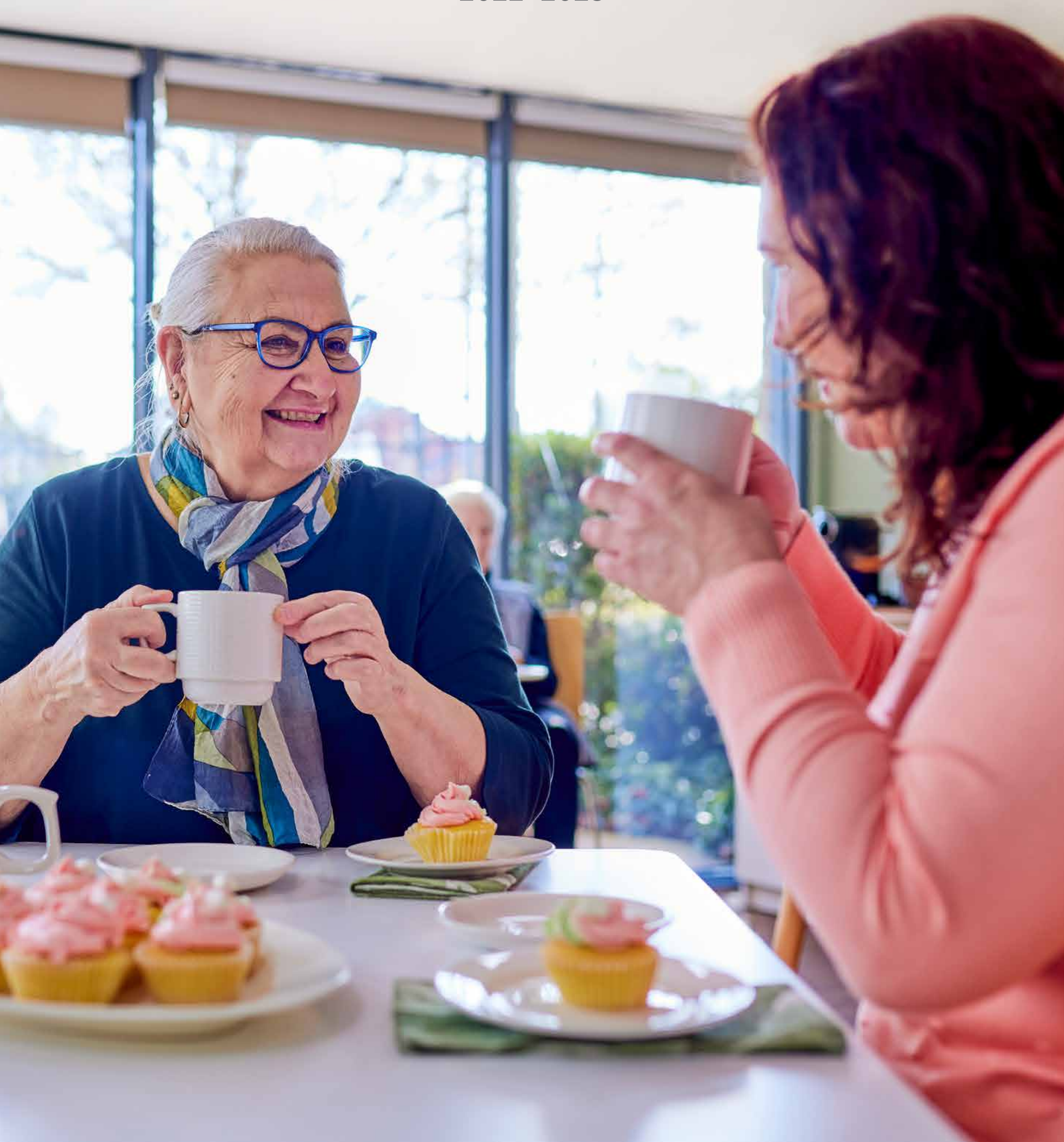
benetas

# Financial Report

2022 - 2023



# Contents



### General information

The financial report covers Anglican Aged Care Services Group trading as Benetas (the 'Company') as an individual entity, incorporated and domiciled in Australia. The financial report comprises the Directors' Report and the financial statements presented in Australian dollars, which is Anglican Aged Care Services Group's functional and presentation currency.

Anglican Aged Care Services Group is a not-for-profit unlisted public company limited by guarantee. Its registered office is:

### Registered office

Level 1, 789 Toorak Road
Hawthorn, Victoria, 3122

The financial report was authorised for issue, in accordance with a resolution of Directors, on 2 October 2023.

