



**ANNUAL FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2023**

ABN : 99 437 071 895

**AGED CARE & HOUSING GROUP INC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

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**AGED CARE & HOUSING GROUP INC.
STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 \$'000	2022 \$'000
Revenue	2	143,923	132,713
Other income	2	5,636	600
Employee expenses	3	(106,162)	(102,248)
Depreciation and amortisation expenses	4	(7,622)	(8,518)
Finance costs		(422)	(410)
Other expenses	3	(28,714)	(30,024)
Profit / (Loss) for the year		<u>6,639</u>	<u>(7,887)</u>
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Gain/(loss) on revaluation of property, plant and equipment		229	2,202
Items that will not be reclassified subsequently to profit or loss		-	-
		<u>229</u>	<u>2,202</u>
Total comprehensive income for the year		<u><u>6,868</u></u>	<u><u>(5,685)</u></u>

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

AGED CARE & HOUSING GROUP INC.
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 \$'000	2022 \$'000
CURRENT ASSETS			
Cash and cash equivalents	5	25,672	38,780
Financial assets	6	19,072	-
Trade and other receivables	7	4,754	5,492
Other assets	8	1,700	1,995
TOTAL CURRENT ASSETS		51,198	46,267
NON-CURRENT ASSETS			
Property, plant and equipment	9	228,242	197,330
Investment property	10	151,919	183,160
Intangible assets	11	2,137	1,824
Right-of-use assets	12	1,222	1,639
TOTAL NON-CURRENT ASSETS		383,520	383,953
TOTAL ASSETS		434,718	430,220
CURRENT LIABILITIES			
Trade and other payables	13	24,089	36,158
Lease liability	14	361	461
Short term provisions	15	15,225	14,676
Accommodation bonds	16	103,789	89,240
ILU & RFU resident liability	16	80,539	106,080
Borrowings	17	-	4,184
TOTAL CURRENT LIABILITIES		224,003	250,799
NON CURRENT LIABILITIES			
Lease liability	14	900	1,232
Long term provisions	15	1,562	1,712
Borrowings	17	24,908	-
TOTAL NON-CURRENT LIABILITIES		27,370	2,944
TOTAL LIABILITIES		251,373	253,743
NET ASSETS		183,345	176,477
EQUITY			
Contributed equity	18(a)	10,804	10,804
Asset revaluation reserve	18(b)	145,575	145,346
Building maintenance reserves	18(c)	1,083	1,083
Accumulated funds		25,883	19,244
TOTAL EQUITY		183,345	176,477

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

AGED CARE & HOUSING GROUP INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Contributed Equity \$'000	Accumulated Funds \$'000	Asset Revaluation Reserve \$'000	Building Maintenance Reserve \$'000	Total \$'000
Balance at 30 June 2021		10,804	27,131	143,144	1,147	182,226
Profit / (Loss) attributable to members		-	(7,887)	-	-	(7,887)
Other comprehensive income for the year		-	-	2,202	-	2,202
Total comprehensive income / (loss) for the year		-	(7,887)	2,202	-	(5,685)
Transfers to / (from) reserves		-	-	-	(64)	(64)
Balance at 30 June 2022		10,804	19,244	145,346	1,083	176,477
Profit / (Loss) attributable to members		-	6,639	-	-	6,639
Other comprehensive income for the year		-	-	229	-	229
Total comprehensive income / (loss) for the year		-	6,639	229	-	6,868
Transfers to / (from) reserves		-	-	-	-	-
Balance at 30 June 2023		10,804	25,883	145,575	1,083	183,345

