



Havilah Hostel INC.  
Annual report and financial statement

2018

## HAVILAH HOSTEL INC. PROFILE



The Members of the Havilah board herewith submit the Annual Report and Financial Statements of Havilah Hostel Inc for the financial year ended 30th June 2018.

### MEMBERS OF THE BOARD

<b>Principal Activities</b>  The principal continuing activities during the financial year were the provision of residential aged care and retirement living.	PRESIDENT	Craig Bell
	VICE PRESIDENT	Shane Dellavadova
	TREASURER	Brian O'Connor
		Jacqueline Durbridge Randall Edwards Merv Gay Robyn Jennings Lenette McKnight Danny Tatchell

### Significant Change in Operations

No significant change in the nature of these activities occurred during the year except for expansion of services.

### MANAGEMENT PROFILE

CHIEF EXECUTIVE	Barbara Duffin
DIRECTOR CLINICAL CARE	Kelsey Hooper
DIRECTOR FINANCE	Sandra Wilson
DIRECTOR PALMERSTON SERVICES	Deb Matthews
AUDITOR	Michael Ryan
BANKERS	CBA

### Operating Surplus

The surplus for the year amounted to \$439,460

*Signed on behalf of the board of Havilah Hostel Inc.*

### Board Member Benefits

Since the end of the previous financial year, no board member has received or become entitled to receive a benefit as a result of their position as board member of Havilah Hostel Inc.

Craig Bell

BOARD PRESIDENT

Robyn Jennings

BOARD MEMBER



## PRESIDENT'S REPORT

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Welcome to the 2018 Havilah Annual General Meeting. It is a pleasure to submit the Annual Report.

Over the past twelve months we have continued our work towards establishment of retirement living and residential aged care on the former tennis court site at Havilah on Palmerston.

Last year we presented a proposal to the AGM which was quite early in the planning process. I am pleased to announce that after a quite a few revisions, completion of the purchase of the adjoining property at 54 Raglan Street and the subsequent planning approval to demolish the building on that property, we are ready to submit our application to CGS for planning approval. We were grateful for the opportunity to present the proposal to CGS Administrators and the Executive Team in mid September.

In conjunction with the lodging of the planning

application and press releases, neighbouring properties including residents of the retirement village will be first to have information packs distributed to them in relation to the proposal. This will be followed by a visual presentation to personally inform the Havilah community and staff of the proposal.

24 unit multi storey residential aged-care unit reaches planning stage.

The schedule is to commence construction in October next year so by the next AGM we should have a contractor in place and hopefully will have turned the first sod for the Residential Aged Care Facility.

**The Proposal Estimated total cost \$14M**

**24 unit multi storey residential aged care facility \$7.5M**

- Entry from Raglan Street
- 24 residential aged care units with balcony Unit size 54m2 + balcony 13m2
- Other than the addition of balconies the unit design matches that of the very successful Raglan House established in 2013
- Lift access between floors

new facility  
to generate  
annual  
**2.7M**



## PRESIDENT'S REPORT

**A provisional allocation of places applies to this building which are required to be operational by 2021**

RESIDENTIAL CARE UNIT (provisional allocation period 10/6/2021	
Final drawings, specifications, quantity surveyor report	JUN 2019
Tenders and appointment of contractor	JUL - SEP 2021
Construction	OCT 2019 - MAR 2021
Occupation	JUN 2021

### 18 unit multi story retirement living \$6.5M

- Secure
- Independent or Community Care
- 9C adaptable future proofing for residential aged care
- Second Storey Units (8) 130m2 (14 squares)
- First Storey Units (10) 112m2 (12 squares)
- All units with balcony
- Basement Carpark 25 spaces - Entry from Palmerston Street
- Linkway to Residential Care Unit enabling care services direct to retirement units – could be self funded or community care places or a combination of these
- Lift access between floors and to carpark

### Parking and streetscape

- 6 spaces of onsite parking at 54 Raglan Street
- 9 additional parallel parking spaces at Neill Street frontage
- Neill Street streetscape and traffic management works
- Onsite access for service and delivery vehicles at 54 Raglan Street

### What this development will mean into the future for Havilah and the wider community

1. \$2.7 M increase in annual revenue.
2. 40 new staff, growing staff numbers to around 250 and creating opportunity for young people to remain living and working in their local community.

3. Available residential aged care places to satisfy the needs of our community to 2021.
4. Flow through of \$14M in development costs.
5. An increase of \$1.8M in wages lifting Havilah's labour costs to around \$12M p/a at 2021.
6. Uplift in Havilah's community spend through our initiative to support local business.
7. An estimated 30% additional stimulus over time as a result of proposed community care into the retirement village.
8. An additional 18 rateable properties - estimated rate revenue \$40K/annum.



## PRESIDENT'S REPORT

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### Planning for future growth

We know that the percentage of people over 70 in Central Goldfields Shire is expected to grow by almost 50% in the next 15 years. What this means in real terms is that there will be a need for an additional 30 residential aged care places each five years until 2031.

In August an application was made under the Aged Care Funding Round for a further 24 Res Care Places. Central Goldfields Shire was listed with a ranking of Priority 1 in this Funding Round.

It is proposed that the development would include purpose built resident accommodation along Burns Street, comprising 24 single occupancy units with private ensuite. Each resident unit would have direct access to either patio or balcony and enjoy views over the surrounding country side.

The building is planned to be constructed over two levels, each linked to open plan

communal areas by wide enclosed walkways. Plans include a lift and linkway to the adjoining Heath House from the top storey.

We would not expect to hear the results until early 2019. Should the application be successful we would have 4 years to make the places operational - so by 2023.

### Solar Power

The Board received a report in March in relation recent electricity tendering carried out due to the expiration of the current contracts. The report showed that increases of up to \$70K per annum could be expected compared to Havilah's current contracts. The Board immediately began researching installation of solar power to both residential care facilities. Other energy saving initiatives will be included in any project undertaken. There is still some work to be done and we would expect to make a decision early next year. Payback period is estimated to be around 5 years.

### The significance of Havilah to the local community

Facilities and services available at Havilah total 142 residential aged care places and 53 retirement units.

Havilah is a significant contributor to the local economy employing over 200 staff. Labour costs for the 2018 financial year were \$8.8M with this figure projected to grow to \$9.2M in the year to June 2019. In 2018 local purchases totalled \$1.6M from 85 local businesses.

The economic and social value of Havilah to our community continues to grow year by year and Havilah is proud of the significant contribution it has been able to make.

"Havilah is a significant contributor to the local community employing over 200 staff."



## PRESIDENT'S REPORT

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### Clinical care, GPs and allied health services

We continue to deliver quality clinical outcomes for our residents. We know this from the results of audits undertaken across all areas of our services. The results are driven by our Director of Care Kelsey Hooper, Nurse Manager at Havilah on Palmerston Deb Matthews and our individual Unit Managers and Team Leaders. They are very well supported by allied health, psycho geriatric and GP Services and our own care and lifestyle staff. Thank you.

We specifically acknowledge and thank Drs. Jenny Carson, Gavin Cuff, and David Tynan and their Practice Staff for providing on site clinics for our residents and the Maryborough Health Service Urgent Care staff for their valued assistance and co-operation.

Also thank our Pharmacies for their prompt attention to our many regular requests. We very much appreciate all of our allied health and psycho geriatric providers who

continue to provide wonderful service, thank you.

The Board continues to resource major clinical projects for example falls reduction, pressure care, wound management and management of behaviours of concern. Expenditure on floor line beds, movement sensors, pendant alarms and hip protectors has risen substantially as new strategies are introduced in relation to falls. The Board places no limits on these important purchases. To improve information systems, electronic point of care documentation was introduced.

In relation to dementia care we have taken on board current findings that environment plays a pivotal role in managing behaviours of concern. Over the past 12 months, at our secure dementia unit, "Hav-a-Latte" Café was established as a strategy to relieve anxiety or settle a disruptive event. As we all know going for coffee and cake does have a positive impact on our feeling of wellbeing. A project of

screening to create smaller spaces limiting distraction between sitting, dining and activity areas was undertaken. Window coverings in resident rooms were redesigned and replaced after staff reported that opening drapes to orient residents to time of day compromised privacy within the room. This was addressed by the addition of screen blinds and adding privacy wire to the screen doors. As a further improvement kitchenettes have been redesigned to provide increased space around large island benches where residents may sit to eat, chat or assist with their own breakfast for example. We know that our residents love to cook and the wide benches and underbench ovens facilitate this. Some \$130K has been spent on these projects so far. The Board has provided further resources for replacement of floor coverings and to trial the opening up of one area of this unit. This means that the area will be secured by alarms into the call system rather than locked doors. Secure garden areas will remain.

## PRESIDENT'S REPORT

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### Cultural, Spiritual Lifestyle

Havilah residents place a very high priority on lifestyle and food, as we all do. Throughout the year we celebrate each significant event. At Christmas residents connect with families and friends hosting the Annual Barbecue and Christmas Lunch. Havilah is renowned for its decorations which delight residents and attract visitors from the community, bringing their children and grandchildren along to see the wonderful decorations in place for the festive season.

As commented by one family member on New Year's Eve - *Today I attended the New Years Eve activities. It was so much MORE than I expected. afternoon tea, scones, jam, and cream. Staff as usual operated as a team. Well Done!! The Highland Dancers/ Piper and Junior/ Old Time Dancing and music was thoroughly enjoyed. To look about and see so many residents 'engaged' was amazing. All followed by 'Happy Hour' tea. Congratulations :) Thank you all.*

Among the activities on offer

are trips to nearby towns, attractions and events in the region. In the past year we have visited wineries, gardens, pubs, restaurants, and attractions in Ballarat, Bendigo and Daylesford and everywhere in between. Our men were amazed by Daryl Maff's Museum in Maryborough. As is tradition residents travelled in style in vintage cars, courtesy of the Car Club, to the ANZAC Service at McLandress Square. The delivery of our new modified Kia vehicle has provided additional transport for these outings. And when residents are not traveling all over the countryside, there are plenty of activities to be enjoyed at home from bowling to crosswords, craft, art, cooking, dancing, entertainment, movies, beauty therapy and the popular Bingo. Where residents cannot attend group activities they are supported one on one. Heath House has special programs built around those living with dementia.

Thank you to the local churches who continue their generous support conducting devotional services each week

at both Havilah sites. We are grateful for your continued support.