# Directors' report

Your directors present this report on the company for the financial year ended 30 June 2023.

## Information on Directors and Company Secretary

### Michael Urwin

Appointed to the Board in September 2016
Appointed as Chairman in December 2018

B.A. (Hons), Dip.Ed (Melb), FACE

Former Brighton Grammar School Headmaster, Michael Urwin, is an active member of the Anglican Church, having been a member of the Diocese of Melbourne Archbishop Council, and has served as the Vicar's Warden at his local parish, St Silas in Albert Park. He has also served as the Registrar of the Diocese.

During his time as Headmaster at BGS, Michael filled a number of external roles including Chair of the Associated Public Schools, Chair of the Victorian Branch of the Australian Heads of Independent Schools Association, and Trustee of the International Boys Schools Coalition.

To contribute wherever he can, Michael understands it continues to be a demanding time to be involved in aged care and wishes to support Benetas to be the best aged care provider possible. Michael believes in the power of strong, ethical leadership on younger professionals and the importance of creating a culture that allows all staff to be valued and developed. Michael also serves as Chair of the Board of Christ Church Grammar School.

### Sean Balding

Appointed to the Board in October 2017

B.Comm, GICD

Sean Balding is an executive who brings significant experience across finance, risk management, M&A and organisational management to the boardroom. Most recently he was the Chief Executive Officer of boutique insurer Eric Insurance and prior to that he was a partner at EY where he worked across audit, risk management and transaction advisory services. In his executive career he has worked as a Chief Financial Officer and Chief Operating Officer. He has over 30 years of experience across multiple industries and has worked in highly regulated enterprises.

Sean brings a strong focus on strategy, balance sheet management, continuous improvement, digital transformation and information security to the Benetas Finance and Risk Management Committee of which he is Chair. Sean is passionate about ensuring organisations align purpose with strategy. He looks forward to continuing to support the Benetas executive team as they implement the organisation's strategy.

### Helen Bloustein

Appointed to the Board in June 2017

B.Comm, Cert. Actuarial Techniques (IFoA), MAICD

Helen Bloustein brings to Benetas broad experience in investment management, superannuation and best-practice approaches to sustainability management and reporting.

She has held positions as a fund manager and Australian equities investment analyst at global Investment Management firms and been a member of the executive management team at a leading Superannuation Fund.

Helen's public sector experience includes the Bureau of Meteorology, and EPA Victoria where she project managed the United Nations Environment Programme Finance Initiative (UNEP FI) in Australasia.

She was seconded to UNEP FI's head office in Geneva and worked with international financial institutions to integrate environmental, social and governance practices into their business processes.

As Chair of the Investment and Funds Management Committee, Helen is proud to contribute to Benetas and to support the organisation in their provision of quality care to older Victorians.

### Susan Campbell

Appointed to the Board in December 2014

FCPA, MAICD, MBA, BCom, GradDip (SIA), Cert IV TAA

Susan Campbell brings to Benetas a range of skills in risk and finance, and many years of experience in governance, having previously been a long serving board member with Heritage Bank. Her consulting company was also active in training in risk and finance for financial services companies. Her previous employment has included working with global banks in Melbourne and London, corporate treasuries, CPA Australia and as a senior lecturer at RMIT University and La Trobe Graduate School.

In addition, Susan is also author of a number of books on the topic of risk and is a regular contributor of articles to professional magazines.

Susan is very proud of the way Benetas staff and residents have handled 2023. She sincerely hopes that whilst the staff have done an amazing job, we will continue to build an even better aged care system and a stronger organisation.

Susan is also a member of the Finance, Audit & Risk Committee, and the Investment & Funds Management Committee.

### Professor Deirdre Fetherstonhaugh

Appointed to the Board in December 2016

Dip Appl Sci (Nursing); Renal Cert, BA, MA,; PhD, RN

Professor Deirdre Fetherstonhaugh is the Director of the Australian Centre for Evidence Based Aged Care (ACEBAC) at La Trobe University. Deirdre's research focuses on the translation of research evidence into aged care practice, the ethical implications of clinical practice, decision-making for people with chronic conditions such as dementia or renal failure, sexuality and dementia, and measuring performance and clinical risk in residential aged care. She is also currently involved in developing and delivering education and training to the aged care sector.

