Rosewood Care Group Inc.

ABN 47 687 603 507

NAPS ID: 742

Financial Report
For the Year Ended 30 June 2024

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 AND SECTION 80 OF THE ASSOCIATIONS INCORPORATION ACT 2015 (WA) TO THE MEMBERS OF THE BOARD OF ROSEWOOD CARE GROUP INC.

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024, there have been:

a) no contraventions of the auditor independence requirements as set out in the *Associations Incorporation Act 2015 (WA)* and *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

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

SHAUN WILLIAMS
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 2nd day of October 2024.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF ROSEWOOD CARE GROUP INC.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Rosewood Care Group Inc. (the Association) which comprises the statement of financial position as at 30 June 2024, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information and the statement by members of the board.

In our opinion, the accompanying financial report of Rosewood Care Group Inc.:

i. gives a true and fair view of the Association's financial position as at 30 June 2024 and of its performance for the year then ended; and

ii. complies with Australian Accounting Standards – Simplified Disclosures and the relevant legislation including the *Aged Care Act 1997, Associations Incorporation Act 2015 (WA)* and *Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2022.*

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 Association in accordance with the independence requirements of *Section 80 of the Associations Incorporation Act 2015 (WA)* and *Section 60-40 of* the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1.3 in the financial report, which indicates that the Association incurred a net deficit of $1,899,133 during the year ended 30 June 2024 and as of that date, the Association's current liabilities exceeded its current assets by $123,017,687. As stated in Note 1.3, these events or conditions, along with other matters as set forth in Note 1.3, indicate that a material uncertainty exists that may cast significant doubt on the Association's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE BOARD OF ROSEWOOD CARE GROUP INC. (CONTINUED)

Responsibility of the Board Members for the Financial Report

The board members are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures, *Aged Care Act 1997, Australian Charities* and *Not-for-profits Commission Act 2012 (ACNC Act), Associations Incorporation Act 2015 (WA)*, and for such internal control as the board members 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 board members are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the board members either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our audit report.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Section 60-45(3)(b) of the *Australian Charities and Not-for-profits Commission Act 2012,* in our opinion there is no deficiency, failure or shortcoming in respect of the matters referred to in Section 60-30(3)(b),(c) or (d) of the *Australian Charities and Not-for-profits Commission Act 2012.*

SHAUN WILLIAMS
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 2nd day of October 2024.

Statement by Members of the Board

In the opinion of the Board the financial report as set out on pages 5 to 33:

1. Presents a true and fair view of the financial position of Rosewood Care Group Inc. as at 30 June 2024 and its performance for the year ended on that date in accordance with Australian Accounting Standards – Simplified Disclosures, other mandatory pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not-For-Profits Commission Act 2012.

2. At the date of this statement, there are reasonable grounds to believe that Rosewood Care Group 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 and is signed for and on behalf of the Board by:



Chair



Chair of Finance Committee

Dated this 27th day of September 2024

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Note	2024	2023
		$	$
Revenue from operations	2	**40,603,482**	31,162,908
Employee benefits expense		**(31,329,170)**	(25,380,212)
Depreciation expense	3	**(2,385,659)**	(2,368,971)
Food and meals		**(1,505,898)**	(1,514,866)
Insurance		**(224,160)**	(176,799)
Occupancy costs		**(903,824)**	(850,514)
Repairs and maintenance		**(928,682)**	(733,679)
Finance cost		**(919,936)**	(2,273,455)
Other expenditure	3	**(4,305,286)**	(3,205,963)
Net (deficit)		**(1,899,133)**	(5,341,551)
Other comprehensive income		**380,000**	**449,400**
Total comprehensive income for the year		**(1,519,133)**	**(4,892,151)**

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2024

	Note	2024	2023
		$	$
Current assets			
Cash and cash equivalents	4	**18,600,477**	521,577
Trade and other receivables	5	**13,917**	424,363
Inventory	6	**23,702**	-
Total current assets		**18,638,096**	945,940
Non-current assets			
Property, plant & equipment	7	**138,859,313**	140,495,579
Total non-current assets		**138,859,313**	140,495,579
Total assets		**157,497,409**	141,441,519
Current liabilities			
Trade and other payables	8	**2,092,731**	2,814,832
Provisions	9	**2,852,866**	2,203,610
Borrowings	10	**1,181,354**	583,656
refundable accommodation deposits	11	**135,528,832**	114,959,426
Total current liabilities		**141,655,783**	120,561,524
Non-current liabilities			
Borrowings	10	**12,810,686**	16,326,351
Provisions	9	**46,117**	49,688
Total non-current liabilities		**12,856,803**	16,376,039
Total liabilities		**154,512,586**	136,937,563
Net assets		**2,984,823**	4,503,956
Equity			
Retained Surplus		**(16,644,577)**	(14,745,444)
Asset Revaluation Reserve		**19,629,400**	19,249,400
Total equity		**2,984,823**	4,503,956

