

# **Sapphire Coast Community Aged Care Ltd**

ABN: 34 002 554 636

## **Financial Statements**

For the Year Ended 30 June 2020

# Sapphire Coast Community Aged Care Ltd

ABN: 34 002 554 636

## Directors' Report

30 June 2020

The directors present their report on Sapphire Coast Community Aged Care Ltd for the financial year ended 30 June 2020.

### Information on directors

Phillip MOFFITT

Qualifications Business proprietor

Date of appointment 16 August 2005

Simon OWENS

Qualifications Real estate agent

Date of appointment 17 December 2002

Robert HARTEMINK

Qualifications Retired Surgeon

Date of appointment 18 July 2017

Alexander LANGWORTHY

Qualifications Retired engineer

Date of appointment 23 October 2001

Ross RITCHIE

Qualifications Business proprietor

Date of appointment 16 August 2005

Margaret COLLINS

Qualifications Company director

Date of appointment 16 June 2008

Gae RHEINBERGER

Qualifications Consultant

Date of appointment 18 May 2010

Philip CALLAN

Qualifications Consultant

Date of appointment 14 November 2017

Daniel MURPHY

Qualifications Manager Economic Development, Bega Valley Shire Council

Date of appointment 19 February 2019

# Sapphire Coast Community Aged Care Ltd

ABN: 34 002 554 636

## Directors' Report

30 June 2020

### General information

### Principal activities and significant changes in nature of activities

The principal activities of Sapphire Coast Community Aged Care Ltd during the financial year were the provision of aged care services.

There were no significant changes in the nature of Sapphire Coast Community Aged Care Ltd's principal activities during the financial year.


### Members' guarantee

Sapphire Coast Community Aged Care Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person who ceased to be a member in the year prior to the winding up, is limited to \$50 for members subject to the provisions of the company's constitution.

At 30 June 2020 the collective liability of members was \$1,450 (2019: \$1,750).

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

Director:  .....  
Philip Callan

Director:  .....  
Ross Ritchie

Dated 20 October 2020

# Sapphire Coast Community Aged Care Ltd

ABN: 34 002 554 636

## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2020

		2020	2019
	Note	\$	\$
Revenue	5	17,475,298	17,079,252
Finance income	6	617,557	760,917
Other income	5	1,021,152	244,611
Employee benefits expense		(13,304,552)	(12,719,992)
Depreciation and amortisation expense		(1,545,694)	(1,542,417)
Impairment losses on financial assets		(1,261)	(3,164)
Administrative expenses		(474,396)	(443,472)
Client and resident expenses		(858,367)	(684,323)
Food provisions		(718,892)	(667,254)
Interest - Resident bonds and deposits		(54,764)	(66,160)
Repairs, maintenance and property expenses		(1,666,743)	(1,590,124)
Assets written off under \$5,000	2	(445,318)	-
Loss on disposal of listed shares	9	(440,656)	-
<b>(Deficit) / Surplus before income tax</b>		<b>(396,636)</b>	<b>367,874</b>
Income tax expense	3(a)	-	-
<b>(Deficit) / Surplus from continuing operations</b>		<b>(396,636)</b>	<b>367,874</b>
Net fair value movements for available-for-sale financial assets		-	206,941
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>206,941</b>
<b>Total comprehensive income for the year</b>		<b>(396,636)</b>	<b>574,815</b>

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements.