Deirdre is dedicated to raising the profile of care staff in residential aged care, strongly believing that they deserve greater recognition and understanding of the work they do. With many years of experience in the aged care sector, Deirdre brings invaluable research skills and an understanding of the environment of residential aged care, including quality and safety in aged care, to the Benetas Board.

Throughout her life, Deirdre has always been grateful for the opportunity to keep learning. She recommends always looking for opportunity and that it's more about what you can do, not what you can't do.

### Deborah Law

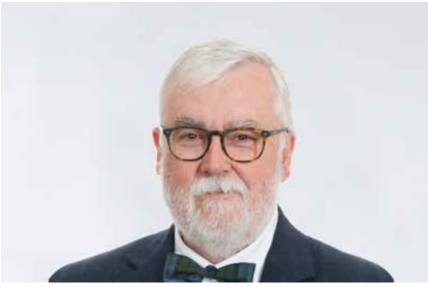
Appointed to the Board in July 2016

MPolAdmin, GradDipBus (Health Admin), DipPhysio

Deborah Law is a retired specialist in health service and workforce reform and policy, focusing her work on strengthening the interface between acute health, primary health and community care and aged care. She has also worked on numerous committees at a state and national level, including the promotion of primary health care development, improving aged care, and better chronic disease management and prevention.

With a strong focus on quality systems, Deborah hopes to work toward Benetas being even more inclusive of diverse opinion and backgrounds. Deborah is excited by the approaches to care that Benetas is taking. She believes that Benetas is a vibrant and energetic organisation that can continue to adapt future models of aged care for the benefit of all older generations.

Deborah feels she has been fortunate to have worked with a number of people throughout her career, who have been fearless, compassionate and courageous, with a high degree of emotional intelligence. It is these attributes that she has tried to emulate and encourages young professionals to strive for something similar and seek out every opportunity where they present themselves.



### Associate Professor Michael Murray AM

Appointed to the Board in August 2016

MB, BS, MPH, FRACP, AFRACMA, FAAG, FANZSGM, Clinical Associate Professor

Associate Professor Michael Murray has a broad range of management, clinical and clinical teaching experience in the area of aged care. Michael is the Divisional Medical Director of Continuing Care and Director of Geriatric Medicine, Austin Health.

With nearly 30 years' involvement in geriatric care, Michael's career highlights include extensive research in continence, public health, and public policy, as well as working in education and service development. He was the interim Chief Clinical Advisor to the first Aged Care Quality and Safety Commissioner from its inception, and was the Geriatrician appointed to the Covid Residential Aged Care response – Victorian Aged Care Response Centre (VACRC). Michael is currently a member of the Aged Care Advisory group to AHPPC, and more recently appointed as member of the National Aged Care Advisory Council.

Michael holds several board and committee positions with a variety of health and educational institutions, is the president of the National Ageing Research Institute (NARI) and the immediate past president of the Continence Foundation of Australia, among others.

As a former Head Scout, Michael lives by the words 'Good, better, best. Never let it rest, till your good is better and your better is the best.'

### The Venerable Helen Phillips

Appointed to the Board in June 2017

BTheol, DipMin, CertBowenFamSystems

Archdeacon Helen Phillips brings over 25 years of experience in governance, management, training and leadership in the Anglican Church and educational institutions in both Victoria and Queensland.

She is currently Vicar of Mornington and Mount Martha Anglican Church and Archdeacon of Frankston. Helen is passionate about training and empowering others to reach their God-given potential, especially as leaders, and loves to play a part in shaping people and organisations for a healthy and resilient future.

Helen's contributions to the Anglican community are many and varied, and her extensive understanding of spirituality and faith in practice plays a key role in Benetas' vision to deliver meaningful services to older people, regardless of background. With a strong connection to the values of Benetas' Anglican foundations, Helen helps to sharpen the organisation's strategic focus within the changing context of aged care.

### Julia Pryor

Appointed to the Board in February 2019

LLB, BA (History&Classics), ExecMA (Leadership&Mgt), MAICD

Julia Pryor is presently the Chief Risk Officer, Superannuation, Retirement and Platforms at AMP, and brings over 20 years' experience in governance, risk and compliance to her role on the Benetas Board.

Julia has expertise in areas of financial and corporate governance, as well as a tactical and pragmatic approach to overcoming obstacles.

Julia is passionate about the superannuation outcomes of all Australians. She has a strong customer focused approach which fits in well with the organisation's Next Generation Strategy.

With a proven track record in leading complex change management, Julia is well equipped to be a part of the future direction of aged care for Benetas and the broader aged care sector. She endeavours to apply the motto 'have courage and be kind' to everything she does in life.