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

AGED CARE & HOUSING GROUP INC.
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	2023 \$'000	2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Federal, state & local government subsidies		108,294	97,969
Resident rents, tariffs & retained contributions (RFU's & ILU's)		19,838	28,265
Payments to suppliers & employees		(138,940)	(134,648)
Interest received		1,354	292
Interest paid		(366)	(354)
Fundraising, donations & bequests		1	9
Sundry income		5,268	2,670
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES		<u>(4,551)</u>	<u>(5,797)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for land, building, plant & equipment & leasehold improvements		(42,168)	(16,146)
Proceeds from sale of investment Properties		14,123	-
Proceeds from sales of property, plant & equipment		790	464
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES		<u>(27,255)</u>	<u>(15,682)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Provision / (repayment) of borrowings		20,724	4,184
Total bonds, RADs and ILU/RFU contributions received		54,800	34,184
Total bonds, RADs and ILU/RFU contributions refunded		(37,233)	(37,296)
Repayment of lease liabilities		(521)	(666)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		<u>37,770</u>	<u>406</u>
Net increase/(Decrease) in Cash Held		5,964	(21,073)
Cash at the beginning of the financial year		38,780	59,853
CASH AT THE END OF THE FINANCIAL YEAR	5	<u><u>44,744</u></u>	<u><u>38,780</u></u>

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

**AGED CARE & HOUSING GROUP INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the *Australian Charities and Not-for-profits Commission Act 2012* as appropriate for not-for-profit oriented entities.

The financial statements cover the Aged Care & Housing Group Inc. (ACH Group) as an individual entity. The Aged Care & Housing Group Inc. is an association incorporated in South Australia under the Associations Incorporation Act 1985 (SA). For the purposes of preparing the financial statements the association is a not-for-profit entity. The financial statements are presented in Australian dollars, which is ACH Group's functional and presentation currency.

The financial statements were authorised for issue by the directors the same day as dated in the board of management report.

The financial report has been prepared on an accruals basis and is based on historical cost and does not take into account changing money values or, except where stated, current valuations on non-current assets.

The principal activities of the association is to provide residential aged care, retirement living accommodation and home care services.

The Registered Office and Principal Place of Business of the Association is:
22 Henley Beach Rd
Mile End SA 5031

New or amended Accounting Standards and Interpretations adopted

The incorporated association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the association.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Income Tax Status

As an endorsed "Income Tax Exempt Charity", the association is not liable for the payment of income tax under Section 50-5 of the Income Tax Assessment Act 1997. In addition it is also registered as a "Deductible Gift Recipient" for income tax purposes.

(b) Depreciation and Amortisation of non-current assets

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The cost of fixed assets constructed within the association includes the cost of materials, direct labour and borrowing 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 profit and loss during the financial period in which they are incurred.

All non-current assets are depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or useful lives of the improvements.

The depreciation rates for each class of depreciable asset are:

Buildings	2.5 - 4%
Plant & Equipment	10.0 - 33.3%
Leasehold Improvement	10.0%

The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(b) Depreciation and Amortisation of non-current assets (Cont.)
Plant and equipment (Cont.)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit and loss. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

Land and Buildings

Land and Buildings, comprising of Freehold land, Buildings and Residential property, are valued at fair value which is determined annually, with the assistance of independent valuation experts as disclosed in note 9.

The Board has decided that ACH Group would adopt annual Director's valuations and formal valuations every 3 years with the exception of investment properties which are valued externally every year.

If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Non-current physical assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of a same asset class previously recognised in profit and loss, in which case the increase is recognised in the statement of comprehensive income.

Any revaluation decrease is recognised in profit and loss, except to the extent that it offsets a previous revaluation increase for the same asset, in which case the decrease is debited directly to the asset revaluation reserve to the extent of the credit balance existing in revaluations reserve for that asset class.

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 asset.

(c) Capital Works

Property that is under construction is classified as Capital Works and is measured on the cost basis. Once construction is completed, the asset is transferred to buildings and treated in line with (b).

(d) Investment Property

Investment properties comprise of Independent Living Units (ILU's) and Resident Funded Units (RFU's) and are held for long term capital growth.

ILU's

Although both RFU's and ILU's being classified as investment property, they are significantly different in nature. The association owns 100% of the capital appreciation for ILU's whilst residents of RFU's generally have a share of the capital appreciation. In other words, the liabilities for ILU residents does not change while the liabilities for RFU residents fluctuate based on the market value of the property. It is considered more appropriate to value ILU's based on the market value at reporting date.

