ONECARE LIMITED

ACN 100 869 421

GENERAL PURPOSE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Directors' Report

The Directors of OneCare Limited submit herewith the annual financial report of the Company for the financial year ended 30 June 2017.

Directors

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Name	Particulars	Special Responsibilities
Mr Phil Butler OAM, MAICD	Appointed—AGM 31/10/2008	Chair Board of Directors since 28/10/2016 Member Board Governance, Growth and Development Committee Ex-Officio member of Audit Finance and Risk Committee since 28/10/2016 Chair CEO Performance Review Committee until 24/11/2016, Member since 24/11/2016
Mr Lou Johnson FCA, MAICD	Appointed—AGM 31/10/2008	Chair Board of Directors until 28/10/2016 Deputy Chair Board of Directors since 28/10/2016 Chair Audit Finance & Risk Committee since 24/11/2016, Ex-Officio member until 28/10/2016 Ex-Officio member of Governance Growth and Development committee until 28/10/2016 Member CEO Performance Review Committee
Mr Roger Richardson Dip.Ind.Arts(Advanced) Grad.DipEd.Admin, TTC, MAICD	Appointed—AGM 31/10/2008	Deputy Chair Board of Directors until 28/10/2016 Chair Audit Finance and Risk Committee until 24/11/2016, Member since 24/11/2016. Member CEO Performance Review Committee since 24/11/2016

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Name	Particulars	Special Responsibilities
Mrs Gaye Richardson, MAICD	Appointed—AGM 29/10/2010	Chair Board Governance, Growth and Development Committee until 24/11/2016, Member since 24/11/2016 Chair CEO Performance Review Committee since 24/11/2016, Member until 24/11/2016
Mr Leon Peck BA (Admin & Economics): Cert Ed; JP	Appointed – Board 24/10/2015	Chair Board Governance Growth and Development Committee since 24/11/2016, Member until 24/11/2016 Member CEO Performance Review Committee since 24/11/2016
Ms Susanne Hickey MBA, PHF, FAICD, FAMI, CPM, Grad. Cert. Digital Marketing	Appointed – 29/4/2016	Member Audit Finance and Risk Committee since 24/11/2016 Member CEO Performance Review Committee since 24/11/2016

Company Secretary

Mr Glenn Hardwick Appointed 30/10/2015 B Bus (Acc) CPA FGIA, FCIS GAICD

Principal activities

The principal activity of the Company during the year was the care of the elderly and those persons deemed appropriate in accommodation provided by the Company. This care is provided through residential and community care, independent living units, day care services, affordable housing units and property management.

Review of operations

The net profit for the Company in the 2017 financial year was $16.94m ($3.17m) Refer to the Chairman's Report for additional comments relating to the Company's operations for the financial year.

Significant events after reporting date

Since the end of the financial year, the Company has closed the Day Care Centre operating at Umina Park; and commenced major construction activity at the Rubicon Grove and Bishop Davies Court facilities.

Significant changes in the state of affairs

During the financial year work continued on the construction of Independent Living Units at the Barossa Park site in Glenorchy and the upgrading of ensuites in residential rooms at The Manor in Launceston.

Future developments

The Company has commenced a strategic review of the Umina Park site in Burnie with a view to upgrades and developments on that site.

Environmental regulations

The Directors are not aware of any matters which would cause them to believe that the Company has not complied with all relevant environmental legislation as far as it concerns the operations of the Company.

Dividends

The constitution of the Company states that the Company must apply its income and property solely towards the promotion of the objects of the Company and must not pay or transfer directly or indirectly any of its income and property to any member by way of a dividend.

Indemnification of officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company (as named above) and all Officers of the Company and of any related body corporate against a liability incurred as such by a Director, Secretary or Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such as an officer or auditor.

Directors' meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member). During the financial year eleven Board meetings, nine Governance, Growth and Development Committee meetings, eleven Audit, Finance & Risk Committee meetings and six CEO Performance Review Committee meetings were held.

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

Please refer to below table.