## Company Secretary

The following person held the position of company secretary at the end of the financial year:

Mr Neil Fawcett (resigned 5 July 2022)
Mr Campbell Richards (appointed 5 July 2022)

## Principal Activities

The company is limited by guarantee and its principal activity during the financial year was the provision of Aged Care Services.

## Business and Strategic Objectives

The company's strategic outcomes and business objectives are outlined in its strategic document: "Next Generation Strategy 2025":

**Strategic outcomes:**

1. Integrated and Exceptional Customer Experience
2. Communities of Choice
3. Great Place to Work and Volunteer
4. High Performance Organisation

**Business objectives**

1. Integrated Enterprise – enhance our organisational capabilities and employee experience to support our Customer Experience, Quality of Life outcomes and financial sustainability objectives.
2. Residential Services – implement our innovative approach to residential care to deliver the best possible experience of living and dying for every individual.
3. Home Care – enable people to live independently in their homes and to enjoy a positive and respectful experience of life in the community.
4. Retirement Living Communities – offer customers the opportunity to live their best life in our Communities of Choice and support.
5. Primary Care – meet local community needs for the provision of integrated primary care services that delivers positive outcomes.

The Board utilises a monthly and quarterly reporting framework to measure management's progress against its strategic business objectives.

## Significant changes in State of Affairs

No significant changes in the nature of the company's activity occurred during the financial year.

## Company result

Operating conditions continued to be challenged due to COVID-19 outbreaks in 2023, as well as the impacts of staffing shortages and funding shortfalls.

Our operating surplus pre depreciation and amortisation was $13.4m (2022: $11.5m) which included $7.8m (2022: $6.5m) of bed licence amortisation and depreciation of $10.6m (2022: $10.4m).

The year ended 30 June 2024 year will be the final year of amortisation when all licences will have a carrying value of nil.

The current year operating surplus of $5.1m compared to a 2022 deficit of $5.5m. This did however include a $2.4m gain on sale of the St. Catharine's property offset by additional bed licence amortisation of $1.34m in comparison to the prior year.

The net deficit for the company amounted to $0.8m (2022: deficit of $8.3m), which reflected further impairments of licences, fluctuations in financial markets arising from our investment portfolios as well as fair value increments arising from our investment properties, both existing and those under development. Of note within these movements were:

- $0.9m in fair value gains relating to managed fund investments, improved from the prior year loss of $2.3m; and
- $4.2m in net fair value adjustments following the annual valuation of retirement village investment properties and associated lease liabilities. These was $0.98m higher than the prior year.

The total comprehensive income result was $7.32m which reflects a further $8.14m in fair value gains in the investment portfolio where fair value movements are recognised directly to equity.

## Review of Operations

The company is limited by guarantee and is a not-for-profit aged care provider of community and specialist residential care services. The principal sources of operating income are government grant funding and client income, and the majority of operating expenses continue to be met out of operating income. The company generates modest investment income which is used to fund strategic initiatives designed to further the objectives of the organisation and fund the various capital improvement and major project initiatives. During the year the company continued to maintain a range of measures to combat the impact of COVID-19. These include access to leave and working from home where required, and the use of social distancing measures and personal protective equipment have been maintained to protect staff. There have been continued costs associated with infection control and prevention of COVID-19. These costs have been captured separately in order to claim back from government grants where applicable.

# Meetings of Directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by Directors and External Advisors were:

| | Directors meetings | | Quality and Compliance Committee | Financial Audit and Risk Management Committee | Investment Funds Management Committee | Governance Committee |
|---|---|---|---|---|---|---|
| | Meetings held | | Meetings held (7) | Meetings held (10) | Meetings held (7) | Meetings held (4) |
| | Eligible | Attended | Attended | Attended | Attended | Attended |
| **Directors** | | | | | | |
| Michael Urwin | 11 | 11 | 5 | 9 | 5 | 4 |
| Susan Campbell | 10 | 7 | - | 6 | 4 | - |
| Deborah Law | 10 | 9 | 7 | - | - | 4 |
| A/Prof Michael Murray AM | 11 | 10 | 6 | - | - | - |
| Prof Deirdre Fetherstonhaugh | 11 | 11 | 5 | - | - | - |
| Archdeacon Helen Phillips | - | - | 1 | - | - | 1 |
| Helen Bloustein | 11 | 11 | - | - | 7 | - |
| Sean Balding | 11 | 10 | - | 10 | - | - |
| Julia Pryor | 11 | 10 | - | 8 | - | - |
| **External Advisors** | | | | | | |
| Dr Graeme Blackman AO | - | - | - | 8 | - | 4 |
| Keith Dickie | - | - | - | - | 5 | - |
| Elizabeth Loftus | - | - | - | - | 7 | - |
| Suyin Ng | - | - | - | 2 | - | - |
| Rev Dr Robert Mitchell AM | - | - | - | - | - | - |
| Dr Therese Riley | - | - | 6 | - | - | - |
| James Smith | - | - | - | - | 6 | - |
| Lisa Somerville | - | - | 1 | - | - | - |
| **Non-Directors** | | | | | | |
| Sandra Hills OAM | - | 11 | 6 | 9 | 5 | 4 |
| Neil Fawcett | - | 1 | - | - | - | - |
| Campbell Richards | - | 11 | - | 10 | 7 | 4 |

