach. Therefore, the cumulative effect of applying AASB 16 is recognised as an adjustment to the opening balance of retained earnings at 1 June 2019, with no restatement of comparative information. There was no transitional impact from the adoption of AASB 16 and no adjustment was required to opening retained earnings. The existing operating lease for the Beechworth Road property required the recognition of a Right-of-Use Asset and associated lease liability as at 1 July 2019 as follows:

- 1 July 2019 - Recognition of Right of Use Asset for lease of Beechworth Rd property **194,372**
- 1 July 2019 - Recognition associated lease liability. **194,372**

(p) Change in accounting policy

Accounting for Deferred Lease Management Fee for Independent Living Units (ILU)

In prior years the Company has recognised the fixed deferred lease management fee charged to residents of the ILU in accordance with the lease agreement, as revenue over a 5 year period. Management's review of historical data has indicated that the average length of stay of residents in the ILU is 7 years rather than 5 years and has elected to now recognise the fixed deferred lease management fee as revenue over 7 years, backdated to 1 July 2018. Note the total amount of the deferred management fee charged to residents does not change only the timing of its recognition as revenue.

The impact of the change in accounting policy has been to restate 2019 comparatives within the financial statements as detailed below:

Statement of profit or loss and Other Comprehensive Income	Actual 2019	Effect of Change in Accounting Policy	Restated 2019
Revenue	18,338,080	(314,104)	18,023,976
Net surplus/(deficit)	(25,320)	(314,014)	(339,424)
Statement of financial position			
Deferred lease management fee (liability)	-	314,104	314,104

Notes To And Forming Part Of The Financial Statements for the year ended 30 June 2020

2. Revenue		2020	2019
		\$	\$
Continue Operations			
Revenue from contracts with customers	a	18,550,947	17,209,464
Other sources of revenue	b	351,996	814,512
		18,902,943	18,023,976
a. Disaggregated revenue			
The company has disaggregated revenue into various categories in the following table.			
The revenue is disaggregated by operating lines and timing of revenue recognition.			
Operating Lines			
Fees from Residents for Care Delivery		2,854,339	2,667,370
Fees from Community Clients		929,817	1,031,517
Government Service Fees for Care Delivery		6,678,557	6,456,996
Government Service Fees for Community Clients		5,331,449	4,354,392
Government Service Fees for Accommodation Supplements		386,293	396,378
Bond Retentions & Deferred Management Fees		968,285	949,992
Fees from Clients for Accommodation		1,216,878	1,189,406
Transitional Care Program		185,329	163,413
Total Revenue from Operating Activities		18,550,947	17,209,464
Timing of revenue recognition			
Products and services are provided to residents and customers:			
- At a point in time		16,365,784	15,070,066
- Overtime		2,185,163	2,139,398
		18,550,947	17,209,464
b. Other Sources of Revenue			
Gain on revaluation of investment properties		60,000	451,569
Coffee Shop		103,258	118,248
Donations		2,523	8,705
Interest		94,998	101,500
Other (incl Net Proceeds from sale of Assets)		91,217	134,490
Total Revenue from Non-Operating Activities		351,996	814,512
Total Revenue		18,902,943	18,023,976

Notes To And Forming Part Of The Financial Statements for the year ended 30 June 2020

3. Expenses

	2020	2019
	\$	\$
Employee Benefits		
Salaries & Wages	10,122,632	9,407,702
Employee Provisions	2,132,735	1,942,254
Superannuation	1,098,880	1,016,362
Workcover	151,722	189,212
Less: Capitalised Wages	(63,572)	(373,600)
Total Employee Benefits	13,442,397	12,181,930
Other Expenses		
Clinical & Care Costs	1,956,382	1,251,045
Domestic Services incl Laundry	146,283	131,004
Coffee Shop	46,880	51,304
Food Services incl Meals on Wheels	785,651	817,052
Grounds, Repairs & Maintenance	687,453	599,688
Utilities	480,692	461,942
Insurance	67,043	51,022
IT & Communications	367,088	356,359
Other Expenses	554,538	575,075
Total Other Expenses	5,092,010	4,294,491
Finance Costs		
Interest Expense on refund of accommodation deposits	42,973	66,136
Interest and facility fees on Bank accounts	47,276	35,248
Total Finance Costs	90,249	101,384
Total Expenses	18,624,656	16,577,805
Depreciation and amortisation		
Buildings & improvements	1,170,753	1,367,537
Plant, Equipment & Fittings	407,898	322,402
Motor Vehicles	83,814	81,311
Leasehold Improvements	16,944	14,345
Right-of-Use - Property amortisation	64,791	-
Total Depreciation	1,744,200	1,785,595