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2024

	Retained Surplus	Asset Revaluation Reserve	Total
	$	$	$
Balance at 1 July 2023	**(14,745,444)**	**19,249,400**	**4,503,956**
Comprehensive income			
Net (deficit) for the year	**(1,899,133)**	**-**	**(1,899,133)**
Other comprehensive income for the year	**-**	**380,000**	**380,000**
Total comprehensive income for the year attributable to members of the association	**(1,899,133)**	**380,000**	**(1,519,133)**
Balance at 30 June 2024	**(16,644,577)**	**19,629,400**	**2,984,823**

	Retained Surplus	Asset Revaluation Reserve	Total
	$	$	$
Balance at 1 July 2022	(9,403,893)	18,800,000	9,396,107
Comprehensive income			
Net (deficit) for the year	(5,341,551)	-	(5,341,551)
Other comprehensive income for the year	-	449,400	449,400
Total comprehensive income for the year attributable to members of the association	(5,341,551)	449,400	(4,892,151)
Balance at 30 June 2023	(14,745,444)	19,249,400	4,503,956

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2024

	Note	2024	2023
		$	$
Cash flows from operating activities			
Receipts from residents and customers		**10,110,867**	8,124,378
Operating grant and subsidy receipts		**27,117,163**	18,230,684
Donations received		**18,673**	21,882
Interest received		**29,024**	14,634
Payments to suppliers and employees		**(39,468,391)**	(31,751,469)
Net cash provided (used in) operating activities		**(2,192,664)**	(5,359,891)
Cash flows from investing activities			
Fixed asset purchases		**(375,550)**	(681,192)
Proceeds from asset sales		**73,636**	246,818
Net cash used in investing activities	7	**(301,914)**	(434,374)
Cash flows from financing activities			
Proceeds from accommodation bonds		**48,129,067**	60,980,692
Repayment of accommodation bonds		**(27,055,335)**	(19,043,967)
Loan funds received		-	-
Loan principal repaid		**(500,254)**	(36,154,576)
Net cash provided by fnancing activities		**20,573,478**	5,782,149
Net (decrease) in cash and cash equivalents		**18,078,900**	(12,116)
Cash and cash cquivalents at the beginning of the financial year		**521,577**	533,693
Cash and cash equivalents at the end of the financial year		**18,600,477**	521,577

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2024

Note 1: General information

1.1 Corporate information

Rosewood Care Group Inc (Rosewood) is incorporated under the Associations Incorporation Act 2015 and registered with the Australian Not-for-Profit Commission in accordance with the Australian Not-for-Profit Commission Act 2012.

Rosewood, domiciled in Western Australia, is a not-for-profit entity primarily providing care and residential accommodation for the aged.

Rosewood principal place of business is 200 Scarborough Beach Road, Mount Hawthorn, 6005.

1.2 Basis of preparation

The financial report is a Tier 2 general purpose report that has been prepared in accordance with the Australian Accounting Standards – Simplified Disclosure Requirements made by the Australian Accounting Standards Board and the requirements of the Australian Charities and Not-for-Profits Commission Act 2012 and the Associations Incorporation Act 2015.

This financial report has been prepared on an accruals basis and is based on historical costs as modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

1.3 Going concern basis

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

During the year ended 30 June 2024, the Association recorded a deficit of $1,899,133 (2023: deficit of $5,341,551), cash outflow from operating activities of $2,192,664 (2023: cash outflow $5,359,891) and negative working capital of $122,413,813 (2023: $119,615,584).

The deficit was primarily due to higher costs associated with mandated care minutes and increased administrative expenses resulting from various reforms in the aged care industry.

The Association holds a Facility Agreement of $11.8 million, with $11.28 million remaining undrawn as of 30 June 2024. This Facility Agreement is set to continue until 31 October 2024, after which a new Facility Agreement for $4.8 million will be entered into for a period of 12 months. The new Facility Agreement will offer similar economic terms to the existing one and will adequately meet the Association's needs.