**Please note:**

1. Leave of absence was approved by the Board for Susan Campbell (1), Deborah Law (1), and Archdeacon Helen Phillips (11) during the year.
2. Suyin Ng resigned as an External Advisor on 31st October 2022.
3. Rev Dr Robert Mitchell AM was appointed as an External Advisor to the Governance Committee on 5th June 2023.
4. Lisa Somerville was appointed as an External Advisor to the Quality & Compliance Committee on 22nd May 2023.
5. Campbell Richards was appointed Company Secretary on 5th July 2022.
6. Neil Fawcett ceased to be Company Secretary on 5th July 2022.

## Contributions on winding up

In the event of the company being wound up, members are required to contribute not more than $50 each to the property of the company.

## Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

## Auditor's independence declaration

A copy of the auditor's independence declaration for the year ended 30 June 2023 has been received and is set out immediately after this Directors' report.

This Directors' report is signed in accordance with a resolution of Directors.

On behalf of the Directors

Sean Balding
Director

Michael Urwin
Director

2 October 2023

Deloitte Touche Tohmatsu
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Australia

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2 October 2023

The Directors
Anglican Aged Care Services Group
Level 1, 789 Toorak Road
Hawthorn VIC 3122

Dear Directors

**Auditor's Independence Declaration to Anglican Aged Care Services Group**

In accordance with Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Directors of Anglican Aged Care Services Group.

As lead audit partner for the audit of the financial statements of Anglican Aged Care Services Group for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Australian Charities and Not-for profits Commission Act 2012* in relation to the audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Sandra Lawson
Sandra Lawson
Partner
Chartered Accountants

## Statement of profit or loss and other comprehensive income for the year ended 30 June 2023

| REVENUE | NOTE | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|---|
| Revenue | 2 | 169,176 | 157,580 |
| Other Income | 2 | 7,789 | 4,834 |
| Total revenue and income | | 176,965 | 162,414 |
| **EXPENSES** | | | |
| Employee expense | 3 | (101,068) | (91,259) |
| Depreciation and amortisation expense | 3 | (18,456) | (16,968) |
| Client specific expense | | (17,684) | (17,422) |
| Catering expense | | (11,926) | (10,577) |
| Cleaning expense | | (5,390) | (5,406) |
| Repairs, maintenance and vehicle running expense | | (7,632) | (6,397) |
| Rental expense | 3 | (260) | (203) |
| Utilities, rates and insurance expense | | (4,800) | (4,376) |
| Other expenses | | (6,480) | (6,316) |
| Interest paid | 3 | (8,346) | (8,997) |
| **Operating deficit** | | **(5,077)** | **(5,507)** |
| Fair value of investment property | 10 | 13,920 | 8,265 |
| Fair value of lease liabilities | | (9,680) | (5,001) |
| Fair value of financial assets | 6 | 866 | (2,304) |
| Impairment of bed licences | 8 | (850) | (3,712) |
| **Deficit for the year** | 23 | **(821)** | **(8,259)** |
| **Other comprehensive income (or loss):** | | | |
| Items that will not be reclassified to profit or loss | | | |
| - Fair value movement of investments (financial assets) | | 8,142 | (9,229) |
| Other comprehensive income (or loss) for the year | | 8,142 | (9,229) |
| **Total comprehensive income (or loss) for the year** | | **7,321** | **(17,488)** |

The accompanying notes form part of these financial statements.