RFU's

Discounted cash flow (DCF) valuation method was adopted as of 1 July 2019. The DCF model incorporated actuarial tables and probability analysis to estimate when residents are likely to terminate their resident agreements. It is run over a 25 year period to provide a second and/or third generation of new residents. It also considers the market value of the ILU's within the village, the possible escalation in unit prices, and the sharing of capital gain between the operator and residents. Allowance is also made for transaction and refurbishment costs on resale, future capital works, and operating profit/losses for the provision of the village services.

The resultant cash flow is discounted at an appropriate rate that reflects the risk inherent with the operation of the retirement village to arrive at the market value of the owner/operator's interest in the village at a point in time.

In assessing the value of the DMF, it was assumed that where units are vacant within the village that they will be occupied within the first two years of the cash flow, on a staged basis having regard to their anticipated selling rate.

Gains or losses arising from changes in the valuation of investment properties are recognised at profit and loss in the period in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use. Any gains or losses on derecognition of an investment property are recognised in profit and loss in the period of derecognition.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(e) Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

On Costs

Employment on-costs include superannuation contributions with respect to outstanding liabilities for salaries and wages, long service leave and annual leave.

(f) Income and expenses

Income

The association recognises revenue as follows:

Revenue from Contracts with Customers

Revenue is recognised at an amount that reflects the consideration to which the association is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the association: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Government Subsidies and Resident Fees

Revenue from government subsidies, resident fees and rentals are recognised as it is earned based on the provision of services to residents.

Rental Income

Rent revenue from investment properties is recognised on a straight-line basis over the lease term.

Deferred management fee

DMF revenue on retirement village investment property is earned while the resident occupies the independent living unit or resident funded unit and is recognised as income over the resident's expected tenure. The expected tenure is calculated with reference to historical trends of rollovers over the past 5 years. DMF revenue is not discounted to present value as the income is received by offset against repayment of the existing resident liability on its settlement. DMF revenue to which the association is contractually entitled at reporting date is presented in the balance sheet as a deduction from resident loans. The excess of DMF revenue to which the association is contractually entitled at reporting date, over DMF revenue earned to date by amortisation over the expected period of tenure, is included in bond deposits and loans in the statement of financial position.

Grants

Grant revenue is recognised in profit or loss when the association satisfies the performance obligations stated within the funding agreements. If conditions are attached to the grant which must be satisfied before the association is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Donations and bequests

Donations and bequests are recognised as revenue when they are received, unless there are sufficiently specific performance obligations, then they are carried forward in the statement of financial position until this have been met.

Disposal of non-current assets

Income from the disposal of non-current assets is recognised when the control of the asset has passed to the buyer and determined by comparing proceeds with carrying amount. Any gain/(loss) on disposal is recognised at the date control of the asset is passed to the buyer and is determined after deductions from proceeds of the asset at that time.

Interest Income

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective

Other Revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(f) Income and expenses (Cont.)

Expenses

Employee benefits

Employee benefits expense includes all costs related to employment including wages and salaries and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the profit and loss represents the contributions made by ACH Group to the superannuation plan in respect of current services of staff.

(g) Current and non-current classification

Assets and liabilities are characterised as either current or non-current in nature. Assets that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets.

A current liability, is expected to settle in its normal operating cycle, is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period or does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

(h) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of twelve months or less.

(i) Trade and other receivables

Receivables include amounts receivable from goods and services, GST input tax credits recoverable, prepayments and other accruals. Collectability of trade receivables is reviewed on an ongoing basis. Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, less any allowance for expected credit losses. The entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

(j) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(k) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation office, in which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are recognised inclusive of GST.

Operating cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to the Australian Taxation Office is classified as operating cash flows.

(l) Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of property, plant and equipment is the higher of fair value less costs of disposal and value in use. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of an item of plant and equipment less, where applicable, accumulated depreciation to date, calculated on the basis of such cost. Value in use for all other assets is a discounted cash flow calculation.