Directors	Board of Directors		Governance, Growth & Development Committee		Audit, Finance & Risk Committee		CEO Performance Review Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Phil Butler	11	11	9	9	7	7	6	6
Ms Susanne Hickey	11	10	-	-	11	10	6	5
Mr Lou Johnson	11	11	5	4	11	11	6	6
Mr Leon Peck	11	11	9	9	-	1	6	6
Mrs Gaye Richardson	11	11	9	9	-	1	6	6
Mr Roger Richardson	11	11	-	-	11	9	6	6

NB Meetings "Held" indicates meetings the Director was entitled to attend.

Auditor's independence declaration

The auditor's independence declaration is included on page 7 of the financial report.

On behalf of the Directors

Phil Butler

Director (Chair)

Hobart, 28 September 2017

Deloitte.

The Board Members
OneCare Limited
140 Macquarie Street
HOBART TAS 7000

28 September 2017

Dear Board Members

OneCare Limited

In accordance with Subdivision 60-C of the Australian Charities and Not-for-profits Commission Act 2012, I am pleased to provide the following declaration of independence to the directors of OneCare Limited.

As lead audit partner for the audit of the financial statements of OneCare Limited for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Australian Charities and Not-for-profit Commission Act 2012 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Carl Harris
Partner
Chartered Accountants

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STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $'000	2016 Restated $'000
Recurrent Income			
Revenue	**5a**	54,714	55,537
Interest received	**5b**	186	134
Total recurrent revenue		54,900	55,671
Capital income			
Change in fair value of investment property		14,263	-
Change in fair value of resident obligations		(744)	(323)
Capital grant		176	176
Net gain(loss) on disposal of property, plant and equipment		-	51
Total Capital Income		13,695	(96)
Total income from continuing operations		68,595	55,575
Expenses			
Employee benefits expense	**6b**	(35,224)	(35,133)
Depreciation and amortisation expenses		(2,904)	(2,482)
Finance costs	**6a**	(771)	(1,015)
Materials and services		(9,931)	(9,902)
Other expenses		(2,825)	(3,876)
Total expenses		(51,655)	(52,408)
Net operating profit/(loss) for the year		16,941	3,167

Refer to note 24 for details regarding the restatement of comparative information

The statement of profit or loss should be read in conjuction with the accompanying notes.

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $ '000	2016 Restated $ '000
Profit for the year		16,941	3,167
Other comprehensive income:			
Items that will not be susequently reclassified to the profit or loss			
Gain/(loss) on revaluation of Property, Plant and Equipment		25,980	-
Total other comprehensive income for the year		25,980	-
Total comprehensive income for the year		**42,921**	**3,167**

Refer to note 24 for details regarding the restatement of comparative information.

The statement of comprehensive income should be read in conjuction with the accompanying notes.

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STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	2017	2016 Restated	2016 (Opening) Restated
		$'000	$'000	$'000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	**7**	15,654	9,548	6,832
Trade and other receivables	**8**	1,693	934	2,214
Inventories	**9**	12	12	12
Other assets	**10**	621	353	1,668
TOTAL CURRENT ASSETS		17,981	10,847	10,726
NON-CURRENT ASSETS				
Other financial assets	**11**	-	575	-
Property, plant and equipment	**12, 20**	135,800	112,691	104,288
Investment property	**13**	37,376	14,644	14,644
TOTAL NON-CURRENT ASSETS		173,176	127,910	118,932
TOTAL ASSETS		191,157	138,756	129,657
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	**14**	3,669	3,481	2,134
Borrowings	**15**	2,984	4,991	4,018
Provisions	**16**	3,857	3,815	3,105
Resident obligations	**17**	76,616	62,331	56,632
Other current liabilities	**18**	813	648	288
TOTAL CURRENT LIABILITIES		87,940	75,267	66,177
NON-CURRENT LIABILITIES				
Trade and other payables	**14**	29	30	26
Borrowings	**15**	22,081	25,069	28,134
Provisions	**16**	685	712	632
Other non-current liabilities	**18**	4,059	4,235	4,411
TOTAL NON-CURRENT LIABILITIES		26,852	30,045	33,203
TOTAL LIABILITIES		114,792	105,313	99,380
NET ASSETS		**76,365**	**33,444**	**30,277**
EQUITY				
Reserves	**19**	38,355	11,473	11,473
Retained earnings		38,010	21,971	18,804
TOTAL EQUITY		**76,365**	**33,444**	**30,277**

Refer to note 24 for details regarding the restatement of comparative information.