The Lifestyle Program is ever evolving. If you visit our facebook page you will see many examples of this. One example recently posted by Lifestyle Team Leader Kim Davidson - *Our cooking group tomorrow are going to be making and tasting a Japanese favourite "Sushi" no raw fish for us though, we'll stick with prawns and chicken fingers. I'm pretty excited and I know our ladies are too.*

*Sue, Kim, Karen and their lifestyle teams, together with Chefs Di, Phil, Greg and Jackie and their catering teams do a fantastic job and I congratulate them on achieving such great outcomes. They are assisted by a large contingent of volunteers including members of local churches and entertainment groups. The cultural, spiritual and lifestyle program adds immense value to the lives of our residents every day. Our thanks go to all involved.*





## PRESIDENT'S REPORT

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### Quality, Compliance and Education

Clinical and governance risk is measured internally and controlled through a comprehensive system of reporting and auditing. Externally, monitoring and control is provided through the Aged Care Quality Agency.

In December we were advised that due to consistent and sustained compliance with the Accreditation Standards since 2000 the Accreditation period for Harkness had been extended by 9 months to May 19.

In accordance with the legislation, each of Havilah's sites received one unannounced visit from the Aged Care Quality Agency. At each site we had excellent results with full compliance over the standards assessed.

The assessors were complimentary about the facilities and services we provide. Residents interviewed said they were very happy with all aspects of the service. Staff interviewed did extremely well demonstrating system

knowledge and practices; they know the residents they care for. The assessors mentioned particularly the interaction between staff and residents. The assessment results are a reflection of how our staff do their job every day.

Following a report commissioned into failures of the accreditation system, the Government in March enacted legislation to introduce unannounced re-accreditation assessments from July 1 this year, in addition to the existing annual unannounced support visits. All applications after July 1 will be unannounced. An unintended consequence of the extension of expiry dates for services with consistent compliance like Havilah is their next re-accreditation assessment will be unannounced.

In July legislation was enacted to introduce new Aged Care Quality Standards coming into operation on July 1 2019. The new standards require increased clinical governance from governing bodies, in Havilah's case The Board. The Havilah Governance

Committee has commenced work on transitioning to the new standards, particularly in relation to its responsibilities under the new Governance Standard.

Havilah offers all staff access to training to suit their job requirements and their career aspirations. Staff are required to complete sessions of mandatory training in each 12 month period. Attracting sufficient numbers of suitably qualified staff remains one of Havilah's biggest challenges.

Havilah's Executive Manager, Quality and Education, Jenni Dellavedova, is accomplished in achieving high percentage outcomes for quality and risk management activities and ensuring professional development opportunities for all Havilah staff. Measuring compliance provides the valuable information we require to monitor the safety and quality of the services we provide. Thank you to Jenni for her dedication in this very important area.

## PRESIDENT'S REPORT

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### Communication and marketing

Local graphic artist Tiffany Titshall guides us in the presentation of quality promotional material. Visit the Havilah website which also includes the various resident newsletters - a very good read thanks to Andrew.

*'Hi Andrew, Thank you so much for doing mum's profile in Havachats. She was so excited when she rang me and said she HAD to do it, and that I NEEDED to come and help her. (which of course I was happy to do). As soon as we finished I was promptly dismissed as she rushed it off to you. Keep up the great work with the newsletter, it's fabulous and I'm sure enjoyed by everyone.'*

You can also view our Facebook page from a link on the website. A big thanks to Kim Davidson for her enthusiasm and energy in posting current information. We have had wonderful, world wide comments. It is a real positive to be getting the good news stories out there.

For the year we have achieved

occupancy rates of 98.2% at Harkness and 99% at Raglan House compared to the national average of 92%. Where the value of every percentage point is \$80K occupancy plays a big part in financial sustainability.

So how do we achieve such good results? Fair to say it is a team effort to keep Havilah front and centre. Our Marketing Executive Raeleen Brooker ultimately has responsibility for managing the wait list, liaising with case workers, and the community. Often this is due to an acute event which adds more stress for families who suddenly need to find an aged care place. Our Finance Director Sandra Wilson plays a vital role pre admission by preparing various financial options for residents. This can be taken away and discussed with family or financial advisors. It is not unusual for Sandra to have up to 5 meetings with families pre entry.

So to get back to the original question – how does Havilah maintain such a high level of occupancy? I asked the person

who should know, and Raeleen said it requires a real interest in people, knowing your community, knowing your product, patience and compassion. She said that relationships with prospective customers are generally built over the longer period.

This year at Havilah there have been 42 permanent admissions and 52 respite admissions. Additionally there have been 7 new admissions to retirement units.

Our relationships with families is well summed up by this feedback - *Dear Rayleen, I will never forget the first day I ever met you. I was beside myself and did not know which way to turn and then I met you. I cannot thank you enough for your guidance, help, understanding, it means more to us than you will ever know, My Mum is happy and well taken care of and that is a relief to me and my family, from the bottom of my heart thank you.*

I acknowledge and thank Raeleen, Sandra, Tiff, Kim, and Andrew for their part achieving such a strong result.



## PRESIDENT'S REPORT

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### Retirement Living

Demand for retirement living remains strong with units becoming available each year quickly taken up. In the 12 months to 30th June 2018, 7 units changed hands at Havilah on Palmerston and 1 at Harkness Street. We have been actively involved in supporting residents in their units to enable them to remain living independently as long as possible. Where residential care is required priority is given. Five residents have transferred from retirement living to res care in the past 12 months.

Havilah continues to offer a quality and affordable product to our community. We offer flexible payment options to assist people wishing to enter our villages who may not be able to pay the full capital sum on entry. We are excited about our planned construction of a multi level retirement unit complex at Havilah on Palmerston. This development will enhance what already exists on this important

heritage site and provide advantages for our current residents as well as future residents.

We greatly appreciated our residents attending Dinner Parties prepared by our apprentice chefs as part of their studies. Thank you also to Kim for working with Food Services Manager Di on this. Residents have been active through the Diners' Club and in touring various attractions around the district.

In February residents together with some staff are taking our first overseas trip. A short cruise to Hobart. Very exciting.

Most of our residents have very busy lives and commitments outside of the Havilah community. We appreciate that there are still so many of you taking the time to make valuable contributions by way of volunteering, donations, and sharing ideas. We very much appreciate your involvement and support. Thank you.

The Retirement Villages Statement for each of the Retirement Villages can be found at Note 32 of the Notes to and forming part of the Financial Statements.

For the Year Ending 30 June 2018 there were no Management Complaints or Resident Disputes required to be reported under the Act.

"Demand for retirement living remains strong with units becoming available each year quickly taken up "

## PRESIDENT'S REPORT

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### **Our Staff, Fundraising, Volunteering and Community**

It is important to acknowledge how aged care workers make a positive difference in the lives of older Australians - 24 hours a day, 7 days week, year in year out. As a Board we are in awe of the achievements of our staff through dedication and commitment, but more and more by their generosity in giving of their own time.

Our leadership team CEO, Barb Duffin and Directors Sandra Wilson and Kelsey Hooper lead this culture through their strategic thinking and tireless effort, maintain the high quality service, viability and credibility of Havilah, locally and within the region. On behalf of the Board, I thank each and every one of our staff for their efforts during the past year.

Fundraising and donations has remained strong with over \$86K raised. The Auxiliary continues with its important work through the Carisbrook Op Shop. Thanks to Rene Eastwood and her willing

team. \$7,000 raised this year brings the total raised over 23 years to \$322K. Our Volunteer Catering team raised \$18K bringing the total raised by this group to \$254K over 13 years. All 400 tickets in the major raffle were sold raising \$20K.

To our volunteers, I sincerely thank you all for your generous support. We look forward to recognising your outstanding contribution at the Annual Volunteer Dinner. There are more than 100 volunteers providing on average 250 hours per week in volunteer hours. This is equivalent to more than \$400K annually.

We continue to have great support from community. For the second year Gaurav and Puneeta from the Maryborough Dental Practice hosted 50 Havilah residents and volunteers at a pre Christmas luncheon at the Highland Society In January. Jack and Caitlyn hosted 40 residents at their Peach Village Chinese Restaurant and donated chairs and tables to Heath House Café. From within the Havilah community, Kent Teese and family donated

\$9,500 to purchase a floor line bed and a Raizer chair for use at Heath House. The Raizer Chair costing \$5,500 is one of the latest technologies designed to assist uninjured residents to their feet following a fall, minimising physical effort by staff and distress to residents. On reading about the donation, long time supporter of Havilah and now resident at Melaleuca House, Grace Rootes, made a donation of a further chair. Judy Lind came forward with a donation of a chair for use at Havilah on Palmerston. All wonderful examples of the generosity shown to Havilah thank you all.

I also take the opportunity to thank our other major donors this year - Jeanette Freeman \$2,500; Tom Freeman \$2,500, Lindsay Bennett \$2,000, Sandra Wilson and Jan Little \$3,000 to purchase a special chair for palliative care, Kent Teese \$7,500 for a vertical lift chair, the Lions Club of Maryborough \$1,100 towards the introduction of hover technology, and the Estate of Marjorie Burrows \$500.



## PRESIDENT'S REPORT

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### Governance

We welcomed Jacqui Durbridge to the Board in January 2018. Jacqui has a history of involvement in local community groups and brings business experience and experience in the operations of Not for Profit and Community organisations.

In February it was resolved at a Special General Meeting of members to change the name of the association from Havilah Hostel Inc to Havilah Inc. and to change the Association rules to better reflect current practice and regulatory changes. Unfortunately, we have not been able to affect this change due to the name being unavailable at least for the time being. Attempts to free up the name have been unsuccessful at this time. The Board considers that Havilah should not be in a rush to give up on the preferred name and that should the name not become available within a reasonable timeframe, say within 12 months then other choices could be considered. A Special General Meeting will be held at a later date to re-adopt

the rules under the name of Havilah Hostel Inc.

Havilah continues to be successful because we are constantly growing our services, and innovating, changing and adapting to meet community and government expectations.

We are very proud of our reputation as a provider of innovative models of care and facilities.

During the past year we have had visits from Boards and executive staff of aged care providers from both Shepparton and Stawell. Both looking to expand and very interested in the Havilah model.

Central Goldfields Shire Administrators have also toured both sites and were amazed at the level and range of services on offer.