The Members of the Board have prepared a cash flow forecast, which indicates that the Association will have sufficient cash flows to meet all the commitments and working capital requirements for the 12-month period from the date of signing this financial report. Based on the cash flow forecast and other factors referred above, The Members of the Board are confident that the Association can continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

1.4 Comparative information

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

1.5 Key estimates and judgements

All judgments, estimates, and assumptions are deemed reasonable based on the current circumstances known to management. Actual results may differ from these judgments, estimates, and assumptions.

Estimates reflect a reasonable expectation of future events, relying on current trends and economic data from both external sources and within the Association.

Areas involving higher degrees of judgment or complexity, or where assumptions and estimates significantly impact the financial statements, are disclosed in the following notes:

- Note 7: Property, plant and equipment
- Note 9: Provisions

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

1.6 Impact of the application of new Accounting Standards

The adoption of new accounting standards did not have a material impact on the financial report.

1.7 Income Tax

The Association is exempt from income tax under Section 50-5, item 1.1 of the Income Tax Assessment Act 1997. The Association is recognised as a Public Benevolent Institution by the Australian Taxation Office.

1.8 Functional and presentation currency

The financial statements are present in Australian dollars, which is the Associations functional and presentation currency.

Note 2: Revenue

	2024	2023
REVENUE	**$**	$
Operating Activities:		
Government funding	**27,117,163**	18,230,684
Resident revenue	**9,329,610**	8,284,343
Non-operating Activities:		
Donations	**18,673**	21,882
Interest	**29,024**	14,634
Rental income	**19,827**	28,080
Finance income on revaluation of borrowings	**2,417,714**	3,633,992
Sundry income	**1,671,471**	949,293
	40,603,482	31,162,908

2.1 Government funded revenue

The Association is an approved aged care home provider under the Aged Care Act 1997 and is entitlement to revenue from the Australian Government based upon the specific care and accommodation needs of the individual residents.

Government funded revenue comprises of basic subsidy amounts calculated in accordance with the Australian National Aged Care Classification (AN-ACC) accommodation supplements, funding for short term 'respite' residents and other Government incomes. Revenue is recognised over time as performance obligations are satisfied, which is as the services are rendered, primarily on a daily basis.

Government funding is paid monthly in arrears.

The Association is dependent on the Department of Health and Ageing for the majority of its revenue used to operate the business. At the date of this report, the Members of the Board has no reason to believe the Department will not continue to support the Association.

2.2 Resident revenue

Residents are charged a basic daily fee to contribute to the cost of care and accommodation. This fee is regulated by the Australian Government and usually increases in March and September each year. Residents are invoiced for this fee fortnightly in advance.

In addition to the basic daily fee, residents may incur other charges for care and accommodation services provided by the Association. These charges include means-tested care fees, Daily Accommodation Payments (DAP) or Daily Accommodation Contributions (DAC) revenue, additional services revenue, and other related income. All fees, except DAP and DAC fees, are invoiced fortnightly in advance. DAP and DAC fees are invoiced in arrears.

2.3 Interest income

Interest income is recognised using the effective interest method.

Note 2: Revenue (continued)

2.4 Sundry income

Sundry income includes grant income, café sales and other sundry income. Grant income is recognised where there is reasonable assurance that the grant will be received, and all attached conditions have been complied with. Café sales and other sundry income is recognised when received.

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

Note 3: Surplus/(Deficit) from Ordinary Activities

Surplus/(Deficit) from ordinary activities has been determined after:

	2024	2023
	$	$
Other Expenditure		
Medical consumables	**852,002**	747,479
Administration costs	**308,075**	301,229
Board of Management fees	**323,331**	254,864
IT costs	**506,562**	549,499
Legal and consultancy	**416,136**	242,858
Other consumables	**573,035**	411,830
Contract laundry	**499,004**	460,466
RAD refund interest	**772,466**	113,071
Remuneration of auditor	**38,225**	35,921
Other expenses	**16,450**	88,746
	4,305,286	3,205,963
Depreciation		
Buildings	**1,455,563**	1,451,273
Plant & equipment	**97,421**	847,486
Motor vehicles	**4,609**	2,079
Furniture & fittings	**494,700**	40,172
Computer equipment	**333,366**	27,961
	2,385,659	2,368,971

Note 4: Cash and cash equivalents

	2024	2023
	$	$
Cash	**18,600,477**	521,577

4.1 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.