Notes To And Forming Part Of The Financial Statements for the year ended 30 June 2020

4. Current assets – Cash and cash equivalents

	2020	2019
	\$	\$
Cash on hand	2,550	2,550
Cash at bank and on term deposit	6,081,808	5,393,299
	6,084,358	5,395,849

5. Current assets – Trade and other receivables

Lease premiums	651,543	915,000
Homestead Resident fees	218,239	66,014
Community Care (incl HACCC)	148,145	254,705
GST Refund	233,319	61,645
Other receivables	158,189	132,139
	1,409,435	1,429,503

Ageing

	Gross	Current	Overdue but not impaired		
			30+	60+	90+
Village Lease premiums	330,000	330,000	-	-	-
Apartment Lease Premium	321,543	270,000	-	-	51,543
Homestead Resident fees	218,239	27,344	25,694	10,209	154,992
Community Care	148,145	144,747	(274)	1,495	2,177
GST Refund	233,319	233,319	-	-	-
Other receivables	158,189	157,834	-	-	355
	1,409,435	1,163,244	25,420	11,704	209,067

6. Current assets – Other

	2020	2019
	\$	\$
Prepayments	206,313	197,501

Notes To And Forming Part Of The Financial Statements for the year ended 30 June 2020

7. Non-current assets – Property, plant and equipment	2020	2019
	\$	\$
Freehold Land - at fair value	5,600,000	3,150,000
Buildings & improvements - at fair value	35,917,475	32,437,507
Less Accumulated Depreciation	(2,176,338)	(1,367,537)
Total land, buildings & improvements	33,741,137	31,069,970
Right of Use Asset - 183 Beechworth Road	194,372	-
Less Accumulated Amortisation	(64,791)	-
	129,581	-
Total buildings & improvements	33,870,718	31,069,970
Plant and equipment- at cost	1,789,616	1,385,543
Less Accumulated Depreciation	(830,226)	(422,328)
	959,390	963,215
Motor Vehicles- at cost	692,827	671,057
Less Accumulated Depreciation	(486,787)	(437,565)
	206,040	233,492
Lease hold improvements	157,756	127,356
Less Accumulated Depreciation	(43,385)	(26,441)
	114,371	100,915
Construction works in progress - at cost	4,070,470	1,572,781
Total property and equipment	44,820,989	37,090,373

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

	Land	Buildings & Improv.	Plant & Equipment	Motor Vehicles	Lease hold improv.	Work in Progress	Total
WDV 30 June 2019	3,150,000	31,069,970	963,215	233,492	100,915	1,572,781	37,090,373
Additions	2,450,000					4,259,861	6,709,861
Recognition of ROU asset		194,372					194,372
Transfers		1,211,336	404,073	56,362	30,400	(1,762,172)	(60,001)
Revaluation		2,630,584					2,630,584
Depreciation		(1,235,544)	(407,898)	(83,814)	(16,944)		(1,744,200)
WDV 30 June 2020	5,600,000	33,870,718	959,390	206,040	114,371	4,070,470	44,820,989

Land, buildings and improvements independently valued by Nelson Partners Australia Pty Ltd, certified practising valuers as at 30 June 2019. The valuation was at market value based on the going concern basis.

The apartment buildings were subject to a director's valuation at 30 June 2020. The valuation based on market value recent lease premiums paid by incoming residents.