Attending monthly board meetings is a very important but small part of the role of the Havilah Board Member. All of my board colleagues make additional contributions as officers and committee

members. I would like to thank them for their excellent contributions.

I would also like to thank CEO Barb Duffin for her support and for her continued dedication and commitment to Havilah.

We look forward to the next 12 months. It will be challenging as we transition to the new Aged Care Standards and experience our first unannounced re-accreditation assessment, but there will be exciting times too as we continue planning for future growth and putting in place the many other initiatives resourced in the 18/19 budget.

We expect a very busy and satisfying year ahead.

This year I complete my three year term as President. In handing over to President Elect Shane Dellavedova I would like to say, it has been an honour and a privilege to lead this wonderful and unique organisation.

Thank you

Craig Bell  
Board President  
2017/2018





## STAFF AND BOARD MEMBER

### Staff

Havilah acknowledges the dedication and achievements of staff, who during the year to June 30 have reached employment milestones of ten, fifteen and twenty years of service. These awards add to Havilah's annual "Years of Service Voucher" which is presented to all staff in appreciation at Christmas each year.

Tonight, we recognise 9 staff, who have achieved 10 and 15 years of service. Congratulations on achieving these milestones. You have now joined an elite group with greater than 10 years service. We know you have worked hard for this accomplishment and we truly appreciate your dedication. Each of these staff support our mission every day. Each has contributed by dedicated effort to the tradition of Havilah and have helped to keep Havilah vibrant and moving forward. We are immensely grateful for your accomplishments and dedication.

### Staff Service Awards

#### 15 Years

Sue Edmondson  
*Lifestyle Manager*  
Cheryl Griffin  
*Personal Care*  
Dianne Hooper  
*Personal Care*  
Dianne Jackson  
*Food Services Manager*

#### 10 Years

Vicki Crutchley  
*Personal Care*  
Catherine Dines  
*Enrolled Nurse*  
Anne Jardine  
*Personal Care*  
Joan Limbrick  
*Enrolled Nurse*  
Janelle Peart  
*Personal Care*

### Current Staff with > 10 Years Service

#### 20+ Years

Audrey Bartlett  
Raeleen Brooker  
Barbara Duffin  
Joanne Hooper  
Brenda Wiseman

#### 15+ Years

Karen Chapman  
Sue Edmondson  
Cheryl Griffin  
Dianne Hooper  
Leanne Hubble  
Dianne Jackson  
Helen Kennedy  
Kerri McInnes  
Moira Saul

#### 10+ Years

Joanne Ashcroft  
Vicki Crutchley  
Catherine Dines  
Dawn Flood  
Amanda Hurse  
Anne Jardine  
Joan Limbrick  
Sarah McInnes  
Barb Nicholls  
Janelle Peart  
Jacqui Phillips  
Jodie Reville  
John Tansley  
Rhonda Treloar  
Heather Watts



## STAFF AND BOARD MEMBER

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### Board Member Recognition

#### Craig Bell - 20 years

A Life Governor of Havilah, Craig achieved the significant milestone of 20 years as board member, in March this year.

He has been active in leadership roles and on board committees. He has served two years as Vice President and five years as President from 2001 to 2003 and from 2015 to 2018.

Craig was Treasurer for four years from 2008 to 2012.

He has been a member of the Staff and Grievance Committee since 2001; the Buildings and Grounds Committee from 1999 to 2009; the Forward Planning Committee from 2001 to 2003, 2008 to 2010 and 2015 to 2018; the Governance Committee from 2015-2018 and the Finance Committee from 2012-2018.

#### Randall Edwards - 15 Years

A Life Governor, Randall has been a member of the Havilah Board since 2003.

Randall's expertise in all things electronic has guided Havilah in ensuring that we have the best available call systems, telephony and wifi available throughout our services.

He is a current member of the Finance Committee, continuously serving on this Committee since 2005, he was five years a member of the Building and Grounds Committee from 2005 to 2010 and has been further seconded this year to provide expertise in Havilah's move towards solar power. He is a current member of the Forward Planning Committee and an active supporter of Havilah Fundraising.

Our thanks and congratulations go to both Craig and Randall. Theirs are outstanding achievements. The stability of the Havilah Board is a major factor in the organisation achieving its mission of ACCESS and EXCELLENCE in aged and retirement services. We have been continuously successful only because we are constantly changing, and the Havilah Board is experienced and confident to make the brave decisions to meet new opportunities and challenges.

## 2018 BOARD ELECTIONS

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### Board Member Elections

In response to an advertisement placed in the Maryborough Advertiser – two nominations were received for positions declared vacant on the Board due to expiration of time.

As the nominations received did not exceed the positions vacant BRIAN O'CONNOR and SHANE DELLAVEDOVA are elected to the Board.

### Introduction of newly elected board members to the meeting

Brian O'Connor (re-elected)  
Brian was first elected in September 1999. He is a Life Governor and has now completed six full terms as Board Member.

Brian has always been a strong contributor to community through active involvement with local organisations over many years.

As CEO for 30 years of the former Shire of Tullaroop and also as one of the inaugural

councillors and Mayor of Central Goldfields Shire, Brian has contributed invaluable experience in strategic planning, management and governance during his 19 years on the Havilah Board.

He has held the offices of President (2 years), Vice President (5 Years) and Treasurer (14 years). In addition he has been active on Board Committees, being 17 years a Member of the Forward Planning Committee and 7 years a member of the Governance Committee.

Shane Dellavedova  
(re-elected)

Shane accepted a position on the Board in January 2015. He was re-elected in October 2015 and again now in 2018. He has had a long association with Havilah, being a Life Governor and also through his mum Elaine who was a foundation member and past president.

A local business man Shane has a strong organisational and financial background,

a keen interest and understanding of strategic planning and business management and a demonstrated interest in community.

Shane has been an active contributor to the future planning and good governance of Havilah, through his membership on the Forward Planning Committee since October 2015. He has been Vice President for two years since 2016 and is President Elect for the coming year.

Congratulations to Brian and Shane on re-election for a further term and thank you for your continued commitment.

## LIFE GOVERNORS

### INDIVIDUALS

ALLEN Esme  
ALEXANDER Wendy  
ARBUTHNOT Neil  
BELL Craig  
BACON Jenifer  
BAXTER June  
BROWN Mr. T G  
BUCKNALL Eric  
CAMPBELL Shirley  
CARSON Jenny  
CARSON Robert  
CHAPMAN N  
CHAPMAN M  
COLLINS N  
COLMAN Robert  
CONSTABLE Annie  
COWAN Yvonne  
CUPIDO Alherne  
CUPIDO Anthea  
DAVIES Audrey  
DAVIES Daisy  
DAVIES Derek E  
DAVIES Harold  
DAVIES Rosemary  
DE FEGELY Richard  
DELLAVEDOVA Colin  
DELLAVEDOVA Elaine  
DELLAVEDOVA Jacki  
DELLAVEDOVA Shane  
DODGSHUN John  
DODGSHUN Shirley

DUFFIN Alan  
DUFFIN Barbara  
EDWARDS Randall  
EMERSON Lorraine  
EMERSON Ron  
FORBES Jean Lloyd  
FREEMANTLE Mr. R W  
FREEMANTLE Mrs. M J  
GALLOWAY Ann  
GAY Merv  
GILES Ron  
GIANACOLOUS W  
GLIDDON Alison  
GROGAN Brendan  
HADWEN Chris  
HADWEN Geoff  
HARRISON Margaret  
HAYWARD Alan  
HAYWARD Lorna  
HAYWARD May  
HAYWOOD Bronwyn  
HAYWOOD Peter  
HEDERICS Lou  
HINES Doug  
HINES Sigg  
HOLLAND Fred  
HUGHES Brian  
HUGHES Wendy  
HURSE Audrey  
JACKSON Bert  
JENNINGS Robyn

JOHNS Brian  
KEIFER Dr. John  
KEIFER Mrs.  
LEAN Harry  
LIND Judith  
MACKAY Olive  
MACKAY William Jeff  
MAFFESCIONI Daryl  
MAFFESCIONI Lou  
MAHER Dr. P  
MAHER Mrs. J  
MALONE Eddie  
MALONE Marie  
MARSHALL Jill  
MARSHALL Peter  
MILLER David  
McKNIGHT Alan  
McKNIGHT Gary  
McKNIGHT Lenette  
McKNIGHT Peter  
McMILLAN Ian  
O'CONNOR Brian  
O'HALLORAN Win  
O'KEEFE Fiona  
O'KEEFE Frank  
OSBORNE Robert OAM  
PALMER Alexander  
PARSONS Barry  
PECK Mavis  
PHELAN Cliff  
PHELAN Nancy

RITCHIE Bill  
RITCHIE Ruby  
ROBINS John H  
ROOTES Fred  
ROOTES Grace  
ROOTES Jeffrey  
ROOTES W T  
ROSS Miss L  
ROWE Ann E  
ROWE Doug  
SAUL Moira  
SELMON Alma  
SELMON John  
SISSON Inga  
SMITH Clarrie  
TEESE Kent  
THOMPSON Ethel  
TOWNSING Charles  
TOWNSING Faye  
TRENGOVE M  
TRENGOVE S  
TYNAN David  
TYNAN Glenis  
VOLK Graham  
VOLK Wendy  
WAIXEL Bernie  
WELLSTEED Jenny  
WHITMORE David  
WILLIAMS Ray

## LIFE GOVERNORS



### TRUSTS, FOUNDATIONS, COMPANIES, ORGANISATIONS

ANGLICAN BALL COMMITTEE  
ANZ BANK  
AUSTRALIAN PRINT GROUP  
CENTRAL GOLDFIELDS SHIRE COUNCIL  
CENTRAL VICTORIAN FROZEN FOODS  
COLLIER CUSTODIAN CORPORATION  
EQUITY TRUSTEES & EXECUTORS  
FREEMASONS PUBLIC CHARITABLE  
ORGANISATION  
GEORGE BROOK HUTCHINGS BEQUEST  
HAVILAH HOSTEL AUXILIARY  
HELEN M SCHUTT TRUST  
HELEN MACPHERSON SMITH TRUST  
IAN ROLLO CURRIE ESTATE FOUNDATION  
JACK BROCKHOFF FOUNDATION  
LIONS CLUB OF CARISBROOK  
LIONS CLUB OF MARYBOROUGH  
LLOYD WILLIAMS TRUST  
MARYBOROUGH APEX CLUB  
MARYBOROUGH & DIST VIETNAM VETERANS  
ASSOCIATION

MARYBOROUGH CIVIC GROUP  
MARYBOROUGH FOOTBALL CLUB  
MARYBOROUGH LEGACY  
MARYBOROUGH MATERNAL CHILD HEALTH  
AUXILIARY  
MARYBOROUGH POLICE  
MARYBOROUGH REGIONAL NEWSPAPER PL  
MARYBOROUGH RSL & RSL AUXILIARY  
MARYBOROUGH SOFTBALL ASSOCIATION  
MOREY AND HURFORD PL  
NESTLE CONFECTIONERY PL  
PETER EGAN RETRAVISION  
PRATT FOUNDATION  
RE ROSS TRUST  
ROTARY CLUB OF MARYBOROUGH  
SIDNEY MYER FUND  
SIR JOHN MINOGUE BEQUEST  
SUTTON TOOLS PTY LTD  
TREBLE JEWELLERS  
WILLIAM BUCKLAND FOUNDATION





## TREASURER'S REPORT

### Treasurer's Report for 2017/2018 – Brian O'Connor

Havilah's financial position continues to remain strong, with an operating surplus of \$439,460 for the year. Being a community owned organisation, this surplus allows us to maintain our high standard of care for residents. A revaluation of land and buildings during the year increased the net assets of Havilah by \$11 million.