# Sapphire Coast Community Aged Care Ltd

ABN: 34 002 554 636

## Statement of Financial Position

As At 30 June 2020

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	13,570,284	4,814,895
Trade and other receivables	8	592,568	710,912
Prepayments		55,384	172,696
<b>TOTAL CURRENT ASSETS</b>		<b>14,218,236</b>	<b>5,698,503</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	9	-	8,528,202
Loans and advances	10	2,250,000	-
Property, plant and equipment	11	47,717,081	48,914,139
Intangible assets	12	40,451	52,203
<b>TOTAL NON-CURRENT ASSETS</b>		<b>50,007,532</b>	<b>57,494,544</b>
<b>TOTAL ASSETS</b>		<b>64,225,768</b>	<b>63,193,047</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	28,472,979	26,210,254
Employee benefits	14	2,883,390	3,013,249
Unearned income		665,247	784,671
<b>TOTAL CURRENT LIABILITIES</b>		<b>32,021,616</b>	<b>30,008,174</b>
<b>TOTAL LIABILITIES</b>		<b>32,021,616</b>	<b>30,008,174</b>
<b>NET ASSETS</b>		<b>32,204,152</b>	<b>33,184,873</b>
<b>EQUITY</b>			
Reserves		-	584,086
Retained earnings		32,204,152	32,600,787
<b>TOTAL EQUITY</b>		<b>32,204,152</b>	<b>33,184,873</b>

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

# Sapphire Coast Community Aged Care Ltd

ABN: 34 002 554 636

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 5 Revenue and Other Income

#### Revenue from continuing operations

	2020	2019
	\$	\$
Revenue from contracts with customers (AASB 15)		
- Government subsidies	11,796,485	11,798,675
- Government subsidies - additional ACFI funding	165,005	66,955
- Government subsidies - additional COVID-19 income	191,104	-
- Resident and client contributions	4,314,364	4,519,837
- Retained contribution - accommodation bonds	-	4,303
- Retained contributions - villas	223,134	250,941
- Other revenue	13,921	33,986
	<u>16,704,013</u>	<u>16,674,697</u>
Revenue recognised on receipt (not enforceable or no sufficiently specific performance obligations - AASB 1058)		
- Capital gain on sale of villas	134,681	106,649
- Rent	52,719	60,649
- Donations and fundraising income	375,976	226,468
- Insurance recoveries	4,912	-
- Wage subsidies	152,997	10,789
- ATO Cash Flow Boost income	50,000	-
	<u>771,285</u>	<u>404,555</u>
<b>Total Revenue</b>	<u><b>17,475,298</b></u>	<u><b>17,079,252</b></u>

#### Other Income

- net gain on disposal of property, plant and equipment	1,021,152	1,273
- net gain on disposal of other financial assets	-	243,338
	<u>1,021,152</u>	<u>244,611</u>

#### Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated into Operating and Non-Operating, the following table shows this breakdown:

	2020
	\$
<b>Operating and Non-Operating</b>	
- Operating revenue	16,333,983
- Non-Operating - Additional subsidies and sundry income	<u>370,030</u>
<b>Revenue from contracts with customers</b>	<u><b>16,704,013</b></u>

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **18 Related Parties**

**(a) The Company's main related parties are as follows:**

Key management personnel - refer to Note 16.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

**(b) Transactions with related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

#### **19 Events after the end of the Reporting Period**

The financial report was authorised for issue on 20 October 2020 by the Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

#### **20 Financial Reporting Segments**

**Identification of reportable segments**

The Company has identified its operating segments in accordance with the Aged Care Act 1997 and underlying Principles, the Company is deemed to operate within five business segments being:

1. Residential Aged Care – Hillgrove House (high level aged care) located in Hill Street, Bega, New South Wales, Australia.
2. Property - Casuarina - Building was sold during the financial year.
3. Community Care Packages – Services provided in various client homes operated within the Bega Valley, New South Wales, Australia.
4. Residential Aged Care – Imlay House (high level aged care) located in Merigan Street, Pambula, New South Wales, Australia.
5. Retirement Village – The Oaks Country Village located in Tarraganda Lane & East Street, Bega, New South Wales, Australia.

**(a) Accounting policies adopted**

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of accounts payable, employee entitlements, accrued expenses and provisions.

# Sapphire Coast Community Aged Care Ltd

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## Notes to the Financial Statements For the Year Ended 30 June 2020

### 20 Financial Reporting Segments

#### (b) Inter-segment transfers

Segment revenues, expenses and result include transfers between segments. The prices charged on inter-segment transactions are the same as those charged for similar goods to parties outside of the Company entity at an arm's length. These transfers are eliminated on consolidation.