# Statement of financial position as at 30 June 2023

**ASSETS**

| CURRENT ASSETS | NOTE | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|---|
| Cash and cash equivalents | 4 | 32,550 | 27,436 |
| Accounts receivable and other debtors | 5 | 13,743 | 9,656 |
| Financial assets | 6 | 58,785 | 66,477 |
| Assets held for sale | 9 | - | 960 |
| Total Current Assets | | 105,078 | 104,529 |

| NON-CURRENT ASSETS | | | |
|---|---|---|---|
| Financial assets | 6 | 88,627 | 72,724 |
| Property, plant and equipment | 7 | 187,678 | 192,563 |
| Right-of-use assets | 21 | 3,898 | 3,744 |
| Intangibles | 8 | 8,104 | 16,943 |
| Investment properties | 10 | 156,137 | 131,295 |
| Total Non-Current Assets | | 444,444 | 417,269 |
| **Total Assets** | | **549,522** | **521,798** |

**LIABILITIES**

| CURRENT LIABILITIES | | | |
|---|---|---|---|
| Accounts payable and other payables | 11 | 18,407 | 18,654 |
| Client equity contributions, RADs, accommodation bonds and leases | 12 | 293,337 | 269,215 |
| Borrowings | 14 | - | 5,680 |
| Lease liabilities | 21 | 817 | 775 |
| Employee provisions | 13 | 12,238 | 11,163 |
| Total Current Liabilities | | 324,799 | 305,487 |

| NON-CURRENT LIABILITIES | | | |
|---|---|---|---|
| Lease liabilities | 21 | 3,609 | 3,359 |
| Employee provisions | 13 | 2,441 | 1,600 |
| Total Non-Current Liabilities | | 6,050 | 4,959 |
| **Total Liabilities** | | **330,849** | **310,446** |
| **Net Assets** | | **218,673** | **211,352** |

| EQUITY | | | |
|---|---|---|---|
| Retained earnings | 23 | 211,150 | 211,770 |
| Other contributed equity | | 3,793 | 3,793 |
| Reserves | 20 | 3,730 | (4,211) |
| **Total Equity** | | **218,673** | **211,352** |

The accompanying notes form part of these financial statements.

## Statement of changes in equity for the year ended 30 June 2023

| | | TOTAL RESERVES | | | |
|---|---|---|---|---|---|
| | Other Contributed Equity $'000's | Major Maintenance Fund $'000's | Investment Revaluation Reserve $'000's | Retained Earnings $'000's | Total Equity $'000's |
| Balance at 1 July 2021 | 3,793 | 1,547 | 9,819 | 213,924 | 228,840 |
| Deficit for the year | - | - | - | (8,259) | (8,259) |
| Other comprehensive income for the year | - | - | (9,229) | - | (9,229) |
| Total comprehensive income for the year | - | - | (9,229) | (8,259) | (17,488) |
| Transactions with Members in their capacity as Members: | | | | | |
| Major maintenance fund provision | - | 679 | - | (679) | - |
| Realised gain/(losses) on disposal of investments | - | - | (7,027) | 7,027 | - |
| Balance at 30 June 2022 | 3,793 | 2,226 | (6,437) | 211,770 | 211,352 |

| | Other Contributed Equity $'000's | Major Maintenance Fund $'000's | Investment Revaluation Reserve $'000's | Retained Earnings $'000's | Total Equity $'000's |
|---|---|---|---|---|---|
| Balance at 1 July 2022 | 3,793 | 2,226 | (6,437) | 211,770 | 211,352 |
| Deficit for the year | - | - | - | (821) | (821) |
| Other comprehensive income for the year | - | - | 8,142 | - | 8,142 |
| Total comprehensive income for the year | - | - | 8,142 | (821) | 7,321 |
| Transactions with Member in their capacity as Members: | | | | | |
| Major maintenance fund provision | - | 297 | - | (297) | - |
| Realised gain/(losses) on disposal of investments | - | - | (498) | 498 | - |
| **Balance at 30 June 2023** | **3,793** | **2,523** | **1,207** | **211,150** | **218,673** |

The accompanying notes form part of these financial statements.