An impairment loss exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of profit or loss and other comprehensive income. However, because land and building are measured at revalued amounts, impairment losses on land and buildings are treated as revaluation decrement.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(m) Payables

Creditors represents the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

(n) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(o) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The association has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(q) Unrecognised contractual commitments and contingent assets and liabilities

Commitments include those operating, capital and outsourcing commitments arising from contractual or statutory sources and are disclosed at their nominal value.

Contingent assets and contingent liabilities are not recognised in the statement of financial position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

(r) Self insurance

The ACH Group self insures for Workcover purposes and accordingly carries a provision based on an annual independent actuarial valuation.

(s) Accommodation Bonds

Residential Accommodation Bonds and Refundable Accommodation Deposits are paid by residents upon their admission to homes and are refunded after a resident departs a home in accordance with the Aged Care Act 1997. Accommodation bonds are non-interest bearing until the departure of the resident. The amount carried as a liability is the amount that would be payable on departure of the resident.

RADs and Bonds fall within the scope of AASB 16: Leases, in that there is a contract conveying to the resident the right to use an asset for a period of time, in exchange for consideration. The association has taken the view to estimate the fair value of the consideration by reference to the funding cost saved as a result of the entity having the benefit of interest free funds. This has resulted in an immaterial impact on interest income and interest expenditure, with no impact on net profit.

(t) ILU & RFU Entry Donation Loans

ILU & RFU entry donation loans are classified as financial liabilities at fair value through profit and loss with resulting fair value adjustments recognised in the profit or loss. Fair value is the amount payable on demand and is measured at the principal amount plus the residents' share of any increases in market value to reporting date less deferred management fees contractually accruing to reporting date.

ILU & RFU entry donation loans are non-interest bearing and are payable at the end of the resident contract.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(u) Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Fair value measurement hierarchy

The entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Estimation of useful lives of assets

The entity determines the estimated useful lives and related depreciation and amortisation 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.

Impairment of non-financial assets other than indefinite life intangible assets

The entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision

As discussed in note 1, 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.

Self insurance

The entity self insures for Workers Compensation. The liability is calculated by an actuary and involves significant estimates and judgements such as inflation rate, discount rate and future claims rate.