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

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Retained Earnings $'000	Reserves $'000	Total $'000
Balance at 1 July 2015	18,804	11,473	30,277
Comprehensive income			
Profit for the year	3,167	-	3,167
Balance at 30 June 2016	21,971	11,473	33,444
Balance at 1 July 2016	21,971	11,473	33,444
Comprehensive income			
Profit for the year	16,941	-	16,941
Gain/(loss) on revaluation of Property, Plant and Equipment	-	25,980	25,980
Total comprehensive income for the year attributable to the member of the company	16,941	25,980	42,921
Transfers	(902)	902	-
Balance at 30 June 2017	38,010	38,355	76,365

Note that the comparative statement in changes in equity above has been restated in accordance with the matters described in note 24

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

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Receipts from governments		39,497	44,182
Receipts from customers		14,904	12,398
Payments to suppliers and employees		(48,239)	(47,748)
Interest paid		(771)	(1,015)
Net cash provided by operating activities		5,391	7,817
Cash flows from investing activities			
Purchase/construction of property, plant and equipment and investment property		(8,502)	(10,905)
Proceeds from sale of property, plant and equipment		-	51
Independent living unit security deposits received		9,272	2,705
Independent living unit resident obligations refunded		(2,277)	(2,277)
Interest received		186	134
Net cash provided by (used in) investing activities		(1,321)	(10,292)
Cash flows from financing activities			
Accommodation deposits received		20,487	19,431
Accommodation deposits refunded		(13,390)	(12,152)
Net movement in resident trust funds		(65)	4
Proceeds from interest bearing loans and borrowings		-	1,098
Repayment of interest bearing loans and borrowings		(4,995)	(3,189)
Net cash provided by (used in) financing activities		2,037	5,192
Net increase in cash held		6,107	2,717
Cash and cash equivalents at beginning of financial year		9,548	6,831
Cash and cash equivalents at end of financial year	**3(a)**	15,654	9,548

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

OneCare Limited is a Public Company Limited by Guarantee, incorporated and operating in Australia. Registered office and Principal place of business is 140 Macquarie Street, Hobart, Tasmania.
These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012. OneCare Ltd is a not-for-profit entity for the purpose of preparing the financial statements.

The financial statements for the year ended 30 June 2017 were approved and authorised for issue by the Directors on 28 September 2017.

Basis of preparation
The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are described below. All amounts are presented in Australian dollars.

The financial report has been prepared on a going concern basis which assumes that the Company will be able to meet its obligations as and when they fall due. The Company's current liabilities exceed current assets by $69m as at 30 June 2017 (2016: $64m). This mainly arises because of the requirement to classify resident obligations, which comprise refundable accommodation deposits and Independent Living Unit resident obligations of $77m (2016: $62m) as current liabilities. Accounting Standards require that resident obligations are classified as current because all residents have the right to terminate their occupancy contract with immediate effect, and OneCare has no unconditional contractual right to defer settlement for at least 12 months. Based on historic turnover calculations, approximately 8% of residents are estimated to leave each year and therefore it is not expected that the full obligation to residents will fall due within one year.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current annual reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Company's accounts reported for the current or prior years.
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3. SUMMARY OF ACCOUNTING POLICIES

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a. Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the statement of financial position.

Note 3 Summary of accounting policies (cont.)

b. Trade receivables
Trade receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment.

c. Goods and services tax
Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) When the GST incurred on purchases of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
(ii) Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial performance.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

d. Income Tax
The Company and its controlled entities are exempt from income tax under present legislation.

e. Property plant and equipment

(i) Land and buildings
Land and buildings, which include OneCare's Residential Aged Care Facilities (RACFs) and commercial properties are measured at fair value, less accumulated depreciation on buildings and any impairment losses recognised after the date of the revaluation. Independent living units are treated as investment property, refer note 3(f).