## Statement of cash flows for the year ended 30 June 2023

| CASH FLOW FROM OPERATING ACTIVITIES | NOTE | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|---|
| Commonwealth, State and Local Government grants and client income | | 151,787 | 144,044 |
| Receipts from donations, bequests and raffles | | 56 | 159 |
| Payments to suppliers and employees | | (151,726) | (146,212) |
| Interest received | | 1,976 | 269 |
| Dividends received | | 2,214 | 1,853 |
| Interest paid | | (495) | (538) |
| Net cash from/(used in) operating activities | | 3,812 | (425) |

| CASH FLOW FROM INVESTING ACTIVITIES | | | |
|---|---|---|---|
| Proceeds from assets held for sale and property | 7 | 3,405 | 204 |
| Payment for property, plant and equipment - residential aged care | 7 | (2,989) | (5,988) |
| Payment for property, plant and equipment - non-residential aged care | | (1,706) | - |
| Proceeds from sale of investments (financial assets) | | 45,972 | 53,445 |
| Payment for investments (financial assets) | | (45,576) | (55,868) |
| Payment for intangibles | 8 | (149) | (4) |
| Payments for investment property assets and development | 10 | (10,444) | (26,337) |
| Net cash used in investing activities | | (11,487) | (34,548) |

| CASH FLOW FROM FINANCING ACTIVITIES | | | |
|---|---|---|---|
| Proceeds from borrowings | | - | 5,680 |
| Refunds of residential RADs, accommodation bonds and entry contributions | | (51,633) | (50,702) |
| Proceeds from residential RADs, accommodation bonds and entry contributions | | 49,928 | 44,584 |
| Payments for leases | | (888) | (849) |
| Refunds of retirement village leases | | (6,361) | (3,516) |
| Proceeds from retirement village leases | | 27,423 | 19,034 |
| Repayment of borrowings | | (5,680) | - |
| Net cash from financing activities | | 12,789 | 14,231 |
| Net increase/(decrease) in cash and cash equivalents | | 5,114 | (20,742) |
| Cash and cash equivalents at the beginning of the financial year | | 27,436 | 48,178 |
| **Cash and cash equivalents at the end of the financial year** | 4 | **32,550** | **27,436** |

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

The financial statements cover Anglican Aged Care Services Group trading as Benetas (the 'company') as an individual entity, incorporated and domiciled in Australia. The company is a public company limited by guarantee.

## Note 1: Summary of significant accounting policies

### Basis of Preparation

These general-purpose financial statements have been prepared in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and Australian Accounting Standards - Simplified Disclosures and Australian Accounting interpretations. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. All financial information has been rounded to the nearest thousand unless otherwise stated.

The financial statements were authorised for issue on 2 October 2023 by the Directors of the company.

### Accounting Policies

#### a. New revised or amended Accounting Standards and Interpretations adopted

The company 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 adopted early.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

#### b. New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ending 30 June 2023.

At the date of these financial statements, the standards listed below are yet to come into effect.

The Directors are still assessing the likely impact of their adoption.

| Standard/Amendment | Effective for annual reporting periods beginning on or after |
|---|---|
| AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current – Deferral of Effective Date. | 1 July 2023 |
| AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates | 1 July 2023 |

#### c. Revenue and income

**Government subsidies**

Government subsidies are recognised as revenue over time as services are provided. Funding claim submissions are managed daily, and Government subsidies are usually payable within approximately one month of services having been performed.

**Resident and client service revenue**

Resident and client fee revenue is recognised over time as performance obligations are satisfied, which is as the services are provided. Fees received in advance of services being performed are recognised as contract liabilities.

**Deferred management fees**

Under AASB 15, deferred management fees are recognised over the expected length of stay of a retirement living resident. The expected length of stay of a resident is estimated based on historical tenure data and expectations of future trends, noting age of resident, gender, and other specified characteristics. The unearned revenue is recognised as a contract liability.

**Grant income without sufficiently specific and enforceable performance obligations**

Grant funds received by the company that do not have sufficiently specific and enforceable performance obligations are recognised as income when the company gains control of the funds.

#### Grant revenue with sufficiently specific and enforceable performance obligations

Grant funds received by the company that have sufficiently specific and enforceable performance obligations, in accordance with AASB 15, are recognised as a contract liability on receipt and are recognised as revenue, over time, as the company satisfies its performance obligations.

#### Donations and bequests

Donation and bequest income is recognised when the company gains control of the funds and when the funds provided do not give rise to an obligation.

#### Interest income

Interest income is recognised on an accrual basis using the effective interest method.

#### Investment income

Dividend and distribution income is recognised when dividends are received.

### d. Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation and are accounted for using the fair value model.

Investment properties are included in the statement of financial position at fair value. These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property. If any village units are under strata title for which Benetas received deferred management fees, these units are excluded from the investment property asset and lease values.

Any gain or loss resulting from a change in the fair value is immediately recognised in profit or loss within change in fair value of investment property.