Expected tenure for RFU/ILU resident

The expected tenure for RFU/ILU residents are calculated based on the average length of stay for outgoing residents over the past 5 years according to their geographic locations, including Elkanah and the rest of SA.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the association based on known information. This consideration extends to the nature of and demands for products and services offered, customers expectations, staffing and economic conditions generally. There does not currently appear to be any significant recurring impact upon the financial statements. Considerable uncertainty remains regarding the future impacts of the Coronavirus (COVID-19) pandemic.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	Note	2023 \$'000	2022 \$'000
NOTE 2 REVENUE AND OTHER INCOME			
Revenue from contracts with customer			
- Federal, State & Local Government		108,294	97,969
- Rents, Tariffs & Resident Contributions		21,813	21,480
- Resident Fees & Bond Retentions		2,845	2,831
Total revenue from contracts with customer		<u>132,952</u>	<u>122,280</u>
Other Revenue			
- Building & reallocation donations		2,724	2,808
- Fund raising, donations and bequests		1	9
- Deferred management fee on RFU & ILU		2,894	3,205
- Net fair value gain on investment property revaluation	10	84	1,741
- Sundries		3,479	2,670
- COVID 19 grant income*		1,789	-
		<u>10,971</u>	<u>10,433</u>
Total Revenue		<u>143,923</u>	<u>132,713</u>
*COVID 19 grant income recorded during 2023 was a result of approved claims for reimbursement of eligible expenditure under the 'COVID-19 Aged Care Support Program' facilitated by the Department of Health. The expenditure was incurred in 2022 and no revenue related to these grant claims was recognised in 2022 as approval has not been provided by the Department of Health.			
Other Income			
- Gain/(loss) on sale of assets		683	308
- Interest received		1,354	292
- Gain on sale of investment properties		3,599	-
Total other income		<u>5,636</u>	<u>600</u>
Total Revenue and Other Income		<u>149,559</u>	<u>133,313</u>
NOTE 3 EXPENSES INCURRED IN DETERMINING PROFIT			
Employee expenses			
- Salaries & wages		86,568	83,170
- Defined contribution plans		8,715	8,279
- Labour on costs	3(a)	10,879	10,799
		<u>106,162</u>	<u>102,248</u>
(a) Labour on-costs includes annual leave, long service leave and Self Insurance costs.			
Additional information on the nature of other expenses:			
Repairs & maintenance		3,559	3,575
Fuel light & power		1,357	1,323
Motor vehicle running expenses		513	506
Rates & taxes		1,327	1,460
Low-value lease payments		102	137
Medical, domestic & laundry supplies		4,072	3,778
Food & catering		4,348	4,033
Administration expenses		12,116	12,613
Equipment Leasing		138	144
Audit, legal & consultancy		727	955
Client & brokerage expenses		405	658
Impairment of PPE & IP		-	842
Other expenses		50	-
		<u>28,714</u>	<u>30,024</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	Note	2023 \$'000	2022 \$'000
NOTE 4 DEPRECIATION AND AMORTISATION EXPENSE			
Buildings		3,390	3,388
Plant & equipment		3,615	4,638
Intangible assets		167	-
Right of use assets		450	492
		<u>7,622</u>	<u>8,518</u>
NOTE 5 CASH AND CASH EQUIVALENTS			
Cash at bank		3,222	14,075
Term deposits < 90 days		22,205	24,453
Cash at Bank - Foundation for Older Australians		239	234
Petty Cash Imprest		6	18
		<u>25,672</u>	<u>38,780</u>
<u>Reconciliation of cash to the statement of cash flows</u>			
Cash and cash equivalents		25,672	38,780
Financial assets (term deposits > 90 days)		19,072	-
Cash and cash equivalents per statement of cash flows		<u>44,744</u>	<u>38,780</u>
NOTE 6 FINANCIAL ASSETS			
Term deposits > 90 days		19,072	-
		<u>19,072</u>	<u>-</u>
NOTE 7 TRADE AND OTHER RECEIVABLES			
Resident debtors		549	1,260
Client debtors		214	185
General debtors		2,271	1,825
Refundable Accommodation Deposits		188	348
Accommodation bonds		1,770	2,175
		<u>4,992</u>	<u>5,793</u>
Less: provision for expected credit losses		(238)	(301)
		<u>4,754</u>	<u>5,492</u>
NOTE 8 OTHER ASSETS			
Stock on hand		128	454
Prepayments		1,572	1,541
		<u>1,700</u>	<u>1,995</u>
NOTE 9 PROPERTY, PLANT AND EQUIPMENT			
LAND AND BUILDINGS			
<u>Residential Property</u>			
Freehold land & buildings - at Fair value		150,431	149,239
Less: Provision for Depreciation		(5,890)	(2,947)
		<u>144,541</u>	<u>146,292</u>
<u>Corporate</u>			
Freehold land - at Fair value		13,383	12,195
Buildings - at Fair value		13,552	14,222
Less: Provision for Depreciation		(394)	(283)
		<u>26,541</u>	<u>26,134</u>
Total Land and Buildings		<u>171,082</u>	<u>172,426</u>

Bank loans for the Group of \$24.9m (Note 17) are secured by a mortgage over certain of the Group's freehold land and buildings.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	Note	2023 \$'000	2022 \$'000
NOTE 9 PROPERTY, PLANT AND EQUIPMENT (CONT.)			
CAPITAL WORKS IN PROGRESS			
Buildings under construction - at cost		39,988	9,701
Plant and equipment WIP - at cost		2,394	1,505
Total Capital Works		42,382	11,206
PLANT AND EQUIPMENT			
Plant and Equipment - at cost		51,970	48,258
Less: Provision for Depreciation		(38,514)	(35,944)
Total Plant and Equipment		13,456	12,314
LEASEHOLD IMPROVEMENTS			
Leasehold Improvements - at cost		3,247	3,247
Less: Provision for Depreciation		(1,925)	(1,863)
Total Leasehold Improvements		1,322	1,384
Total Property, Plant & Equipment		228,242	197,330