External Independent valuations are performed every three to five years to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation increment is credited directly to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrement that has been recognised as an expense, in which case the increment is recognised as revenue. Any revaluation decrement is recognised as an expense, except to the extent that it offsets a previous revaluation increment for the same class of asset, in which case the decrement is taken to other comprehensive income to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements are offset.
Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

(ii) Charitable assets
Properties held to provide a social service, including those which generate cash inflows where the rental revenue is incidental to the purpose of holding the property, which is the case for Affordable Housing held by the company at Barossa Park, are measured at cost less accumulated depreciation and any impairment losses.

(iii) Plant and equipment
Other classes of plant and equipment and measured at cost less accumulated depreciation and any impairment losses.

Note 3 Summary of accounting policies (cont.)

(iv) Depreciation
Depreciation is calculated over a straight line basis over the estimated useful life of specific assets as follows:

Land	Not Depreciated
Buildings – Residential Aged Care Facilities	50 years
Buildings – Commercial properties	50 years
Land improvements	10 to 50 years
Motor Vehicles	4 years
Furniture and fittings	5 – 10 years
Plant and equipment	5 – 10 years
Information/communication technology	5 – 25 years

OneCare review depreciation rates at the end of each financial reporting period. There have been no changes in depreciation rates selected for the year ended 30 June 2017.

(v) Derecognition
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

f. Investment properties
Investment Properties comprise investment interests in land and buildings held for the purpose of producing rental income, capital appreciation, or both. For the purposes of the financial report, Investment Properties comprise OneCare's independent living units, rental properties, and child care centre.

Investment Properties, are initially recognised at cost including any acquisition costs and subsequently stated at fair value at each balance date. The gain or loss on revaluation of investment properties is recognised on the statement of profit or loss.

Investment Properties under construction are measured at cost. Finance costs incurred on properties undergoing development or redevelopment are included in the cost of the development.

g. Trade and other payables
Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

h. Resident obligations liability
Resident obligations represent the net amount owed by OneCare to current and former residents. Resident obligations are non-interest bearing and comprise:
(i) The amounts payable on demand to residents under independent living unit (ILU) arrangements, which include:

- Refundable security deposits which are measured at the original security deposit amount less any deferred management fee (DMF) accrued in accordance with the accounting policy disclosed in note 3(n);
- The resident's share of any capital gains in accordance with their contracts, which are measured at fair value. Changes in the fair value of this liability are recognised through profit or loss. It is not possible to have the resident obligations valued externally, therefore these are valued every twelve months by the Directors.

Note 3 Summary of accounting policies (cont.)

(ii) The Refundable Accommodation Deposits (RADs) payable on demand to residents of the Company's Residential Aged Care Facilities (RACFs). RADs are measured at the amount payable on demand less any amount retained by OneCare in accordance with the underlying agreements.

i. Interest-bearing loans and borrowings
All interest-bearing loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings. All interest-bearing loans and borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

j. Provisions and employee benefits
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Employee leave benefits

(i) Wages and salaries
Liabilities for wages and salaries, including non-monetary benefits are recognised and measured as the amount unpaid at reporting date and include appropriate on costs.

(ii) Annual Leave
Annual leave entitlements are accrued on a pro-rata basis in respect of services provided by employees up to reporting date, Annual leave expected to be paid within 12 months is measured at nominal value based on the amount, including appropriate on-costs, expected to be paid when settled. Annual leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. High quality corporate bond rates are used for discounting future cash flows.

(iii) Long Service Leave
The liability for long service leave expected to be settled more than 12 months from the balance date is recognised in the provision for employee benefits and measured as the present value of expected payments to be made in respect of services provided by employees up to the balance date. Consideration is given to the expected future wage and salary levels, past experience of employee departures and periods of service. Expected future payments are discounted using market yields at the balance date on corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows

k. Revenue recognition

(i) Government subsidies
Government subsidies are recognised as revenue on an accrual basis in accordance with the requirements and conditions of the Aged Care Act 1997.