2017/2018 once again saw the Federal Government announcing continuing arbitrary cuts in funding to aged care and this continues to be a concern for Havilah.

Havilah's structure with the board, supported by the Chief Executive, Finance Director and Finance Committee, ensures strong financial governance. The board is informed by comprehensive monthly reporting in relation to all financial aspects of our operations and also with regard to regulatory compliance.

This reporting includes monthly year to date:

- budget to actual comparison of our operations,
- budget to actual comparison of labour,
- assessment of capital works,
- analysis of our cash movements
- details of our refundable accommodation deposit transactions
- an overview of our balance sheet position, and
- updates on the financial implications of changes in government funding and policy amongst others

We continued benchmarking our financial activities and results with Stewart Brown Aged Care Financial Benchmarking Services in 2017/2018. This benchmarking service compares our results with those of another 911 facilities (both not-for-profit and for-profit organisations) across Australia. Quarterly benchmarking reports allow us to compare our

performance in each of the services we provide to our residents as well as overall financial performance.

This benchmarking reinforced that Havilah is in the top half of all facilities in its financial performance.

We also compare ourselves at a more detailed level with four other like organisations and generally meet quarterly to review performance.

**\$53.5M  
ASSETS**

# TREASURER'S REPORT



Some of the major areas of interest in our 2017/2018 results are:

## 1. In summary for the year of operations:

Expenditure before depreciation and interest	\$11.4M
Surplus before depreciation of interest	\$2M
Depreciation	\$1.2M
Interest	\$390k
Operating increase in equity (excluding intangible assets)	\$439,460
Total increase in equity after revaluation of assets	\$11,493,931

Our EBITDA (earnings before interest, tax, depreciation and amortisation) per bed per annum for the year was \$14,442 (\$14,367 in the prior year).

## 2. Our main sources of income were:

Income from the government	\$9.3M	69%
Income from residents	\$3.9M	30%
Other income	\$0.2M	1%

The complete General Purpose Financial report can be found in the Annual report from pages 20-48.

- The main item of expense for the year is employee costs at \$8.8M taking up 65.3% of our total revenue.
- Fundraising and donations continue to provide valuable resources to Havilah. \$86,200 was achieved this year.
- The net cash inflow from operations for the year was \$1.2M with an overall increase in cash held at 30 June of \$2.2M
- Capital expenditure was \$743,522. Of this \$187,961 was for purchase of 54 Raglan Street, the balance \$555k was spent as follows:

Residential and clinical equipment	\$280k
Kitchen, laundry and cleaning equipment	\$18k
Administration equipment including server for our care software	\$21k
Grounds	\$23k
Floor coverings, furnishings, painting and room upgrades	\$70k
Retirement unit refurbishment	\$60k
Heath House - Café and screening	\$59k
Harkness parking planning	\$6k
Tennis court site planning	\$18k

- Loan funds have decreased by \$833,727 this year. CBA debt is now reducing with principal payments of \$187,500 being made throughout the year, existing Zero Real Interest Government Loans in relation to Raglan House, Melaleuca and Correa have reduced by \$646k.
- The written down value of Havilah's assets is \$53.5 million at 30 June 2018.
- Net Assets at 30 June total \$23.5M including \$5.8 million of tangible assets.

## Acknowledgements

I would like to thank our auditor, Mr Michael Ryan for his audit of our 2017/2018 financial statements. Michael undertook a very thorough and professional audit.

I would also like to recognise the great contribution of Sandra Wilson and the finance team throughout the year. They all strive to improve performance through continuous improvement and share a very strong commitment to Havilah and its residents.

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF**  
**HAVILAH HOSTEL INC.**

I have audited the accompanying financial report, being a general purpose financial report, of Havilah Hostel Inc., which comprises the balance sheet as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and statement by members of the committee.

**Committee's Responsibility for the Financial Report**

The Committee is responsible for the preparation and of the financial report, and has determined that the basis of preparation described in Note 1, is appropriate to meet the requirements of the Associations Incorporation Reform Act 2012, and is appropriate to meet the needs of the members. The committee's responsibility also includes such internal control as the committee determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee, as well as evaluating the overall presentation of the financial report.


I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Independence**

In conducting my audit, I have met the independence requirements of Australian professional ethical pronouncements.

### **Auditors Opinion**

In my opinion, the financial report of Havilah Hostel Inc. presents fairly, in all material aspects, the financial position of Havilah Hostel Inc. as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements and Associations Incorporation Reform Act 2012 (Vic), and gives a true and fair view of the Havilah Hostel Inc. financial position as at 30 June 2018, and of their performance for the year ended on that date.



Michael W Ryan FCA

Registered Company Auditor 7562

3 September 2018

**Auditors Independence Declaration**

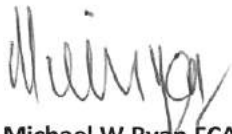
**Under Section 307C of the Corporations Act 2001**

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To the Directors of Havilah Hostel Inc.

I declare that, to the best of my knowledge and belief, in relation to the audit of Havilah Hostel Inc. for the year ended 30 June 2018 there have been:

- a) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.



**Michael W Ryan FCA**

**Registered Company Auditor no 7562**

**Dated 29th August 2018**



**HAVILAH HOSTEL INC.**  
**Comprehensive Income Statement**  
**for the Year Ended 30 June 2018**

	Note	2018 \$	2017 \$
<b>Income</b>			
Revenue from Operating Activities	2	11,195,167	10,622,096
Revenue from Non Operating Activities	3	2,271,970	2,394,567
<b>Total income</b>		<u>13,467,137</u>	<u>13,016,663</u>
<b>Expenses</b>			
Employee Expenses	4	8,797,842	8,409,222
Materials and Contracts	5	1,582,130	1,507,259
Depreciation and Amortisation	6	1,191,846	1,120,234
Repairs and Maintenance	7	256,949	310,644
Minor Purchases	8	126,230	131,806
Finance Costs	9	390,594	382,026
Other Expenses	10	682,086	646,310
<b>Total expenses</b>		<u>13,027,677</u>	<u>12,507,501</u>
<b>Surplus/(deficit) for the year</b>		<u>439,460</u>	<u>509,162</u>
<b>Other Comprehensive Income</b>			
<b>Items that may be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment	13	11,054,471	0
<b>Total Comprehensive Result</b>		<u>11,493,931</u>	<u>509,162</u>

The above comprehensive income statement should be read in conjunction with the accompanying notes.

**HAVILAH HOSTEL INC.**  
**Balance Sheet**  
**as at 30 June 2018**

	Note	2018	2017
<b>Current Assets</b>			
Cash	11	3,918,170	1,663,254
Prepayments		125,146	52,025
Accounts Receivable	12	121,849	155,870
Stocks		94,220	57,500
Accrued Income		2,329	755
		<u>4,261,714</u>	<u>1,929,404</u>
<b>Non Current Assets</b>			
Fixed Assets	13	53,562,172	42,956,025
		<u>53,562,172</u>	<u>42,956,025</u>
<b>Intangible Assets</b>			
Bed Licences	13	5,830,000	5,830,000
		<u>5,830,000</u>	<u>5,830,000</u>
<b>TOTAL ASSETS</b>		<u><b>63,653,886</b></u>	<u><b>50,715,429</b></u>
<b>Current Liabilities</b>			
Accrued Wages	14	151,558	112,307
Accounts Payable	15	637,042	597,911
Employee Benefits	16	1,159,156	1,162,192
Residents	17	266,400	935,106
Loans	20	796,227	758,727
		<u>3,010,383</u>	<u>3,566,243</u>
<b>Non Current Liabilities</b>			
Loan CBA	20	5,859,096	6,084,096
ZRIL Melaleuca (Government)	20	416,000	572,000
ZRIL Raglan (Government)	20	1,112,728	1,505,455
ZRIL Correa Extension (Government)	20	1,746,875	1,844,375
Residents	18	27,730,384	24,897,585
Employee Benefits	19	253,911	215,097
		<u>37,118,994</u>	<u>35,118,608</u>
<b>TOTAL LIABILITIES</b>		<b>40,129,377</b>	<b>38,684,851</b>
<b>NET ASSETS</b>		<u><b>23,524,509</b></u>	<u><b>12,030,578</b></u>
<b>EQUITY</b>			
Retained Earnings		4,704,846	4,265,386
Asset Capitalisation Surplus		7,327,946	7,327,946
<b>Reserves</b>			
Future Works & Maintenance		0	0
Asset Revaluation	21	11,491,717	437,246
<b>TOTAL EQUITY</b>		<u><b>23,524,509</b></u>	<u><b>12,030,578</b></u>

The above balance sheet should be read in conjunction with the accompanying notes.