Note 5: Trade and other receivables

	2024	2023
	$	$
Current		
Receivables	**(43,381)**	303,600
GST receivable	**30,657**	44,889
Accrued income	**2,666**	60,355
Prepayments	**23,975**	15,519
	13,917	424,363

5.1 Recognition and measurement

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses measured at lifetime expected credit losses.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.

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

Any impairment is recognised in profit or loss, less any provision for impairment.

Note 6: Inventory

	2024	2023
	$	$
Current		
Uniforms	**16,778**	-
Stock on hand - food	**6,924**	-
	23,702	-

Note 7: Property, plant and equipment

	2024	2023
	$	$
Land		
At fair value (independent valuation)	**21,930,000**	21,550,000
	21,930,000	21,550,000
Buildings		
At Cost	**119,083,503**	119,002,716
Less: Accumulated depreciation	**(6,414,749)**	(4,959,186)
	112,668,754	114,043,530
Plant & equipment		
At cost	**1,215,227**	1,020,397
Less: Accumulated depreciation	**(583,585)**	(486,311)
	631,642	534,086
Motor vehicles		
At cost	**211,650**	324,080
Less: Accumulated depreciation	**(211,650)**	(306,166)
	-	17,914
Office furniture and equipment		
At cost	**5,138,115**	5,080,620
Less: Accumulated depreciation	**(1,957,355)**	(1,462,654)
	3,180,760	3,617,966
Computer equipment		
At cost	**1,577,085**	1,527,644
Less: Accumulated depreciation	**(1,128,928)**	(795,561)
	448,157	732,083
Total Property, plant & equipment	**138,859,313**	140,495,579

Movements in carrying amounts

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

	Land	Buildings	Plant & Equipment	Motor Vehicles	Furniture & Equipment	Computer Equipment	TOTAL
Carrying amount as at 30 June 2023	**21,550,000**	**114,043,530**	**534,086**	**17,914**	**3,617,966**	**732,083**	**140,495,579**
Additions/(Disposals)	-	80,787	194,977	(13,305)	57,494	49,440	369,393
Depreciation	-	(1,455,563)	(97,421)	(4,609)	(494,700)	(333,366)	(2,385,659)
Revaluation	380,000	-	-	-	-	-	380,000
Carrying amount as at 30 June 2024	**21,930,000**	**112,668,754**	**631,642**	**-**	**3,180,760**	**448,157**	**138,859,313**

Note 7: Property, plant and equipment (continued)

Reconciliation of capital additions to cash flows from investing activities

Trade creditor (capital) opening	**3,642**
Capital additions	**749,392**
Less non-cash	
Land Revaluation	**(380,000)**
Profit/(Loss) on asset disposal	**(60,478)**
Trade creditor (capital) closing	**(10,642)**
Cash flows from investing activities	**(301,914)**

Leased land and building

The Entity leases buildings to external parties with rentals payable monthly. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

2024	**Current (< 1 year)**	**Total**
Undiscounted annual lease payments	**39,200**	**39,200**

7.1 Recognition and measurement

Assets are recognised when the Association becomes a party to the contractual provisions to the asset. This is the date the Association commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted)

Each class of property, plant and equipment, with the exception of land, are measured at historical cost less, where applicable, any accumulated depreciation. Historical cost includes all expenditure that is directly attributable to the acquisition of the item. Land is carried at fair value. Refer to Note 20: Fair Value Measurements.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained surplus.

7.2 Subsequent costs

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

7.3 Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method over the useful lives of the assets to the Association commencing at the time the asset is held ready for use.
The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	*Depreciation Rate*	*Residual Value*
Buildings	2%	40%
Motor vehicles	22.5%	-
Plant & equipment and Furniture & fittings	10%	-
Computer equipment	25%	-

Note 7: Property, plant and equipment(continued)

7.4 Impairment review of non-financial assets

The residual values and useful lives of assets are reviewed and adjusted as needed at the end of each reporting period. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss in the period they arise. For revalued assets that are sold, any amounts in the revaluation reserve related to the asset are transferred to retained surplus.

No indicators of impairment were identified during the review.

7.5 Key estimates, assumptions and judgments

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based upon the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT assets.

Land was independently valued in 2024 by Property Valuation & Advisory (WA) Pty Ltd. The valuation was based on the fair value less costs of disposal. The valuation resulted in a revaluation increment of $380,000 which was recognised in the asset revaluation reserve.