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Freehold Land	Residential Property	Buildings & Leasehold Improvements	Plant and Equipment	Capital Works	Total
Balance at 1 July	12,195	146,292	15,323	12,314	11,206	197,330
Additions	518	1,166	95	3,861	33,318	38,958
Disposals	-	-	-	(107)	-	(107)
Transfers to IA (note 11)	-	-	-	(480)	-	(480)
Expense through P&L	-	-	-	(40)	(643)	(683)
Reclassification	-	(24)	-	1,523	(1,499)	-
Depreciation expense	-	(2,893)	(497)	(3,615)	-	(7,005)
Revaluations	670	-	(441)	-	-	229
Balance at 30 June	13,383	144,541	14,480	13,456	42,382	228,242

Valuations of land and buildings

The valuation of corporate properties was undertaken by m3Property at 30 June 2023. The valuation of residential properties occurs every three years, and was last undertaken at 30 June 2021. m3Property are independent valuers not related to the Association, to determine the fair value of land and buildings. m3Property are members of the Institute of Valuers of Australia. The valuation was determined using the capitalisation of net returns approach.

NOTE 10 INVESTMENT PROPERTY

Resident Funded Units - DCF Valuation	83,086	110,751
ILU - Fair Value	68,833	72,409
Total Investment Property	151,919	183,160

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	ILU	RFU	Total
Balance at 1 July	72,409	110,751	183,160
Additions	522	176	698
Disposals	(4,098)	(27,925)	(32,023)
Gain from fair value adjustment	-	84	84
Balance at 30 June	68,833	83,086	151,919

Valuation of Investment Property

The fair value of Investment property has been arrived at on the basis of valuations carried out by m3property at 30 June 2023 using the discounted cash flow valuation method, an independent valuer not related to the association. M3property are members of the Institute of Valuers of Australia and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	Note	2023 \$'000	2022 \$'000
NOTE 11 INTANGIBLE ASSETS			
<u>Software</u>			
Service transformation phase 1&2		1,824	1,824
Service transformation phase 3&4		480	-
Accumulated amortisation		(167)	-
Total Intangible Assets		<u>2,137</u>	<u>1,824</u>

NOTE 12 RIGHT-OF-USE ASSETS

Buildings		3,173	3,140
Less: Provision for Depreciation		(1,951)	(1,501)
Total right-of-use assets		<u>1,222</u>	<u>1,639</u>

The entity leases land and buildings as part of their operations. The length and lease and future lease payments varies between lease agreements.

NOTE 13 TRADE AND OTHER PAYABLES

CURRENT			
Trade creditors		3,706	2,970
Sundry creditors		13,373	22,068
Other creditors		144	137
Income received in advance	13 (a)	<u>6,866</u>	<u>10,983</u>
		<u>24,089</u>	<u>36,158</u>
(a) Contract liabilities			
COMMONWEALTH DEPARTMENT OF HUMAN SERVICES			
- ViTA		938	1,032
- Community Care Services		<u>5,928</u>	<u>9,951</u>
Total		<u>6,866</u>	<u>10,983</u>

ACH Group and Flinders University have entered into an agreement to lease a portion of the ViTA premises for a period of 20 years from the date of occupation. In return, Flinders University via the Commonwealth of Australia has made available \$1.8m towards the construction costs of the premises in recognition of the mutual benefits of the University's collaboration with ACH Group in having a presence on the adjoining site of the Repatriation General Hospital for the provision of clinical teaching and training outside of tertiary hospitals. The funds are treated as unearned revenue and will be brought to revenue over the life of the lease.