**HAVILAH HOSTEL INC.**  
**Statement of Changes in Equity**  
**for the Year Ended 30 June 2018**

2017	Note	Asset Capitalisation Reserve	Revaluation Reserve	Retained Earnings	Total Equity
<b>Balance at beginning of the financial year</b>		7,327,946	437,246	3,756,224	11,521,416
Surplus/(deficit) for the year		0	0	509,162	509,162
Net asset revaluation increment/(decrement)	21	0	0	0	0
Bed licence increment		0	0	0	0
Transfer to/from other reserves		0	0	0	0
<b>Balance at end of the financial year</b>		7,327,946	437,246	4,265,386	12,030,578

2018	Note	Asset Capitalization Reserve	Revaluation Reserve	Retained Earnings	Total Equity
<b>Balance at beginning of the financial year</b>		7,327,946	437,246	4,265,386	12,030,578
Surplus/(deficit) for the year		0	0	439,460	439,460
Net asset revaluation increment/(decrement)	21	0	11,054,471	0	11,054,471
Bed licence increment		0	0	0	0
Transfer to/from other reserves		0	0	0	0
<b>Balance at end of the financial year</b>		7,327,946	11,491,717	4,704,846	23,524,509

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

**HAVILAH HOSTEL INC.**  
**Statement of Cash Flows**  
**for the Year Ended 30 June 2018**

	Note	2018 \$	2017 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from operations		13,011,881	12,434,261
Net GST refund/payment		233,133	258,344
Payments to suppliers and employees		(12,041,583)	(11,529,660)
<b>Net Cash Flows from Operating Activities</b>	<b>28</b>	<u>1,203,431</u>	<u>1,162,945</u>
<b>Cash Flows from Investing Activities</b>			
Payments for property, furniture & fittings, plant & equipment		(743,522)	(870,112)
<b>Cash Flows from Financing Activities</b>			
Proceeds from borrowings		0	0
Repayment of borrowings		(833,727)	(669,352)
Licences, accommodation bonds & deposits		2,628,734	576,819
<b>Net Increase (Decrease) in Cash Held</b>	<b>27</b>	<u>2,254,916</u>	<u>200,300</u>
Cash & cash equivalents at the beginning of the financial year	<b>27</b>	1,663,254	1,462,954
<b>Cash &amp; cash equivalents at the end of the financial year</b>	<b>27</b>	<u><u>3,918,170</u></u>	<u><u>1,663,254</u></u>

The above cash flow statement should be read with the accompanying notes.

**HAVILAH HOSTEL INC.**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2018**

**1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:**

**(a) Basis of preparation**

The financial report is a general purpose financial report, prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act (Vic) 1981 and Associations Incorporation Reform Act 2012 (Vic).

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Notes accompanying these financial statements. The general Purpose report complies with the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

**(b) Basis of accounting**

The accrual basis of accounting has been used in the preparation of these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also into future periods that are affected by the revision. Judgements and assumptions made by management in the application of accounting standards that have significant effects on the financial statements and estimates relate to:

- the determination of depreciation for buildings, infrastructure, plant and equipment and furniture and fittings
- the determination of employee provisions
- other areas requiring judgements.

**(c) Accounting policies**

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

A comprehensive review of asset class classification was undertaken during the reporting year. Prior year comparatives have been amended where an asset was reclassified into an alternative asset class.

**(d) Changes in accounting policies**

Depreciation rates for building assets have been changed from the previous period (refer note 1(m))

**(e) Income tax**

Havilah Hostel Inc. is exempt from income tax under Section 50-10 of the IncomeTax Assessment Act 1997.

**(f) Goods and services tax**

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 Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated exclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

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.



**HAVILAH HOSTEL INC.**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2018**

**(g) Employee Benefits**

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

*Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and leave loading expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

*Long service leave*

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current liability - unconditional LSL is disclosed as a current liability even when Havilah does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at :

- present value - component that is not expected to be wholly settled within 12 months.
- nominal value - component that is expected to be wholly settled within 12 months.

*Classification of employee costs*

Non-current liability - conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non - current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value.

Contributions are made by the association to an employee superannuation fund and are charged as expenses when incurred. Provision is made for 9.5% SGL and 2.1893% workcover on all employee benefits recognised at balance date.

**(h) Provisions**

Provisions are recognised when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(i) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs include interest on bank overdrafts and interest on borrowings, both private and Government Zero Real Interest loans.

**(j) Trade and other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period, which remain unpaid.

The balance is recognised as a current liability when the amounts are normally paid within 30 days of recognition of the liability.

**HAVILAH HOSTEL INC.**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2018**

**(k) Leases**

All lease payments are for operating leases, where substantially all the risks and benefits remain with the lessor, and are charged as expenses in the periods in which they are incurred.

**(l) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**(m) Investments**

Other financial assets are valued at fair value, being market value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

**(n) Receivables**

Trade Debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of collectability of debts and are reviewed on an ongoing basis. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred.

**(o) Inventories**

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. Inventories are measured at the lower of cost and net realisable value.

All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

**(p) Recognition and measurement of property, plant and equipment and intangibles**

**Acquisition**

The purchase method of account is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

Where assets are constructed by the Association, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, direct marketing costs and an appropriate share of directly attributable variable and fixed overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

**Valuation of land and buildings**

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

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

**HAVILAH HOSTEL INC.**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2018**

**Depreciation**

Buildings, land improvements, plant and equipment and other assets having limited useful lives are systematically depreciated over their useful lives in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

The effect of the 2017/2018 review of estimated useful lives has reduced the annual depreciation expense by \$55,235 for the 2017/2018 financial year.

The assets' carrying amount and useful lives are reviewed and adjusted, if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Major depreciation periods used are listed below and are consistent with the prior year unless otherwise stated.

	<b>2016-2017</b>	<b>2017-2018</b>
Land	-	-
Buildings - RACFs	80 years	80 years
Other Structures	5 to 20 years	10 to 20 years
Furniture & Fittings - Hostel	5 to 12.5 years	5 to 50 years
Equipment - Hostel	3.3 to 20 years	3 to 50 years
Office Furniture & Equipment	3.3 to 10 years	8 to 25 years
Plant & Equipment (Grounds)	10 years	8 to 20 years
Vehicles	5 to 10 years	15 years
Buildings - Independent Living Units	80 years	80 years
Furniture & Equipment - Independent Living Units	5 to 12.5 years	5 to 15 years

**(q) Repairs and maintenance**

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

**(r) Impairment of assets**

At each reporting date, Havilah reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash generating unit to which the asset belongs.

**(s) Trust funds and deposits**

Amounts received as deposits and retention amounts controlled by Havilah are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited.

**(t) Comparative Figures**

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

**HAVILAH HOSTEL INC.**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2018**

**(u) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Revenue from the sale of goods and services is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised as it accrues.

All revenue is stated net of the amount of goods and services tax (GST).

**(v) Grants**

Government and Philanthropic Grants are recognised as revenue when the Association gains control of the underlying assets. Where grants are reciprocal, revenue is recognised as performance occurs under the grant. Non-reciprocal grants are recognised as revenue when the grant is received or receivable.

**(w) Key Estimates – Impairment**

The association assesses impairment at each reporting date by evaluating conditions and events specific to the association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

**(x) New Accounting Standards for Application in Future Periods**

Certain new Accounting Standards have been issued that are not mandatory for the 30 June 2018 reporting period. Havilah has assessed these pending standards and has identified that no material impact will flow from the application of these standards in future reporting periods.

**(y) Rounding**

Unless otherwise stated, amounts in the financial report have been rounded to the nearest dollar. Figures in the financial statement may not equate due to rounding.

**HAVILAH HOSTEL INC.**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2018**

		2018	2017
	Revenue	\$	\$
<b>Note 2</b>	<b><i>Revenue from Operating Activities</i></b>		
<i>a</i>	Fees From Residents	2,836,418	2,795,143
<i>b</i>	Government Subsidies for Care	8,319,233	7,788,410
<i>c</i>	Other Income	39,516	38,543
		<u>11,195,167</u>	<u>10,622,096</u>
<b>Note 3</b>	<b><i>Revenue from Non Operating Activities</i></b>		
<i>a</i>	Proceeds from Fundraising	38,618	49,415
<i>b</i>	Interest on Investments	49,764	43,252
<i>c</i>	Retention on Resident Bonds & Licences	459,636	640,902
<i>d</i>	Resident Fees	660,870	551,713
<i>e</i>	Government Accommodation Supplements	1,015,350	1,082,771
<i>f</i>	Donations	47,582	13,945
<i>g</i>	Other Income	150	12,569
		<u>2,271,970</u>	<u>2,394,567</u>
	<b>Expenses</b>		
<b>Note 4</b>	<b><i>Employee Expenses</i></b>		
<i>a</i>	Salaries & Wages	6,701,787	6,419,786
<i>b</i>	Annual, Long Service & Sick Leave	998,462	1,013,039
<i>c</i>	Superannuation	723,146	687,692
<i>d</i>	Workcover	146,932	121,030
<i>e</i>	Other Employee Oncosts	227,515	167,675
		<u>8,797,842</u>	<u>8,409,222</u>
<b>Note 5</b>	<b><i>Materials &amp; Contracts</i></b>		
<i>a</i>	GP Costs	13,045	14,000
<i>b</i>	Activities	7,685	6,360
<i>c</i>	Foot and Hand Care	0	869
<i>d</i>	Pharmaceutical	98,021	99,218
<i>e</i>	Clinical	59,398	56,374
<i>f</i>	Continence Management	123,183	136,648
<i>g</i>	Catering	738,836	706,754
<i>h</i>	Laundry	93,416	85,361
<i>i</i>	Cleaning	60,672	62,897
<i>j</i>	Grounds	60,495	64,389
<i>k</i>	Allied Health Costs	169,566	120,116
<i>l</i>	General Hostel	56,048	59,194
<i>m</i>	Administration Expenses	78,841	87,106
<i>n</i>	ILU's	22,924	7,973
		<u>1,582,130</u>	<u>1,507,259</u>