Note 8: Trade and Other Payables

	Note	**2024**	2023
		$	$
Current			
Trade payables		**851,579**	**1,868,382**
Sundry creditors and accruals		**1,188,705**	**946,450**
Income received in advance		**52,447**	-
		2,092,731	**2,814,832**

	2024	2023
	$	$
Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables	**2,092,731**	2,814,832
Less other payables	**(1,241,152)**	(946,450)
Financial liabilities as trade and other payables	**851,579**	**1,868,382**

8.1 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Association prior to the financial year which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

8.2 Recognition and measurement

They are recognised initially at their transaction price and subsequently measure at amortised cost using the effective interest method.

Note 8: Trade and Other Payables (continued)

8.3 Income received in advance

Income received in advance represents various fees or subsidies received in cash for which the services have not been provided to the residents at the end of the reporting year.

Note 9: Provisions

	2024	2023
	$	$
Current		
Provision for annual leave	**2,375,570**	1,736,751
Provision for long service leave	**477,296**	466,859
	2,852,866	2,203,610
Non-current		
Provision for long service leave	**46,117**	49,688
	46,117	49,688

	Total
	$
Analysis of total provisions	
Opening balance at 1 July 2023	**2,253,298**
Additional provisions raised during year	**1,557,510**
Amounts used	**(911,825)**
Balance at 30 June 2024	**2,898,983**

9.1 Recognition and measurement

Provisions are recognised when the Association has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate for the expenditure required to settle the present obligation at the end of the reporting period.

The current liability for annual leave and long service leave is recognised in respect of employees 'services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. These liabilities are expected to be settled wholly within 12 months after the end of the annual reporting period

The non-current liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period.
In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

Note 10: Borrowings

	2024	2023
	$	$
Current loan liability - ZRIL	**1,181,354**	**583,656**
Non-current loan liability - ZRIL	**12,810,686**	**16,326,351**
Total loan liability	**13,992,040**	**16,910,007**
Credit standby arrangements with banks		
Credit facility - overdraft	**800,000**	800,000
-Amount utilised	**(379,792)**	-
Line of credit	**11,000,000**	11,000,000
-Amount utilised	**-**	-
	11,420,208	11,800,000

10.1 Zero Real Interest Loan (ZRIL)

The Association has two Zero Real Interest Loan Agreements with the Commonwealth, dated December 3, 2012, and May 8, 2014, respectively. These loans, which were used to fund the redevelopment of the Association's two facilities, each have a term of 20 years. The first loan is expected to be repaid in full by November 2037, while the second is anticipated to be repaid by May 2039. Interest rates are variable and equal to the current Quarterly CPI rate.

10.2 Overdraft and liquidity facilities

The Association has an existing Facility Agreement with National Australia Bank (NAB) dated 31 July 2021 amended in 2022 and 2023.

The Association has the following facilities in place under the Facility Agreement with NAB.

	Facility Limit	Amount Drawn
	$	$
Liquidity facility	**7,000,000**	**-**
Liquidity facility	**4,000,000**	**-**
Overdraft facility	**800,000**	**518,622**
Total facility	**11,800,000**	**518,622**

Interest rates are variable and subject to adjustment.

10.3 Classification, recognition, measurement and derecognition

Borrowings are initially recognised at the amount drawn; net of transaction costs incurred.

Borrowings are subsequently measured at:

- amortised cost using the effective interest rate method; or
- fair value through profit or loss.

10.3 Classification, recognition, measurement and derecognition (continued)

Borrowings measured at fair value through profit or loss if the borrowing is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

Refer to Note 20: Fair Value Measurements.

Borrowings are derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing borrowing for a new one with substantially modified terms, or a substantial modification to the terms of a borrowing, is treated as an extinguishment of the existing liability and recognition of a new borrowing.

The difference between the carrying amount of the borrowing derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

10.4 Covenants

The Facility Agreement contains financial and non-financial covenants. All covenants were tested and in compliance.

10.5 Assets pledged security

The bank facilities are secured by a first mortgage over the Associations freehold land and buildings. The terms of the first mortgage preclude the assets being sold or used as security for borrowings without the permission of the bank.

Note 11: Refundable accommodation deposits

	2024	2023
	$	$
Total resident liability	**135,528,832**	**114,959,426**

11.1 Refundable accommodation deposits (RADs)

RADs are payments made by residents upon admission to aged care homes. Residents can opt to pay either a full lump-sum RAD, a daily accommodation payment, or a combination of both.

RAD refunds are guaranteed by the Federal Government under the prudential standards legislation. Providers are required to have sufficient liquidity to ensure they can refund RAD balances as they fall due in the following 12 months.