#### (c) Segment performance

	Hillgrove House		Casuarina		Sapphire Coast Home Services	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>						
Government subsidies	6,652,838	6,359,312	-	-	1,181,623	1,305,108
Resident charges	2,215,351	2,310,023	-	-	277,209	221,087
Interest received	12,967	7,856	-	-	41	-
Donations	48,132	107,280	-	-	322	90
Other external income	228,242	52,207	8,800	-	120	-
Inter-segment revenue	224,275	268,425	-	-	-	-
<b>Total segment revenue</b>	<b>9,381,805</b>	<b>9,105,103</b>	<b>8,800</b>	<b>-</b>	<b>1,459,315</b>	<b>1,526,285</b>
Depreciation and amortisation	965,789	968,292	39,497	93,991	-	-
Employee expenses	6,825,605	6,493,112	-	-	887,630	855,409
Interest expense - bonds	45,785	44,863	-	-	-	-
Other external expenses	1,798,327	1,296,975	45,787	57,188	305,108	261,936
Inter-segment expenses	(369,107)	268,459	(76,484)	10,000	180,000	180,000
<b>Total segment expenses</b>	<b>9,266,399</b>	<b>9,071,701</b>	<b>8,800</b>	<b>161,179</b>	<b>1,372,738</b>	<b>1,297,345</b>
<b>Segment result</b>	<b>115,406</b>	<b>33,402</b>	<b>-</b>	<b>(161,179)</b>	<b>86,577</b>	<b>228,940</b>

	Imlay House		The Oaks Country Village		Corporate / Eliminations	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>						
Government subsidies	3,962,024	4,134,255	-	-	-	-
Resident charges	1,592,386	1,776,002	357,815	357,590	-	-
Interest received	3,056	1,154	2,781	-	78,836	59,925
Donations	326,671	119,098	-	-	850	-
Other external income	133,825	34,933	-	-	2,488,756	1,043,670
Inter-segment revenue	74,805	99,017	159,504	224,808	(458,584)	(592,250)
<b>Total segment revenue</b>	<b>6,092,767</b>	<b>6,164,459</b>	<b>520,100</b>	<b>582,398</b>	<b>2,109,858</b>	<b>511,345</b>
Depreciation and amortisation	440,270	379,001	80,004	80,000	20,134	21,134
Employee expenses	5,047,213	4,895,319	-	-	917,793	1,009,573
Interest expense - bonds	8,979	21,297	-	-	-	-
Other external expenses	1,047,944	821,138	56,491	74,034	1,472,761	148,454
Inter-segment expenses	467,559	183,180	63,024	26,177	(300,830)	(667,816)
<b>Total segment expenses</b>	<b>7,011,965</b>	<b>6,299,935</b>	<b>199,519</b>	<b>180,211</b>	<b>2,109,858</b>	<b>511,345</b>
<b>Segment result</b>	<b>(919,199)</b>	<b>(135,476)</b>	<b>320,581</b>	<b>402,187</b>	<b>-</b>	<b>-</b>



# Sapphire Coast Community Aged Care Ltd

ABN: 34 002 554 636

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 20 Financial Reporting Segments

#### (c) Segment performance

	Total	
	2020	2019
	\$	\$
<b>REVENUE</b>		
Government subsidies	11,796,485	11,798,675
Resident charges	4,442,761	4,664,702
Interest received	97,681	68,935
Donations	375,975	226,468
Other external income	2,859,743	1,130,810
Inter-segment revenue	-	-
<b>Total segment revenue</b>	<b>19,572,645</b>	<b>17,889,590</b>
Depreciation and amortisation	1,545,694	1,542,418
Employee expenses	13,678,241	13,253,413
Interest expense - bonds	54,764	66,160
Other external expenses	4,726,418	2,659,725
Inter-segment expenses	(35,838)	-
<b>Total segment expenses</b>	<b>19,969,279</b>	<b>17,521,716</b>
<b>Segment result before Net Assets Transferred in</b>	<b>(396,636)</b>	<b>367,874</b>

# Sapphire Coast Community Aged Care Ltd

ABN: 34 002 554 636

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 20 Financial Reporting Segments