**HAVILAH HOSTEL INC.**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2018**

	2018	2017
	\$	\$
<b>Note 6 Depreciation and Amortisation</b>		
<i>a</i> Buildings - General Hostel	349,401	243,945
<i>b</i> Other Structures - General Hostel	57,638	64,924
<i>c</i> Furniture & Fittings - General Hostel	133,604	145,868
<i>d</i> Plant & Equipment - General Hostel	319,971	366,682
<i>e</i> Office Furniture & Equipment	27,702	25,815
<i>f</i> Plant & Equipment - Grounds	6,535	3,058
<i>g</i> Vehicles	10,154	8,041
<i>h</i> Buildings ILU's	150,812	159,798
<i>i</i> Furnishings & Equipment ILU's	63,157	38,042
<i>j</i> Other Structures ILU's	31,096	22,616
<i>k</i> Buildings - Community Centre	18,243	17,260
<i>l</i> Furniture & Fittings - Community Centre	10,825	5,761
<i>m</i> Plant & Equipment - Community Centre	12,498	18,161
<i>n</i> Office Furniture & Equipment ILU's	210	263
	<u>1,191,846</u>	<u>1,120,234</u>
 <b>Note 7 Repairs &amp; Maintenance</b>		
<i>a</i> Clinical	15,294	13,412
<i>b</i> Catering	29,292	27,395
<i>c</i> Laundry	3,000	2,287
<i>d</i> Cleaning	34	0
<i>e</i> Grounds	1,916	3,504
<i>f</i> General Hostel	49,154	76,104
<i>g</i> General Hostel Equipment	61,593	71,029
<i>h</i> Emergency Systems & OH&S	39,202	49,986
<i>i</i> Transport	8,135	9,152
<i>j</i> Office Equipment	33,138	36,768
<i>k</i> ILU Buildings	12,326	20,383
<i>l</i> ILU Grounds	3,865	624
	<u>256,949</u>	<u>310,644</u>
 <b>Note 8 Minor Purchases</b>		
<i>a</i> Activities	0	0
<i>b</i> Catering	11,937	12,669
<i>c</i> Laundry	626	3,466
<i>d</i> Cleaning	4,622	3,031
<i>e</i> Grounds	6,177	6,259
<i>f</i> Clinical	6,271	15,548
<i>g</i> Resident	8,094	11,982
<i>h</i> General Hostel	23,152	23,358
<i>i</i> OH&S	7,649	7,453
<i>j</i> Infection Control	16,797	9,909
<i>k</i> Administration	38,773	36,737
<i>l</i> ILU Buildings	1,435	1,088
<i>m</i> ILU Grounds	697	306
	<u>126,230</u>	<u>131,806</u>

**HAVILAH HOSTEL INC.**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2018**

	2018	2017
	\$	\$
<b>Note 9 Financial</b>		
Bank Overdraft Charges	0	0
Interest - Borrowings CBA	259,112	256,522
Interest - Borrowings ZRIL	80,533	67,868
Interest - Bond Settlement	50,949	57,636
	<u>390,594</u>	<u>382,026</u>
Less capitalised borrowing costs on qualifying assets	0	0
	<u>390,594</u>	<u>382,026</u>

<b>Note 10 Other</b>		
<i>a Activities</i>	30,739	25,438
<i>b Catering</i>	3,266	2,541
<i>c Gas</i>	53,159	46,181
<i>d Power</i>	195,405	184,573
<i>e Rates &amp; Charges</i>	37,769	14,597
<i>f Waste Disposal</i>	91,803	85,338
<i>g Telephone, Internet, Security and Call System</i>	43,763	41,232
<i>h Resident Transport</i>	2,034	2,288
<i>i Other Resident Expenses</i>	44,247	51,045
<i>j Emergency Systems &amp; OH&amp;S</i>	68	1,966
<i>k Accreditation</i>	5,442	7,513
<i>l Benchmarking</i>	700	700
<i>m Insurances</i>	47,289	24,274
<i>n Postage</i>	2,585	2,954
<i>o Advertising</i>	355	5,589
<i>p Audit Fees</i>	4,500	9,000
<i>q Subscriptions</i>	11,951	10,349
<i>r Acts &amp; Regulations</i>	833	639
<i>s Public Relations</i>	9,884	9,955
<i>t Unclassified</i>	1,521	1,739
<i>u Volunteer</i>	6,770	4,198
<i>v Valuation Expense</i>	7,995	15,000
<i>w ILU Insurances</i>	17,040	29,400
<i>x ILU Rates, Charges and Utilities</i>	60,968	52,055
<i>y ILU Administration</i>	2,000	17,200
<i>z ILU Other</i>	0	546
	<u>682,086</u>	<u>646,310</u>

**Current Assets**

<b>Note 11 Cash and cash equivalents</b>		
<i>a Cash on hand</i>	5,583	5,210
<i>b Cash at bank</i>	3,112,587	1,658,044
<i>c Term deposits</i>	800,000	0
Total cash and cash equivalents	<u>3,918,170</u>	<u>1,663,254</u>

Havilah's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

- Trust funds and deposits (note 15d)	46,839	64,474
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**HAVILAH HOSTEL INC.**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2018**

**Note 12 Accounts Receivable**

<i>a</i> Sundry Debtors	14,963	15,234
<i>b</i> Workcover Debtor	362	14,411
<i>c</i> Taxation GST & PAYG	0	0
<i>d</i> Resident Fees	70,816	109,675
<i>e</i> Resident Fees ILU	46	7
<i>f</i> Government Grant Due	35,662	16,543
	<u>121,849</u>	<u>155,870</u>

**Note 13 Fixed Assets**

	<b>2018</b>	<b>2017</b>
<b>General Hostel</b>	<b>\$</b>	<b>\$</b>
<i>a</i> Land at cost	206,354	3,775,288
Land at fair value as at 1 August 2017	5,779,000	550,000
	<u>5,985,354</u>	<u>4,325,288</u>

Valuation of land was undertaken by a qualified independent valuer, S Eishold, API, Certified Practising Valuer. The value of land revalued is at fair value based on the Direct Comparison Approach, comparing the subject property with sales of other similar properties, as there is an active and liquid market for this asset type.

<i>b</i> Buildings at cost	8,274,941	21,820,820
Buildings at Fair Value at 1 August 2017	22,742,490	0
<b>less</b> Depreciation & Amortisation	<u>(907,998)</u>	<u>(558,597)</u>
	<u>30,109,433</u>	<u>21,262,223</u>

Valuation of buildings was undertaken by a qualified independent valuer, S Eishold, API, Certified Practising Valuer. The value of buildings revalued is at fair value based on the Depreciated Replacement Cost Approach as there is no active and liquid market for this asset type.

<i>c</i> Other Structures at cost	1,066,807	1,064,115
<b>less</b> Accumulated Depreciation	<u>(471,899)</u>	<u>(414,261)</u>
	<u>594,908</u>	<u>649,854</u>

<i>d</i> Furniture & Fittings - Hostel at cost	1,848,154	1,950,450
<b>less</b> Accumulated Depreciation	<u>(827,462)</u>	<u>(943,445)</u>
	<u>1,020,692</u>	<u>1,007,005</u>

<i>e</i> Equipment - Hostel at cost	4,155,424	4,057,285
<b>less</b> Accumulated Depreciation	<u>(2,288,667)</u>	<u>(2,108,940)</u>
	<u>1,866,757</u>	<u>1,948,345</u>

<i>f</i> Office Furniture & Equipment at cost	322,847	311,847
<b>less</b> Accumulated Depreciation	<u>(158,720)</u>	<u>(141,485)</u>
	<u>164,127</u>	<u>170,362</u>

<i>g</i> Plant & Equipment (Grounds) at cost	109,779	89,915
<b>less</b> Accumulated Depreciation	<u>(66,702)</u>	<u>(60,167)</u>
	<u>43,077</u>	<u>29,748</u>

<i>h</i> Vehicles at cost	173,829	136,029
<b>less</b> Accumulated Depreciation	<u>(66,069)</u>	<u>(55,915)</u>
	<u>107,760</u>	<u>80,114</u>

<i>i</i> Work in Progress - at cost	0	0
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<b>Total General Hostel</b>	<u>39,892,108</u>	<u>29,472,939</u>
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**HAVILAH HOSTEL INC.**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2018**

**Independent Living Units**

j	Buildings at cost	27,650	11,765,738
	Buildings at Fair Value at 1 August 2017	12,091,956	0
	<b>less</b> Accumulated Depreciation	<u>(1,196,735)</u>	<u>(1,045,923)</u>
		<u>10,922,871</u>	<u>10,719,815</u>

Valuation of Independent Living Unit Buildings was undertaken by a qualified independent valuer, S Eishold, API, Certified Practising Valuer. The value of buildings revalued is at fair value based on the highest and best use of that asset using the Direct Comparison Approach, comparing the subject property with sales of other similar properties, as there is an active and liquid market for this asset type.

k	Other Structures at cost	943,667	941,532
	<b>less</b> Accumulated Depreciation	<u>(130,526)</u>	<u>(99,430)</u>
		<u>813,141</u>	<u>842,102</u>
l	Furniture & Equipment at cost	621,158	597,060
	<b>less</b> Accumulated Depreciation	<u>(265,649)</u>	<u>(208,610)</u>
		<u>355,509</u>	<u>388,450</u>

	<b>2018</b>	<b>2017</b>
	\$	\$
m	Buildings at cost	0
	Buildings at Fair Value at 1 August 2017	1,380,775
	<b>less</b> Accumulated Depreciation	<u>(52,763)</u>
		<u>1,346,255</u>

Valuation of buildings was undertaken by a qualified independent valuer, S Eishold, API, Certified Practising Valuer. The value of buildings revalued is at fair value based on the Depreciated Replacement Cost Approach as there is no active and liquid market for this asset type.

n	Furniture & Equipment at cost	73,790	71,998
	<b>less</b> Accumulated Depreciation	<u>(32,420)</u>	<u>(21,595)</u>
		<u>41,370</u>	<u>50,403</u>

o	Plant & Equipment at cost	191,290	191,290
	<b>less</b> Accumulated Depreciation	<u>(69,363)</u>	<u>(56,865)</u>
		<u>121,927</u>	<u>134,425</u>

p	Office Furniture & Equipment at cost	2,634	2,634
	<b>less</b> Accumulated Depreciation	<u>(1,208)</u>	<u>(998)</u>
		<u>1,426</u>	<u>1,636</u>

	<b>Total ILU &amp; High School Centre</b>	<u>13,670,064</u>	<u>13,483,086</u>
		<u>53,562,172</u>	<u>42,956,025</u>