Notes To And Forming Part Of The Financial Statements for the year ended 30 June 2020

8. Non-current assets - Investment Property

	2020 \$	2019 \$
Balance at the beginning of the period	42,651,024	37,044,500
Additions		5,154,955
Revaluation	60,000	451,569
Balance at end of the period	42,711,024	42,651,024

Investment Property independently valued by Nelson Partners Australia Pty Ltd, certified practising valuers at \$42,610,000 as at 30 June 2019. The valuation was at market value based on the going concern. This valuation included the recently constructed Ray Snell Recreation Centre. The Directors have elected to classify the Ray Snell Recreational Centre as building and improvements at Note 7.

9. Non-current assets - Intangible Assets

Water Licence	16,240	16,240
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10. Current liabilities – Trade and other payables

Trade creditors	563,794	417,551
Other creditors and accruals	193,603	547,983
Contract liabilities		
- CHSP and HACC/PYP Unspent Funds	286,335	-
- Home Care Package Unspent Funds	2,373,826	982,265
- Deferred Lease Management Fee (Villas)	585,499	314,104
	4,003,057	2,261,903

11. Current liabilities – Financial liabilities

	\$	\$
Right of Use Lease - 193 Beechworth Road	64,989	-
Line of Credit - Apartments	202,370	195,500
Line of Credit - Village	283,963	547,480
Construction Loan – Westmont Cottages	1,784,310	
Loan for Land Purchase – Westmont Seniors Lifestyle Village	1,696,068	
	4,031,700	742,980

Security: Bank loans are secured by registered first mortgage over property at lot 1 and lot 2, 265 Baranduda Blvd and fixed and floating charge over all assets and undertakings of Westmont Aged Care Services Ltd.

12. Current liabilities – Employee benefits

Provision for annual leave	866,400	685,600
Provision for long service leave	987,700	940,900
	1,854,100	1,626,500

Notes To And Forming Part Of The Financial Statements for the year ended 30 June 2020

13. Current liabilities – Other

	\$	\$
Residential aged care – entry deposits	13,871,846	11,814,760
Lease premiums entry deposits:		
- apartments	8,654,247	8,354,162
- village	38,082,158	38,557,513
	60,608,251	58,726,435

All entry deposits, whether residential aged care or lease premiums are technically due within 12 months as they represent a present obligation to pay with no right of deferral. However, from historical trends and known facts the directors only expect that \$7,500,000 (2019: \$7,258,495) to be paid out in the next 12 months.

Reconciliation:

Opening balance	58,726,435	53,842,465
Add: entry deposit to be received	600,000	915,000
Add: Westmont Refurbishment Reserve Contribution	-	1,469
Add: entry deposits received	9,779,991	12,026,529
Less: entry deposits refunded	(7,258,495)	(6,794,932)
Less: retentions/deferred lease premiums paid	(1,239,680)	(1,264,096)
Closing balance	60,608,251	58,726,435

14. Non-current liabilities – Employee benefits

Provision for long service leave	834,700	716,900
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15. Non-current liabilities – Provisions

Independent living units – Lessees share of capital gain	378,475	398,127
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16. Non-current liabilities – Provisions

Right of Use Lease - 193 Beechworth Road	65,760	-
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Notes To And Forming Part Of The Financial Statements for the year ended 30 June 2020

17. Segment Reporting / Entity Details

Westmont Aged Care Services Ltd operates a community owned, not for profit business at Baranduda, in the City of Wodonga, servicing the surrounding areas and incorporates residential aged care, respite care, assisted living units, independent living and community care. The community care operation is run out of two locations in Wodonga.