NOTE 14 LEASE LIABILITY

Lease liability - current		361	461
Lease liability - non-current		<u>900</u>	<u>1,232</u>
Total lease liability		<u>1,261</u>	<u>1,693</u>

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Balance at 1 July 2022		1,693
Interest expense		40
Principal repayments		(472)
Balance at 30 June 2023		<u>1,261</u>

Future lease payments are due as follows:

Within one year		507
One to five years		834
More than five years		-
		<u>1,341</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	Note	2023 \$'000	2022 \$'000
NOTE 15 PROVISIONS			
CURRENT			
Long service leave		5,580	5,297
Annual leave		6,842	6,844
Self insurance		892	906
RFU maintenance		1,234	1,629
Registered Nurse Bonus Payment		677	-
		<u>15,225</u>	<u>14,676</u>
NON-CURRENT			
Long service leave		869	982
Self insurance		693	730
		<u>1,562</u>	<u>1,712</u>

Movement in each class of provision during the current financial year, other than employee benefits, are set out below:

	Self Insurance \$'000	RFU maintenance \$'000	Redundancy \$'000
Balance as at 1 July	1,636	1,629	-
Provisions adjustments	(51)	265	677
Sold with disposal of RFUs	-	(531)	-
Amounts used	-	(129)	-
Balance as at 30 June	<u>1,585</u>	<u>1,234</u>	<u>677</u>

Self Insurance

The provision represents the estimated liability in respect of outstanding claims as at reporting date. This is based on an independent actuarial valuation provided to ACH Group Inc.

RFU maintenance

The provision represents amounts provided in respect of long term maintenance requirements at resident funded unit locations.

Redundancies

The provision represents the estimated liability in respect of identified redundancies as at reporting date.

NOTE 16 BONDS, DEPOSITS AND LOANS

Accommodation Bonds		2,548	2,922
Refundable Accommodation Deposits		<u>101,241</u>	<u>86,318</u>
		103,789	89,240
ILU Refundable Entry Contributions		9,406	9,985
Deferred DMF Income		12,772	18,757
Resident funded unit loans - at fair value		<u>58,361</u>	<u>77,338</u>
		80,539	106,080
Total resident liabilities		<u>184,328</u>	<u>195,320</u>

	Accommodation bonds	RADs	ILU	RFU	Total
Balance as at 1 July	2,922	86,318	9,985	77,338	176,563
Incoming residents	-	39,828	179	7,957	47,964
Outgoing residents	(1,401)	(30,149)	(489)	(6,528)	(38,567)
Disposals	-	-	(249)	(21,251)	(21,500)
Net movement bonds awaiting probate	979	5,225	-	-	6,204
Other	48	19	(20)	845	892
Balance as at 30 June	<u>2,548</u>	<u>101,241</u>	<u>9,406</u>	<u>58,361</u>	<u>171,556</u>

RAD's awaiting Probate as at 30 June 2023 are \$7.7m (2022 :\$13.9m) have been accounted for in Sundry Creditors.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Note	2023 \$'000	2022 \$'000
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NOTE 17 BORROWINGS

Bank SA Loan - Current	-	4,184
Bank SA Loan - Non - Current	24,908	-
Total borrowings	24,908	4,184

Bank SA Loans are secured by a mortgage over certain land & buildings included in note 9.

Unrestricted access was available to the following lines of credit at reporting date:

Total facilities	Total facilities \$'000	Used at reporting date \$'000	Unused at reporting date \$'000
Borrowings	25,000	24,908	92
Bank guarantees	5,000	-	5,000
	30,000	24,908	5,092

NOTE 18 EQUITY

(a) Contributed Equity

Department of Health and Family Service	10,146	10,146
Hills Mallee Southern Regional Health Service Inc-Yankalilla	385	385
South Australian Health Commission	273	273
	10,804	10,804

(b) Asset Revaluation Reserve

Movements during the year		
Opening balance	145,346	143,144
Revaluation of Assets	229	2,202
Closing Balance	145,575	145,346

The asset revaluation reserve is used to recognise increments and decrements in the fair value of land, buildings and residential properties, excluding investment properties, as well as bed licences prior to 30 June 2012.