(ii) Resident fees and charges
Revenue for resident fees and charges is recognised in accordance with legislation governing these amounts.

Note 3 Summary of accounting policies (cont.)

(iii) Government grants
Government grants are assistance by the government in the form of transfers of resources to the Company in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the Company, other than the requirement to operate in certain regions or industry sectors.

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them, the amount of the grant can be measured reliable and the grants will be received.

Other government grants are recognised as income in the period in which they become receivable.

(iv) Retention income
Independent Living Unit (ILU) agreements are considered operating leases under Australian Accounting Standards with OneCare as the lessor. The ILU agreements are serviced through payment of a Deferred Management Fee (DMF) to OneCare on termination of each agreement. The DMF is deducted from the balance of the refundable security deposit received under the arrangement. See note 3(h).

The deferred management fee (DMF) received under the ILU agreements are recognised as income on a straight line basis over the estimated tenancy period. For the purposes of the 2017 financial statement, management have reviewed trends in historic tenancy data and have concluded that a reduction in the expected tenancy period to 10 years (previously 15) was appropriate. The effect of this change in estimate has been taken to profit or loss prospectively.

(v) Donations
Donations are recognised as revenue on receipt.

(vi) Interest revenue
Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

l. Consolidation
The Company's group structure is defined in note 29. Consolidated financial statements are not produced as the subsidiary entities are non-trading entities and have no assets or liabilities, the consolidated group financial statements are identical to the parent entity in both current and prior year. Consolidated and Separate Financial Statements are only required to be prepared if the information resulting in its application is material to the users of the financial statements. It is considered that the presentation of one set of financial statements has no material effect on the users of the financial report.

m. Rounding
The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Resident obligations
As described in note 3(h), resident obligations comprise a fair value element reflecting OneCare’s contractual obligation to share 50% of the capital gain on releasing independent living units (ILUs) to subsequent residents. Measuring the fair value of this financial liability requires estimating indicative security deposit values for each ILU at balance date. Management have determined these indicative values with reference to recent security deposits received for comparable ILUs.

(ii) Deferred management fee
As described in note 3(k), the deferred management fee (DMF) that accrues in accordance with ILU contracts is measured on a straight line basis over an expected resident tenancy period of 10 years. This estimated tenancy period has been determined with reference to historic tenancy information gathered from the retirement business unit.

(iii) Valuation of investment properties and land and buildings
As described in note 3(e) and 3(f), completed land and buildings and investment properties are measured at fair value. Calculating the fair value of these assets requires significant professional judgement and avails a degree of estimation uncertainty.

The Directors’ approach is as follows:

Independent living units (ILUs):
ILUs are valued using a DCF methodology. Under a DCF approach, forecast cash flows are discounted back to the Valuation Date, generating a net present value for the cash flow stream of the asset. The rate at which the future cash flows are discounted reflects not only the time value of money, but also the risk associated with the ILUs future operations. The Discount Rate employed is the company’s weighted average cost of capital (WACC), reflecting an optimal (as opposed to actual) financing structure, which is applied to unleveraged cash flows and results in an ungeared value. Determination of the WACC requires significant judgement.

The majority of income received by OneCare under the ILU agreements is derived each time there is turnover of a unit, in the form of the Deferred Management Fee (DMF) and share in capital gains. Judgement is required in estimating the timing of these roll overs.

Residential Aged Care Facilities (RACFs) and other income generating assets:
RACFs and other income generating assets are fair valued under a capitalised earnings methodology, using EBITDA as an earnings base. The capitalisation of earnings analysis involves estimating a sustainable level of future earnings (‘maintainable earnings’) and applying an appropriate multiple to those earnings, capitalising them into a value for the asset. The level of maintainable earnings is influenced by a number of factors, including the trend and consistency of historical performance.

Note 4 Critical accounting judgements and key sources of estimation uncertainty (cont.)

Non-income generating assets:
Non-income generating assets have been valued on a net realisable basis.