**HAVILAH HOSTEL INC.**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2018**

**Note 13 Reconciliation of Carrying Values of all Asset Classes**

	<b>2018</b>	Carrying Amount 30/06/2017	Revaluation Increments/ (Decrements)	Write off Assets Disposed	Additions	Transfers from WIP	Depreciation Expense	Carrying Amount 30/06/2018
<i>a</i> Land		4,325,288	1,453,712	0	206,354	0	0	5,985,354
<i>b</i> Buildings		21,262,223	9,188,733	0	7,878	0	(349,401)	30,109,433
<i>c</i> Other Structures		649,854	0	0	2,692	0	(57,638)	594,908
<i>d</i> Furniture & Fittings - Hostel		1,007,005	0	0	147,291	0	(133,604)	1,020,692
<i>e</i> Equipment - Hostel		1,948,345	0	0	238,383	0	(319,971)	1,866,757
<i>f</i> Office Furniture & Equipment		170,362	0	0	21,467	0	(27,702)	164,127
<i>g</i> Plant & Equipment (Grounds)		29,748	0	0	19,864	0	(6,535)	43,077
<i>h</i> Vehicles		80,114	0	0	37,800	0	(10,154)	107,760
<i>i</i> Work in Progress		0	0	0	0	0	0	0
		29,472,939	10,642,445	0	681,729	0	(905,005)	39,892,108
<i>j</i> Buildings - ILUs		10,719,815	326,218	0	27,650	0	(150,812)	10,922,871
<i>k</i> Other Structures - ILUs		842,102	0	0	2,135	0	(31,096)	813,141
<i>l</i> Furniture & Equipment - ILUs		388,450	0	0	30,216	0	(63,157)	355,509
<i>m</i> Buildings - High School Centre		1,346,255	85,808	0	0	0	(18,243)	1,413,820
<i>n</i> Furniture & Fittings - High School Ctr		50,403	0	0	1,792	0	(10,825)	41,370
<i>o</i> Plant & Equipment - High School Ctr		134,425	0	0	0	0	(12,498)	121,927
<i>p</i> Office Furn & Equip - High School Ctr		1,636	0	0	0	0	(210)	1,426
		13,483,086	412,026	0	61,793	0	(286,841)	13,670,064
<b>TOTAL FIXED ASSETS</b>		42,956,025	11,054,471	0	743,522	0	(1,191,846)	53,562,172
<b>Intangible Assets</b>								
<i>q</i> Bed Licences		5,830,000		0	0		0	5,830,000
<b>TOTAL INTANGIBLE ASSETS</b>		5,830,000	0	0	0	0	0	5,830,000

**HAVILAH HOSTEL INC.**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2018**

	2018	2017
	\$	\$
<b>Current Liabilities</b>		
<b>Note 14 Accrued Wages</b>		
a Accrued Wages	151,558	112,307
	<u>151,558</u>	<u>112,307</u>
<b>Note 15 Accounts Payable</b>		
a Taxation - PAYG & GST	57,256	62,257
b Employee Sundry Creditors	(216)	(30)
c Sundry Creditors	458,144	413,254
d Trust Accounts	46,839	64,474
e Superannuation	74,486	56,924
f Prepaid & Raised in Advance Income	533	1,032
	<u>637,042</u>	<u>597,911</u>
<b>Note 16 Employee Benefits</b>		
a Annual Leave & Annual Leave Loading	594,730	612,496
b Accrued Days Off	2,273	0
c Long Service Leave	562,153	549,696
	<u>1,159,156</u>	<u>1,162,192</u>
<b>Note 17 Residents</b>		
a Refundable Deposits & Bonds	266,400	935,106
	<u>266,400</u>	<u>935,106</u>
<b>Non Current Liabilities</b>		
<b>Note 18 Residents</b>		
a Refundable Deposits & Bonds	17,477,006	14,694,396
b Licence Fees - Independent Living Units	10,253,378	10,203,189
	<u>27,730,384</u>	<u>24,897,585</u>
<b>Note 19 Employee Benefits</b>		
a Long Service Leave	253,911	215,097
	<u>253,911</u>	<u>215,097</u>
<b>Note 20 Loan Funds</b>		
Loan Funds are secured against the Assets of the Association		
Current		
CBA	150,000	112,500
Government ZRIL	646,227	646,227
	<u>796,227</u>	<u>758,727</u>
Non-Current		
CBA	5,859,096	6,084,096
Government ZRIL	3,275,603	3,921,830
	<u>9,134,699</u>	<u>10,005,926</u>
Total Loan Funds	9,930,926	10,764,653

**HAVILAH HOSTEL INC.**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2018**

**Note 21 Reserves**

<b>Asset revaluation reserves</b>	Carrying Amount 30/06/2017	Increment (decrement)	Carrying Amount 30/06/2018
<b>2018</b>			
Land	437,246	1,453,712	1,890,958
RACF Buildings	0	9,188,733	9,188,733
ILU Buildings	0	326,218	326,218
HSC Buildings	0	85,808	85,808
	<u>437,246</u>	<u>11,054,471</u>	<u>11,491,717</u>
<b>Asset revaluation reserves</b>	Carrying Amount 30/06/2016	Increment (decrement)	Carrying Amount 30/06/2017
<b>2017</b>			
Land	437,246	0	437,246
RACF Buildings	0	0	0
ILU Buildings	0	0	0
HSC Buildings	0	0	0
	<u>437,246</u>	<u>0</u>	<u>437,246</u>

The asset revaluation reserve is used to record the increased (net) value of Havilah's assets over time

**Note 22 Contingent Liabilities and Contingent Assets**

There were no contingent assets or liabilities (other than approved loans not drawn down and bank guarantee as below) at the date of this report to affect the financial statements.

	<b>2018</b>	<b>2017</b>
<b>Contingent Liabilities</b>	\$	\$
Bank Guarantee	0	0
<b>Loans not drawn down</b>		
Overdraft Facility	1,000,000	1,000,000
Market Rate Loan	190,904	190,904

**Note 23 Commitment to Expenditure**

At Balance Date Havilah Hostel Inc. has contracted Capital Commitments as follows (ex GST).

	<b>2018</b>	<b>2017</b>
	\$	\$
Spiire	13,157	0
TGM Group	<u>7,920</u>	<u>0</u>
	21,077	0

**Note 24 Subsequent Events**

No matters have occurred after balance date that require disclosure in the financial report.

**Note 25 Credit Risk**

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

**HAVILAH HOSTEL INC.**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2018**

**Note 26 Financial Instrument Composition and Maturity Analysis**

**2018**

Financial Instrument	Floating Interest Rate	Fixed Interest Rate Maturing In			Non Interest Bearing	Weighted Average Effective Interest Rate
		1 Year or less	1-5 Years	Over 5 years		
<b>Financial Assets</b>						
Cash Assets	3,918,170					0.72%
Receivables					124,178	N/A
<b>Financial Liabilities</b>						
Payables					637,042	N/A
Bonds & Licences					27,996,784	N/A
Loan Funds CBA	6,009,096					4.29%
Loan Funds ZRIL	3,921,830					1.90%

**2017**

Financial Instrument	Floating Interest Rate	Fixed Interest Rate Maturing In			Non Interest Bearing	Weighted Average Effective Interest Rate
		1 Year or less	1-5 Years	Over 5 years		
<b>Financial Assets</b>						
Cash Assets	1,663,254					0.49%
Receivables					156,625	N/A
<b>Financial Liabilities</b>						
Payables					597,911	N/A
Bonds & Licences					24,897,585	N/A
Loan Funds CBA	6,234,096					4.37%
Loan Funds ZRIL	4,568,057					1.49%

**Net Fair Values**

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

The Association does not have any unrecognised financial instruments at the year end.

**Note 27 Reconciliation of Cash**

	<b>2018</b>	<b>2017</b>
	\$	\$
Cash at Bank and on Hand at beginning	1,663,254	1,462,954
Cash at Bank and on Hand at end	3,918,170	1,663,254
Increase/(Decrease) in Cash Held	<u>2,254,916</u>	<u>200,300</u>

**HAVILAH HOSTEL INC.**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2018**

<b>Note 28</b>	<b>Reconciliation of Net Cash Provided by Operating Activities</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
	Operating Surplus	439,460	509,162
	<b>Items not involving Cash</b>		
	Depreciation	1,191,846	1,120,234
	Bond retentions, interest and fee payments	(464,641)	(640,423)
	Written down value on sale of assets	0	0
	<b>Change in Operating Assets &amp; Liabilities</b>		
	(Increase)/Decrease in Debtors	34,021	89,588
	(Increase)/Decrease in Accrued Income	(1,574)	58
	Increase/(Decrease) in Long Service Leave Provision	38,814	37,053
	(Increase)/Decrease in Prepaid Expenses	(73,121)	13,000
	Increase/(Decrease) in Creditors	96,017	(90,739)
	Increase/(Decrease) in Deposits/Trusts	(17,635)	(24,339)
	Increase/(Decrease) in Accrued Expenditure	(3,036)	144,751
	(Increase)/Decrease in Stocks	(36,720)	4,600
	Increase in Cash resulting from Operating Activities	1,203,431	1,162,945

**Note 29 Statement of Oncost**

<b>Account Description</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Oncost Income</b>	2,096,055	2,003,246
<b>Expenditure</b>		
Annual Leave and Annual Leave Loading	614,935	659,923
Sick Leave	239,853	224,969
Long Service Leave	143,674	128,148
Workcover Premium	132,343	117,975
Workcover Medical	(707)	3,056
Accident Leave	5,798	2,058
Return to Work	15,298	14,652
Injury Management	10,800	11,700
Superannuation	723,146	687,692
Training & Meetings	80,370	32,109
Training Orientation	64,155	48,666
Protective Clothing	18,145	18,329
Other	48,245	53,969
	<u>2,096,055</u>	<u>2,003,246</u>
<b>Oncost Surplus/Deficit</b>	0	0



**HAVILAH HOSTEL INC.**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2018**

**Note 30 Related Party Disclosures**

The names of persons who were members of the Havilah Board at any time during the year are as follows:

Craig Bell	Brian O'Connor	Merv Gay
Jacqueline Durbridge	Shane Dellavedova	Robyn Jennings
Ron Giles	Danny Tatchell	Lenette McKnight
		Randall Edwards

No remuneration or retirement benefits are payable to Board Members as the positions are voluntary.

During the year ended 30th June 2018, all transactions between related parties were on commercial terms and conditions no more favourable than those available to other parties, unless otherwise stated.

**Note 31 Segment Reporting**

The Association operates both residential aged care and unit accommodation.

The financial reports are segmented to incorporate separate operating outcomes for each activity.