(c) Building Maintenance Reserve

Opening balance	1,083	1,147
Transfer to/from provisions	-	(64)
Closing Balance	1,083	1,083

NOTE 19 OPERATING LEASE ARRANGEMENTS

Operating Lease Receivables

Operating lease relates to leased property owned by ACH Group under a lease agreement

Non-cancellable operating lease receivable

Within one year	-	588
Later than one year and not later than five years	-	-
Later than 5 years	-	-
Total operating lease receivables	-	588

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

2023	2022
\$'000	\$'000

NOTE 20 KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation

The aggregate compensation made to directors and other members of key management personnel of the association is set out below. Any person(s) having authority and responsibility for planning, direction and controlling the activities of the Association, directly or indirectly, including its Board Directors, is considered key management personnel and include compulsory Superannuation Guarantee payment.

Aggregate Compensation	2,792	2,606
	<u>2,792</u>	<u>2,606</u>

NOTE 21 REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the association:

Audit Services	55	50
COVID Grant audits	-	15
Other Services - Compilation of financial statements	4	3
	<u>59</u>	<u>68</u>

NOTE 22 RELATED PARTY TRANSACTIONS

Key management personnel

Disclosures relating to key management personnel are set out in the note 20.

Transactions with related parties

There were no transactions or balances payable or receivable to / from related parties during the financial year (2022: \$0)

NOTE 23 CONTINGENCIES & COMMITMENTS

There were no contingent assets or liabilities at 30 June 2023 (2022: \$0).

There were no operational commitments 30 June 2023 (2022: \$0).

Capital Expenditure commitments contracted for:

- Construction of Residential Aged Care Facility at Elizabeth South (Healthia)	283	26,773
	<u>283</u>	<u>26,773</u>

NOTE 24 EVENTS AFTER THE REPORTING DATE

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

AGED CARE & HOUSING GROUP INC.

RESPONSIBLE PERSONS' DECLARATION


- per section 60.15 of the Australian Charities and Not-for-profits Commission Regulation 2022

The responsible persons declare that in the responsible persons' opinion:

- (a) there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- (b) the financial statements and notes satisfy the requirements of the Australian Charities and Not-for-profits Commission Act 2012.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2022* .


.....
Board Member


.....
Board Member

Dated this ^{30TH} day of October 2023
Adelaide

**AGED CARE & HOUSING GROUP INC.
REPORT OF THE BOARD OF MANAGEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

The Board of Management submit the following report for the financial year ended 30 June, 2023 under subsection 35(5) of the Associations Incorporation Act 1985 as follows:

- (a) no officer of the association has received or become entitled to receive a benefit as a result of a contract between the officer, a firm of which the officer is a member or a body corporate in which the officer has a substantial financial interest and the association.
- (b) other than the information provided as set out in Note 20, no officer of the association has received directly or indirectly from the association any payment or other benefit of a pecuniary value.



.....
Board Member



.....
Board Member

Dated this 30th day of October 2023
Adelaide

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGED CARE & HOUSING GROUP INCORPORATED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Aged Care & Housing Group Incorporated (the registered entity), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of Aged Care & Housing Group Incorporated, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the registered entity's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards – Simplified Disclosures 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 registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (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 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 responsible entities of the registered entity are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the registered entity's annual financial statements, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.



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

Responsibilities of responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The responsible entities of the registered entity are responsible for overseeing the registered entity's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

A handwritten signature in blue ink that reads 'BDO'.

BDO Audit Pty Ltd

A handwritten signature in black ink that reads 'JD Carver'.

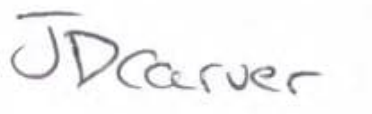
Josh Carver
Director

Adelaide, 31 October 2023

DECLARATION OF INDEPENDENCE
BY JOSH CARVER
TO THE DIRECTORS OF AGED CARE & HOUSING GROUP INCORPORATED

As lead auditor of Aged Care & Housing Group Incorporated for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Josh Carver
Director

BDO Audit Pty Ltd

Adelaide, 31 October 2023