(iv) Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(v) Employee benefits provision
As discussed in note 3(j), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

		2017 $'000	2016 $'000
5.	**REVENUE AND OTHER INCOME**		
(a)	Rental and property revenue	1,431	1,045
	Donations	7	16
	Other revenue	311	263
	Government subsidies	40,415	41,543
	Resident fees and charges	12,550	12,670
	Total recurrent revenue	54,714	55,537
(b)	Interest received from:		
	Banks and other financial institutions	186	134
6.	**PROFIT FOR THE YEAR**		
	Profit from continuing operations includes the following specific expenses:		
(a)	**Expenses:**		
	Interest expense on financial liabilities not at fair value through profit or loss:		
	External	771	1,015
	Total finance costs	771	1,015
	Operating lease rentals	321	245
(b)	**Employee benefits expense:**		
	Superannuation contributions - employees	2,804	2,821
	Salaries and wages	27,483	26,277
	Workers compensation	660	1,411
	Annual and long service leave	2,706	2,696
	Sick leave	876	848
	Other staff expenses	481	623
	Training expense	213	457
		35,224	35,133
7.	**CASH AND CASH EQUIVALENTS**		
	Cash on hand	12	12
	Cash at bank	8,906	7,668
	Short term deposits	6,736	1,868
		15,654	9,548

	2017 $'000	2016 $'000

8. TRADE AND OTHER RECEIVABLES

	2017 $'000	2016 $'000
CURRENT		
Trade receivables	1,396	595
Good and services tax	-	150
Other receivables	297	189
	1,693	934

9. INVENTORIES

	2017 $'000	2016 $'000
CURRENT		
At cost:		
Stock on hand	12	12

10. OTHER ASSETS

	2017 $'000	2016 $'000
CURRENT		
Accrued income	333	267
Prepayments	288	85
	621	353

11. OTHER FINANCIAL ASSETS

	2017 $'000	2016 $'000
NON-CURRENT		
Held-to-maturity investments - unpaid bonds	-	575

12. PROPERTY, PLANT AND EQUIPMENT

	2017 $'000	2016 $'000
Property		
Land		
At fair value	6,303	6,277
Land improvements		
At cost	244	1,448
Less accumulated depreciation	(37)	(117)
	207	1,331
Total Land	6,510	7,608
Buildings Nursing		
At fair value	112,056	87,425
Less accumulated depreciation	(26)	(5,290)
	112,030	82,135

	2017 $'000	2016 $'000
Note 12 Property,Plant and Equipment (cont.)		
Buildings Commerical		
At fair value	1,190	5,509
Less accumulated depreciation	-	-
	1,190	5,510
Affordable Housing		
At cost	5,594	5,594
Less accumulated depreciation	(541)	(458)
	5,053	5,136
Total Property	124,783	100,389
Plant and Equipment		
Plant and Equipment		
At cost	13,271	12,837
Less accumulated depreciation	(8,581)	(7,803)
Total plant and equipment	4,690	5,034
Works in progress		
Buildings commercial	1,798	4,902
Buildings nursing	2,594	817
Computers and telecommunications	1,933	1,500
Land improvements	3	3
Plant and equipment	-	46
Total works in progress	6,327	7,268
Total property, plant and equipment	135,800	112,691

(a) Movements in carrying amounts
For disclosure on movement in carrying amounts please refer to note 20.

13. INVESTMENT PROPERTY

	2017 $'000	2016 $'000
FAIR VALUE		
Balance at the beginning of the period	14,644	14,644
Transfers from capital work in progress	7,797	-
Additions	672	-
Gain/(loss) on revaluation	14,263	-
Balance at end of the period	37,376	14,644

The fair value of the Company's investment property as at 30 June 2017 has been arrived at on the basis of a valuation carried out by KPMG Australia with effective date of 30 June 2017. The fair values as at 30 June 2016, which are presented in the comparative financial information, were arrived at on the basis of valuation carried out by Valuer Adviser Associates with an effective date of 30 June 2016.