<b>(i) REVENUE &amp; EXPENSES</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>A. RESIDENTIAL AGED CARE (Havilah Hostel - 3181 &amp; Havilah on Palmerston - 3951)</b>		
<b>Income</b>		
Residents	3,391,214	3,290,865
Government	9,334,583	8,871,181
Other	175,480	145,155
	<u>12,901,277</u>	<u>12,307,201</u>
<b>Expenditure</b>		
Salaries & Oncosts	8,724,090	8,228,740
Materials & Contracts	1,559,206	1,499,286
Repairs & Maintenance	240,758	289,637
Minor Purchases	124,098	130,412
Other	602,078	547,109
	<u>11,250,230</u>	<u>10,695,184</u>
<b>RAC Surplus/(Def) Pre Depn and Int Exp</b>	<b>1,651,047</b>	<b>1,612,017</b>
Interest	239,175	235,754
<b>RAC Operating Surplus/(Def) pre Depn</b>	<b>1,411,872</b>	<b>1,376,263</b>
Depreciation	905,005	858,333
<b>RAC Total Operating Surplus/(Def) post Depn</b>	<b>506,867</b>	<b>517,930</b>
Other Comprehensive Income	10,642,445	0
<b>RAC Total Comprehensive Result</b>	<b>11,149,312</b>	<b>517,930</b>
<b>B. HIGH SCHOOL CENTRE</b>		
<b>Income</b>		
Other	150	12,569
	<u>150</u>	<u>12,569</u>
<b>Expenditure</b>		
Salaries & Oncosts	19,680	18,730
Materials & Contracts	0	0
Repairs & Maintenance	708	3,857
Minor Purchases	0	0
Other	5,535	5,264
	<u>25,923</u>	<u>27,851</u>
<b>HSC Surp/(Def) pre Depn and Int Exp</b>	<b>(25,773)</b>	<b>(15,282)</b>
Depreciation	41,776	41,445
Interest	0	0
<b>HSC Surplus/(Def) post Depreciation</b>	<b>(67,549)</b>	<b>(56,727)</b>
Other Comprehensive Income	85,808	0
<b>HSC Total Comprehensive Result</b>	<b>18,259</b>	<b>(56,727)</b>

**HAVILAH HOSTEL INC.**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2018**

**C. RETIREMENT VILLAGES (ILUs)**

**Income**

Residents	565,710	696,893
Other	0	0
	<u>565,710</u>	<u>696,893</u>

**Expenditure**

Salaries & Oncosts	54,072	161,752
Materials & Contracts	22,924	7,973
Repairs & Maintenance	15,483	17,150
Minor Purchases	2,132	1,394
Other	74,473	93,937
	<u>169,084</u>	<u>282,206</u>

<b>ILU Surp/(Def) pre Depn and Int Exp</b>	396,626	414,687
Depreciation	245,065	220,456
Interest	151,419	146,272
<b>ILU Surplus/(Def) post Depreciation</b>	<b>142</b>	<b>47,959</b>
Transfer from ILU Maintenance Reserve	0	0
Other Comprehensive Income	326,218	0
<b>ILU Total Comprehensive Result</b>	<b>326,360</b>	<b>47,959</b>

<b>Surplus/Deficit All Operations</b>	<b>439,460</b>	<b>509,162</b>
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<b>Total Comprehensive Result</b>	<b>11,493,931</b>	<b>509,162</b>
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**(ii) ASSETS & LIABILITIES**

	<b>2017-2018</b>			<b>2016-2017</b>		
	Assets	Liabilities	Net Assets	Assets	Liabilities	Net Assets
Residential Aged Care	47,375,609	26,152,999	21,222,610	34,831,960	24,758,662	10,073,298
High School Centre	1,550,434	0	1,550,434	1,532,175	0	1,532,175
Independent Living Units	14,727,843	13,976,378	751,465	14,351,294	13,926,189	425,105
	<u>63,653,886</u>	<u>40,129,377</u>	<u>23,524,509</u>	<u>50,715,429</u>	<u>38,684,851</u>	<u>12,030,578</u>

**HAVILAH HOSTEL INC.**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2018**

**Note 32 Retirement Villages**

**HARKNESS RETIREMENT VILLAGE STATEMENT**  
**for the year ended 30 June 2018**

**Statement by the Owner**

**Retirement Villages Act 1986**  
**Part 6 Section 34**

- (1) (a) All refundable in-going contributions which fell to be refunded to residents of the village during the prescribed period have been refunded.
- (1) (b) The Owners are not aware of any material matter which may prevent the owner from meeting debts as and when they will fall due in the period of 12 months from the end of the prescribed period.
- (3)(a&b) Source of income received and details of expenditure on provision of goods and services for the village

	2018	2017
	\$	\$
<b>Income</b>		
Residents	98,289	105,174
Other	0	0
	<u>98,289</u>	<u>105,174</u>
<b>Expenditure</b>		
Salaries & Oncosts	30,508	33,524
Materials & Contracts	3,897	2,750
Repairs & Maintenance	3,345	3,707
Minor Purchases	270	379
Other	13,065	17,358
Interest	0	0
Depreciation	47,138	36,334
	<u>98,223</u>	<u>94,052</u>
<b>Harkness Retirement Village Surplus/(Deficit)</b>	<b>66</b>	<b>11,122</b>

**Provision for future extra ordinary or major works**

There has/has not been any provision made for future extra ordinary or major works in respect of the period of 12 months beginning immediately after the prescribed period ends.

In respect of the period of 12 months beginning immediately after the prescribed period ends -

- (3) (c) Anticipated expenditure on goods and services for the village is

Salaries & Oncosts	20,152
Materials & Contracts	0
Repairs & Maintenance	4,150
Minor Purchases	1,420
Other	10,364
Interest	0
Depreciation	47,766
	<u>83,852</u>

**HAVILAH HOSTEL INC.**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2018**

(3) (d) Proposed increases in maintenance charges to be paid by residents are:

Maintenance fees for 2017/2018 per week	\$ 66.34
Proposed increase for 2018/2019	1.50% [from 1 September at CPI]
Proposed fees for 2018/2019 per week	\$ 67.30

(3) (e) There are no special levies proposed for the 12 months beginning immediately after the prescribed period ends



Barbara Duffin  
Chief Executive Officer

Dated this 27th day of August, 2018

**HAVILAH HOSTEL INC.**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2018**

**PALMERSTON RETIREMENT VILLAGE STATEMENT**  
**for the year ended 30 June 2018**

**Statement by the Owner**

**Retirement Villages Act 1986**  
**Part 6 Section 34**

- (1) (a) All refundable in-going contributions which fell to be refunded to residents of the village during the prescribed period have been refunded.
- (1) (b) The Owners are not aware of any material matter which may prevent the owner from meeting debts as and when they will fall due in the period of 12 months from the end of the prescribed period.
- (3)(a&b) Source of income received and details of expenditure on provision of goods and services for the village

	2018	2017
	\$	\$
<b>PALMERSTON RETIREMENT VILLAGE</b>		
<b>Income</b>		
Residents	464,880	588,999
Other	2,541	2,720
	<u>467,421</u>	<u>591,719</u>
<b>Expenditure</b>		
Salaries & Oncosts	23,564	128,228
Materials & Contracts	19,027	5,223
Repairs & Maintenance	12,138	13,443
Minor Purchases	1,862	1,015
Other	61,408	76,579
Interest	151,419	146,272
Depreciation	197,927	184,122
	<u>467,345</u>	<u>554,882</u>
<b>Palmerston Retirement Village Surplus/(Deficit)</b>	<b>76</b>	<b>36,837</b>

**Provision for future extra ordinary or major works**

There has/has not been any provision made for future extra ordinary or major works in respect of the period of 12 months beginning immediately after the prescribed period ends.

In respect of the period of 12 months beginning immediately after the prescribed period ends -

- (3) (c) Anticipated expenditure on goods and services for the village is

Salaries & Oncosts	43,725
Materials & Contracts	0
Repairs & Maintenance	8,150
Minor Purchases	2,040
Other	59,706
Interest	149,660
Depreciation	205,834
	<u>469,115</u>

**HAVILAH HOSTEL INC.**  
**Notes to and forming part of the Financial Statements**  
**for the Year Ended 30 June 2018**

(3) (d) Proposed increases in maintenance charges to be paid by residents are:

Maintenance fees for 2017/2018 per week	\$ 66.34
Proposed increase for 2018/2019	1.50% [from 1 September at CPI]
Proposed fees for 2018/2019 per week	\$ 67.30

(3) (e) There are no special levies proposed for the 12 months beginning immediately after the prescribed period ends



Barbara Duffin  
Chief Executive Officer

Dated this 27th day of August, 2018

**Note 33 Registered Office/Principal Place of Business**

The registered office and principal place of business is 11 Harkness Street, Maryborough, Victoria.  
ABN 88 982 661 608

# HAVILAH HOSTEL INC.

## Board Declaration

### Board Declaration

#### Certificate by Members of the Board

##### Associations Incorporation Reform Act 2012


Sections 94(2)(b), 97(2)(b) and 100(2)(b)

#### ANNUAL STATEMENTS GIVE TRUE AND FAIR VIEW OF FINANCIAL POSITION OF INCORPORATED ASSOCIATION

In the opinion of the Board the financial report attached to this declaration:

- a. The financial statements and notes of the association are in accordance with the Associations Incorporation Reform Act 2012 (Vic).
- b. Present fairly the financial position of Havilah Hostel Inc. as at 30 June 2018 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.
- c. At the date of this statement, there are reasonable grounds to believe that Havilah Hostel Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Board of Management by:



.....  
Brian O'Conner  
TREASURER



.....  
Randall Edwards  
BOARD MEMBER

Dated this 27th day of September, 2018





## DONATIONS & BEQUESTS

**Your interest in quality care and accommodation for our frail aged and superior lifestyle choices for retirees can live on in a bequest to Havilah. Please consider Havilah as part of your giving program. All donations are tax deductible.**



Havilah Hostel Inc. 11 Harkness Street MARYBOROUGH, VICTORIA 3465  
 Phone: 03 5461 7300 | Email: [mail@havilah.org.au](mailto:mail@havilah.org.au) | WEB: [havilah.org.au](http://havilah.org.au)  
 Reg. A0031102D | ARB No. 071611428 | ABN No. 88 982 661 608