#### (d) Segment assets and liabilities

	Hillgrove House		Casuarina		Sapphire Coast Home Services	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
<b>Segment assets</b>						
- Current assets	10,633,551	2,912,467	-	3,746,688	2,384,433	2,172,348
- Non-current assets	23,127,385	25,207,948	-	1,444,058	-	-
	<b>33,760,936</b>	<b>28,120,415</b>	<b>-</b>	<b>5,190,746</b>	<b>2,384,433</b>	<b>2,172,348</b>
<b>Segment liabilities</b>						
- Current liabilities	(14,587,295)	(14,251,686)	-	(1,240)	(891,142)	(765,635)
<b>Total segment assets</b>	<b>19,173,641</b>	<b>13,868,729</b>	<b>-</b>	<b>5,189,506</b>	<b>1,493,291</b>	<b>1,406,713</b>
	Imlay House		The Oaks Country Village		Corporate / Eliminations	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
<b>Segment assets</b>						
- Current assets	856,552	1,630,725	3,600,332	3,780,394	(3,256,632)	(136,437)
- Non-current assets	9,508,847	7,627,597	13,668,474	13,259,754	3,702,824	1,426,984
	<b>10,365,399</b>	<b>9,258,322</b>	<b>17,268,806</b>	<b>17,040,148</b>	<b>446,192</b>	<b>1,290,547</b>
<b>Segment liabilities</b>						
- Current liabilities	(6,964,705)	(4,938,428)	(9,132,280)	(9,224,202)	(446,192)	(706,462)
<b>Total segment assets</b>	<b>3,400,694</b>	<b>4,319,894</b>	<b>8,136,526</b>	<b>7,815,946</b>	<b>-</b>	<b>584,085</b>
	<b>Total</b>					
	<b>2020</b>	<b>2019</b>				
	\$	\$				
<b>Segment assets</b>						
- Current assets	14,218,236	14,106,185				
- Non-current assets	50,007,530	48,966,341				
	<b>64,225,766</b>	<b>63,072,526</b>				
<b>Segment liabilities</b>						
- Current liabilities	(32,021,614)	(29,887,653)				
<b>Total segment assets</b>	<b>32,204,152</b>	<b>33,184,873</b>				



## Auditor's Independence Declaration to the Directors of Sapphire Coast Community Aged Care Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of 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.

**KOTHES**  
Chartered Accountants

Simon Byrne  
Partner  
Registered Company Auditor (#153624)  
20 October 2020



CHARTERED ACCOUNTANTS  
AUSTRALIA • NEW ZEALAND

Liability limited by a scheme  
approved under Professional  
Standards Legislation

### DIRECTORS

Simon Byrne  
Fiona Dunham  
Peter Mann  
Gary Pearce  
Kevin Philistin  
Gary Skelton

BEGA  
MERIMBULA  
EDEN  
BOMBALA  
BERMACUI  
COOMA  
JINDABYNE

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Kothes Chartered Accountants  
ABN 36 472 755 795





## Independent Audit Report to the members of Sapphire Coast Community Aged Care Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Sapphire Coast Community Aged Care Ltd, which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of Sapphire Coast Community Aged Care Ltd has been prepared in accordance with Division 60 of 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 2020 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

We also report that:

- the financial statements show a true and fair view of the financial result of fundraising appeals conducted during the year;
- the accounting and associated records have been properly kept during the year in accordance with the *Charitable Fundraising Act 1991* (NSW) and regulations (as amended);
- money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991* (NSW), and regulations (as amended); and
- at the date of this report, there are reasonable grounds to believe that the association will be able to pay its debts as and when they fall due.

#### Basis for Opinion

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

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

#### Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the annual report, (but does not include the financial report and our auditor's report thereon). 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 and, in doing so, 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. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 Audit Report to the members of Sapphire Coast Community Aged Care Ltd

## Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

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

- 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.
- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.
- Conclude on the appropriateness of the responsible entities' 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 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 Company to cease to continue as a going concern.
- 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 those charged with governance 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.

**KOTHES**  
Chartered Accountants



Simon Byrne  
Partner  
Registered Company Auditor (#153624)  
20 October 2020