Both valuers are independent and not related to OneCare, and have appropriate qualifications and recent experience in the valuation of retirement villages, commercial, and aged care assets. Please refer to note 4(iii) for details of the valuation approach adopted by KPMG Australia with respect to each class of investment properties.

Note 13 Investment property (cont.)

Fair value of the Group's investment property at 30 June 2017 are as follows:

The Manor Gardens (ILUs)	23,852
Barossa Park Village (ILUs)	9,423
Child Care Centre	1,055
Rental Properties	3,046
	37,376

14. TRADE AND OTHER PAYABLES

	2017 $'000	2016 $'000
CURRENT		
Good and services tax	1	-
Trade creditors	2,985	2,901
Accrual expenses	683	581
	3,669	3,481
NON-CURRENT		
Trade payable	29	30
	29	30

15. BORROWINGS

	2017 $'000	2016 $'000
CURRENT		
Current Loan - Bendigo Bank (i)	1,500	1,500
Current Loan - Zero Real Interest Rate (ii)	1,480	1,480
Line of credit	4	2,011
Total current borrowings	2,984	4,991
NON-CURRENT		
Loan - Bendigo Bank (i)	13,694	15,202
Loan - Zero Real Interest Rate (ii)	8,387	9,867
Total non-current borrowings	22,081	25,069
Total borrowings	25,158	30,060

(i) Secured by a charge over the assets of the Company.
(ii) Secured by a charge over the Barossa Park nursing home.

	2017 $'000	2016 $'000

16. PROVISIONS

	2017 $'000	2016 $'000
NON-CURRENT		
Provision for long service leave	685	712
CURRENT		
Annual leave	3,009	2,742
Long service leave	848	1,073
	3,857	3,815

17. RESIDENT OBLIGATIONS

	2017 $'000	2016 $'000
CURRENT		
Resident obligations - Retirement	22,186	14,384
Resident obligations - Aged Care	54,430	47,947
	76,616	62,331

Accounting Standards require that resident obligations are classified as current because all residents have the right to terminate their occupancy contract with immediate effect, and OneCare has no unconditional contractual right to defer settlement for at least 12 months.

18. OTHER LIABILITIES

	2017 $'000	2016 $'000
CURRENT		
Residents funds	51	116
Income in advance	586	356
Deferred income (i)	176	176
	813	648
NON-CURRENT		
Deferred income (i)	4,059	4,235

(i) Relates an Stimulus Package (ESP) received from the Tasmanian Government in 2010. The ESP is structured as an advance from the minister, which converts to a non-repayable grant on a straight line basis over 30 years. In accordance with the ESP agreement, $176 thousand is recognised as income each year.

19. RESERVES

	2017	2016
	$'000	$'000
ASSET REVALUATION RESERVE		
Balance at 30 June 2016	12,375	12,375
Gain/(loss) on revaluation of property plant and equipment	25,980	-
Balance at 30 June 2017	38,355	12,375
OTHER RESERVES		
Balance at 30 June 2016	902	902
Transfer to retained earnings	(902)	-
Balance at 30 June 2017	-	902
	38,355	**13,277**

The asset revaluation reserve arises on the revaluation of non-current assets. Where a revalued asset is sold, the prortion of the asset revaluation reserve which relates to the asset is effectively realised, and is transferred to retained earnings.

20. MOVEMENT IN CARRYING AMOUNTS

	Land and buildings at fair value $'000	Plant and equipment at cost $'000	Capital works in progress at cost $'000	Total $'000
Carrying amount at 30 June 2016	100,389	5,033	7,268	112,691
		-		
Additions	472	457	6,902	7,831
Disposals	-	-	-	-
Transfers	46	-	(46)	-
Transfers to Investment Property	-	-	(7,797)	(7,797)
Revaluation increments/ (decrements)	25,980	-	-	25,980
Depreciation expense	(2,104)	(800)	-	(2,904)
Carrying amount at 30 June 2017	**124,783**	**4,690**	**6,327**	**135,800**

21. RELATED PARTY TRANSACTIONS

During the year, OneCare entered into the following trading transactions with related parties which were not members of OneCare:

	Lease revenue received		Purchase of goods	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
OneCare and Slick Promotions	-	-	155	147
OneCare and YMCA Hobart	140	88	-	-

The following balances were outstanding at the end of the reporting period:

	Amounts owed by related parties		Amounts owed to related parties	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
OneCare and Slick Promotions	-	-	-1	5
OneCare and YMCA Hobart	43	13	-	-

Lease revenue is based on operational cost recovery. Purchases were made at market price any discounts reflected the quantity of goods purchased.

All amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

During the year a director of the company entered into an Independent Living Unit (ILU) lease. This transactiuon was carried out on commercial terms. The security deposit received by the company was $285 thousand. Under the agreement a deferred management fee is retained over 10 years at a maximum of 40% of the security deposit.

22. OPERATING LEASES

Operating leases relate to the head office facilities with a lease term of 3 years. The Company does not have an option to purchase the leased asset at the expiry of the lease period.

	2017	2016
	$'000	$'000
Not longer than one year	322	307
Longer than one year and not longer than 5 years	325	624
	647	931

23. COMMITMENTS TO CAPITAL EXPENDITURE

	2017 $'000	2016 $'000
Capital expenditure commitments		
Buildings	1,844	1,100
Computers and telecommunications	204	500
	2,048	1,600

24. RESTATEMENT OF COMPARATIVE INFORMATION

During the current financial reporting year, management have identified that the accounting policy previously applied with respect to the measurement and recognition of the resident obligations liability required revision in accordance with AASB 13 'Fair Value Measurement'.

For the purpose of the 2017 financial statements, management have amended their accounting policy. The amended policy is disclosed in note 3. The comparative financial information in the financial report, where appropriate, has been restated to reflect the change in accounting policy.

The impact of the change in accounting policy on the comparative financial information is as follows:

	2016 Previously stated $'000	2016 Restated $'000
Resident obligations	61,797	62,332
Total current liabilities	74,731	75,266
Total liabilities	104,777	105,312
Net assets	33,979	33,444
Accumulated surpluses	22,506	21,971
Total equity	33,979	33,444
Change in fair value of resident obligations	(207)	(323)
Total capital income	21	(96)
Total income from continuing operations	55,776	55,659
Net operating profit/(loss) for the year	3,284	3,167
Total comprehensive profit/(loss)	**3,284**	**3,167**

25. KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to key management personnel of the Company is set out below:

	2017 $'000	2016 $'000
Directors	524	523
Executives	1,596	2,056
Total	2,120	2,579

26. FINANCING ARRANGEMENTS

	2017 $'000	2016 $'000
Amounts used	16,678	18,714
Amounts unused	12,372	10,336
	29,050	29,050

27. ECONOMIC DEPENDENCY

The normal trading activities of the Company depend to a significant degree on continued funding being received from the Commonwealth Department of Health.

28. SUBSIDIARIES

Name of entity	**Country of incorporation**	**Ownership interest 2017** %	**2016** %
Parent entity			
OneCare Limited	Australia		
Subsidiaries			
Umina Park Pty Ltd	Australia	100	100
St Luke's (Anglican Church in Australia)	Australia	100	100

29. SUBSEQUENT EVENTS

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

ONECARE LIMITED
ACN 100 869 421

DIRECTORS DECLARATION

FOR THE YEAR ENDED 30 JUNE 2017

In accordance with a resolution of the directors of Onecare Limited, I declare that:

In the opinion of the directors:

1. The financial statements and notes are in accordance with the Australian Charities and Not-for-profits Commission Act 2012: and

    a. comply with Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013, and;

    b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the company.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors:

Phil Butler
Director (chair)
28 September 2017

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Report to the Members of OneCare Limited

Opinion

We have audited the financial report, being a general purpose financial report, of OneCare Limited (the "Entity") which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the declaration by the directors.

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

(i) giving a true and fair view of the Entity's financial position as at 30 June 2017 and of its financial performance for the year ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report for the year ended 30 June 2017, which is included on pages 3 to 6, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Regime and the ACNC Act and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Carl Harris
Partner
Chartered Accountants
Hobart, 29 September 2017