(a) Assets and liabilities

	Residential Aged Care		Apartments		Villages		Community		Total	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Assets										
Cash & cash equivalents	1,563,358	2,228,584	169,000	157,000	2,062,000	2,028,000	2,290,000	982,265	6,084,358	5,395,849
Trade & Other receivables	533,797	301,434	349,157	273,063	384,951	722,859	347,843	329,648	1,615,748	1,627,004
Property, plant & equipment	25,359,600	24,374,227	11,298,027	9,718,200	7,750,523	2,803,882	412,839	194,064	44,820,989	37,090,373
Investment Properties					42,711,024	42,651,024			42,711,024	42,651,024
Intangible Assets					16,240	16,240			16,240	16,240
Total Assets	27,456,755	26,904,245	11,816,184	10,148,263	52,924,738	48,222,005	3,050,682	1,505,977	95,248,359	86,780,490
Liabilities										
Trade & Other Payables	398,834	509,802	34,901	48,277	656,762	433,830	2,912,560	1,269,994	4,003,057	2,261,903
Financial Liabilities	1,843,123		209,041	195,500	2,045,296	547,480			4,097,460	742,980
Provisions					378,475	398,127			378,475	398,127
Employee Benefits	1,453,368	1,266,670	137,984	120,259	123,382	107,532	974,066	848,939	2,688,800	2,343,400
Accommodation Deposits	13,871,846	11,814,760							13,871,846	11,814,760
Lease Premiums			8,654,247	8,354,162	38,082,158	38,557,513			46,736,405	46,911,675
Total Liabilities - before loans	17,567,171	13,591,232	9,036,173	8,718,198	41,286,073	40,044,482	3,886,626	2,118,933	71,776,043	64,472,845
Net Assets	9,889,584	13,313,013	2,780,011	1,430,065	11,638,665	8,177,523	(835,944)	(612,956)	23,472,316	22,307,645

Notes To And Forming Part Of The Financial Statements for the year ended 30 June 2020

16. Segment Reporting / Entity Details (continued)

(b) Revenues & Expenses

	Residential Aged Care		Apartments		Villages		Community		Total	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Revenue										
Government Service fees	7,064,850	6,853,374					5,331,449	4,354,392	12,396,299	11,207,766
Client & Resident fees	2,673,401	2,491,042	695,382	699,803	702,433	665,932	929,817	1,031,517	5,001,033	4,888,294
Transitional Care	185,329	163,413							185,329	163,413
Retentions		7,282							-	7,282
Deferred management fees			164,695	174,975	803,590	767,735			968,285	942,710
Valuation increment					60,000	451,569			60,000	451,569
Interest	12,756	35,465	9,432	8,380	45,927	49,146	26,883	8,508	94,998	101,499
Other revenue	131,572	124,740	27,381	36,731	13,202	33,957	24,844	66,015	196,999	261,443
Total Revenue	10,067,908	9,675,316	896,890	919,889	1,625,152	1,968,339	6,312,993	5,460,432	18,902,943	18,023,976
Operating Expenses										
Resident & Client Care	5,316,512	4,751,807	10,100	8,700			5,248,984	4,462,912	10,575,596	9,223,419
Catering Services	1,604,568	1,516,974	333,280	334,026			13,366	23,508	1,951,214	1,874,508
Domestic Services	972,584	934,185	239,425	231,718	16,400	17,800	39,769	41,321	1,268,178	1,225,024
Maintenance & Grounds	527,904	586,734	217,590	127,719	601,743	411,295	30,061	41,381	1,377,298	1,167,129
Utilities	240,961	212,400	103,062	99,343	236,153	238,632	37,845	44,244	618,021	594,619
Administration	736,306	661,018	113,300	108,484	136,252	120,147	591,791	486,770	1,577,649	1,376,419
Finance Costs	58,369	80,229	12,352	7,906	14,694	8,259	4,834	4,990	90,249	101,384
Corporate	453,710	427,213	57,621	44,720	237,904	117,753	417,216	425,617	1,166,451	1,015,303
Total operating expenses before depreciation	9,910,914	9,170,560	1,086,730	962,616	1,243,146	913,886	6,383,866	5,530,743	18,624,656	16,577,805
Surplus for year before depreciation	156,994	504,756	(189,840)	(42,727)	382,006	1,054,453	(70,873)	(70,311)	278,287	1,446,171
Depreciation	1,024,600	1,147,936	428,407	416,786	162,237	178,032	128,956	42,841	1,744,200	1,785,595
Net surplus/(deficit) for the year	(867,606)	(643,180)	(618,247)	(459,513)	219,769	876,421	(199,829)	(113,152)	(1,465,913)	(339,424)

Notes To And Forming Part Of The Financial Statements for the year ended 30 June 2020

18. Contingent Liability

The Directors are not aware of any contingent liability that may exist as at 30 June 2020.

19. Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, accommodation bonds and lease premiums. The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

		2020 \$	2019 \$
(i) Financial Assets			
Cash on hand	4	6,084,358	5,395,849
Trade and other receivables	5	1,409,435	1,429,503
Total Financial Assets		7,493,793	6,825,352
(ii) Financial Liabilities			
Trade and other payables	10	4,003,057	2,261,903
Borrowings	11,16	4,097,460	742,980
Residential aged care – bonds and deposits	13	13,871,846	11,814,760
Lease Premiums			
- Apartments	13	8,654,247	8,354,162
- Village	13	38,082,158	38,557,513
Total Financial Liabilities		68,708,768	61,731,318

20. Events occurring after balance date

Westmont entered into an agreement on 30th August 2019 to purchase a site to establish a Seniors Lifestyle Village and a future residential aged care facility.

Settlement for this purchase occurred on 18th December 2019. It is expected that this purchase will contribute and have a significant positive affect, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years. Planning and design is in process with civil works expected to commence in the first half of 2021 financial year.

The Westmont Cottages project commenced construction in February 2020 with the contract awarded to Premier Building and Construction. Works are expected to be completed by the end of November with residents taking up occupancy in December 2020.

No other matters have arisen in the period between the end of the financial year and the date of these financial statements that would affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

21. Commitments for Capital Expenditure

Capital commitments payable as follows:			
Westmont Cottages		2,282,401	-
Westmont Seniors Lifestyle		22,366	-
Solar System – Caravan Shelter		-	14,000
		2,304,767	14,000

Notes To And Forming Part Of The Financial Statements for the year ended 30 June 2020

22. Related party transactions

(a) Directors

The following persons acted as Directors of the Company during the period.

Andrew Brown	Graeme Patterson (co-opted July 2019)
Angela Collins	Neville Seymour
Eleanor Fitz	Roger Snell
William Keeton	Andrew Williams
Deborah MacKinlay	

- i. The Directors received remuneration during the year of \$12,371 (2019: Nil); and
- ii. There were no transactions with Directors or their related parties during the year.

(b) Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly. The key management personnel of the entity comprise the Directors and senior management.

	2020 \$	2019 \$
Aggregate remuneration paid to key management personnel for the year	651,492	641,645

23. Members guarantee

The Company is incorporated as a company limited by guarantee under the Corporations Act 2001. If the company is wound up the constitution states that each member is required to contribute to a maximum of \$100 each towards meeting any outstanding obligations. As at 30 June 2020 there were nine members (2019: 10 members).

24. Fair value measurements

The Company has the following assets that are measured at fair value on a recurring basis after initial recognition. The Company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

	2020 \$	2019 \$
Assets		
Land	5,600,000	3,150,000
Buildings and improvements	33,870,718	31,069,970
Investment properties	42,711,024	42,651,024
	82,181,742	76,870,994

- i. The fair value of freehold land, buildings and improvements is based on an external independent valuation performed in June 2020.

Director's Declaration

The Directors declare that the financial statements and notes as set out on pages 6 to 24:

- (a) Comply with Australian Accounting Standards – Reduced Disclosure Requirements, the *Australian Charities and Not-for-profits Commission Regulations 2013*; and
- (b) Give a true and fair view of the Company's financial position as at 30 June 2020 and of its performance, as represented by the results of its operations and its cash flows for the financial year ended on that date.

In the Director's opinion:

- (a) The financial statements are in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This is declaration is made in accordance with a resolution of the Directors.



William Keeton
Director and Member of the Audit, Finance & Risk Committee

30 September 2020



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Independent auditor's report to the members of Westmont Aged Care Services Limited.

Opinion

We have audited the accompanying financial statements of Westmont Aged Care Services Limited (the Company), which comprises the statement of financial position at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes, and directors declaration.

In our opinion, the financial statements of the company are 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 2020 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and complying with the *Australian Charities and Not for Profits Commission Regulation 2013*.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the auditor independence 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 statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001* and the *Australian Charities and Not for Profits Commission Act 2012*.

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

Information Other than the Financial Report and Auditor's Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial statements 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 statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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



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Independent auditor's report (continued)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements that give 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 the financial statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 these financial statements.

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

Johnsons MME

Chartered Accountants

Stephen Clarke
Director

Albury
30 September 2020



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