11.2 Classification, recognition, measurement and derecognition

RADs are recorded at the principal amount minus any retention amounts and any deferred interest or fees. They are non-interest-bearing liabilities, with the net amount due being repayable on demand. The fair value of RADs is not less than the amount payable on demand.

RADs are classified as current liabilities since the Association does not have an unconditional right to defer settlements for more than twelve months. Historically, the average stay for a resident in an aged care facility is approximately 2 years. RADs are derecognised when the liability obligation is fulfilled.

Note 12: Financial risk management

	Note	2024	2023
		$	$
Financial assets			
Financial assets at amortised cost:			
- cash and cash equivalents	4	**18,600,477**	521,577
- trade and other receivables	5	**13,917**	424,363
- inventory	6	**23,702**	-
Total financial assets		**18,638,096**	945,940
Financial liabilities			
Financial liabilities at amortised cost:			
- trade and other payables	8	**2,092,731**	1,868,382
- borrowings	10	**-**	-
- accommodation bonds		**135,528,832**	114,959,426
Total Financial liabilities at amortised cost		**137,621,563**	116,827,808
Financial liabilities at fair value through profit or loss			
- borrowings	10	**13,992,040**	16,910,007
Total Financial liabilities at fair value through profit or loss		**13,992,040**	16,910,007
Total financial liabilities		**151,613,603**	133,737,815

12.2 Financial instruments

The Association's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and borrowings. The carrying amounts for each category of financial instruments, measured in accordance with AASB 9.

12.2 Risk

The Association has exposure to credit risk, liquidity risk and interest rate risk form the use of financial instruments.

This note provides information about the Association's exposure to each of these risks, their objectives, policies and processes of measuring and managing risk.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Association is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including funds on deposit.

The Association has policies in place to monitor and control receivables in arrears. Residential aged care residents undergo an assessment of assets and income.

12.2 Risk (continued)

Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they fall due.

The Association mitigates this risk by maintaining adequate reserves in line with its liquidity risk policy and the Fees and Payments Principles 2014 (No. 2). Additionally, the Association ensures sufficient credit facilities are available as outlined in Note 10: Borrowings.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will negatively impact the Association's financial performance or position. This risk arises from fluctuations in market interest rates that can affect the cost of borrowing or the returns on investments.

The Association regularly reviews and adjusts the financial strategy to ensure it remains effective in managing interest rate risk.

Note 13: Key management personnel remuneration

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Association, directly or indirectly, including any director (whether executive or otherwise) of that Association, is considered key management personnel (KMP).

The totals of remuneration paid to KMP of the Association during the year are as follows:

	2024	2023
	$	$
KMP compensation	**1,148,079**	**1,203,790**
	1,148,079	**1,203,790**

Note 14: Related party transactions

Related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

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

There were no related party transactions during the financial year.

Note 15: Capital and leasing commitments

The Association has no capital expenditure and no non-capitalised operating lease commitments as at 30 June 2024.

Note 16: Events after the reporting period

The Members of the Board are not aware of any significant events since the end of the reporting period.

Note 17: Contingent liabilities and contingent assets

The Association has no contingent liabilities and contingent assets at reporting date.

Note 18: Reserves

Asset Revaluation Reserve

The asset revaluation reserve records the revaluations of non-current assets (land).

Note 19: Segment reporting

The approved provider delivers only residential aged care services, and this general-purpose financial report therefore relates only to such operations.

Note 20: Fair Value Measurements

The Association measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

– borrowings at fair value through profit or loss; and

– freehold land

The Association does not subsequently measure any assets or liabilities at fair value on a non-recurring basis.

Valuation techniques

The Association selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Association are consistent with one or more of the following valuation approaches:

– the market approach, which uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities;

– the income approach, which converts estimated future cash flows or income and expenses into a single discounted present value; and

– the cost approach, which reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Association gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Note 20: Fair Value Measurements (continued)

		Note	2024	2023
			$	$
Recurring fair value measurements				
Non-financial assets				
–	Freehold land (i)	7	**21,930,000**	**21,550,000**
Financial Liabilities				
–	Borrowings (ii)	10	**13,992,040**	**16,910,007**

(i) The fair value is based on an external independent valuation performed in the current financial year, which used comparable market data for similar properties.

(ii) The fair value is based on the present value of the borrowings. The discount rate used is the difference between the commercial rate and CPI at the end of the financial year.