Income and operating expenses from investment property are reported within revenue and other expenses respectively.

Villages under construction are carried at fair value. Units are transferred from villages under construction to operational villages once residents have entered the property. Villages under construction, include consideration of the recognition of a development margin and deferred management fees and consider stage of completion and development risk associated with the development.

### e. Property, Plant and Equipment

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

#### Freehold property

Freehold land and buildings are shown at cost or deemed cost, less subsequent depreciation for buildings.

#### Plant and equipment

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

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost are recognised at the fair value of the asset at the date it is acquired.

#### Depreciation

The depreciable amount of all fixed assets, including buildings but excluding freehold land, are depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is available for use.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|---|---|
| Buildings | 2.5% - 10% |
| Plant and equipment | 10% - 33% |
| Furniture and fittings | 10% - 20% |
| Motor vehicles | 20% |

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss.

## f. Leases

### Leases in which the company is a lessee

The company leases various offices and vehicles. Rental contracts are typically made for fixed periods of 2 to 5 years but may have extension options.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the company under residual value guarantees
- The exercise price of a purchase option if the company is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

### Leases in which the company is a lessor

Contracts with residents includes provisions for room details, fees, charges, and payments. The company has concluded that its accommodation arrangements relating to the provision of residential aged care and retirement living accommodation contains a lease, being the exclusive right to the use of an identified room/unit by a resident.

From the adoption of AASB 16 Leases it was concluded that Benetas is a lessor in the arrangement where a resident has chosen a Refundable Accommodation Deposit (RAD) or Bond arrangement under which to receive residential aged care accommodation. The arrangement is accounted for by recognising a non-cash increase in income, with a corresponding non-cash increase in finance costs on the outstanding RAD liability with no net impact on the result in the period. The imputed interest income is calculated on the Maximum Permissible Interest Rate (MPIR) applicable at the date of entry for each resident from the date of adoption of the standard.

## g. Financial Instruments

### Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e., trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are recognised as expenses in profit or loss immediately.

### Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

i. Financial assets at amortised cost

Loans, receivables, and interest-bearing deposits are non-derivative financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and where the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Finanical assets measured at fair value through other comprehensive income

Investments in listed equity instruments:

The company made an irrevocable election at initial recognition for investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Both unrealised gains or losses and realised gains or losses are recognised as other comprehensive income. Dividends on these financial assets are recognised as other income in the profit or loss.

When these financial assets are derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into retained earnings.

iii. Financial assets measured at fair value through profit or loss

Recognition of realised and unrealised gains or losses relating to managed fund investments are recorded at fair value through profit or loss.

**Fair Value**

Fair value is determined based on current bid prices for all quoted instruments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions with reference to similar instruments and option pricing models.

**De-recognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire, or the asset is transferred to another party whereby the company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the profit or loss.

**h. Impairment of Assets**

At the end of each reporting period, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired, as required by Australian Accounting Standards. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the company would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset's class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

**i. Employee Provisions**

**Short-term employee provisions**

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

**Other long-term employee provisions**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in the profit or loss as a part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

### j. Cash and Cash Equivalents

Cash and cash equivalents include cash, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### k. Accounts receivable and other debtors

Accounts receivable and other debtors include amounts due from customers for accommodation payments and services provided in the ordinary course of business. An unpaid Refundable Accommodation Deposit receivable is recognised where the resident chooses a drawdown payment option, or a deferred Daily Accommodation Payment (DAP) arrangement is put into place. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Individual receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty may default.

### l. Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a net basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

### m. Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

### n. Intangibles

#### Bed Licences

Bed licences have been recognised under AASB 138 as meeting the classification criteria of being both holding a future economic benefit and reliably measurable. Bed licences are identified and controlled by the company and are recognised at purchased cost if acquired as single assets in a business combination, deemed cost, based on fair market valuation at the time of recognition. The bed licences are subject to impairment testing with further details of the current year calculation detailed in Note 8.

In response to the Royal Commission into Aged Care Quality and Safety, the Federal Government announced changes to the aged care system that assigns places directly to senior Australians. This means that from 1 July 2024, bed licences will no longer exist. Whilst the company's view is that the fair value of the bed licences is nil, in order to comply with the Australian Accounting Standards in relation to intangible assets, bed licences are now held with a finite useful life and have been amortised on a straight-line basis from the announcement date of 30 September 2021. In addition, the company holds some bed licences that are considered "inactive", and these have been impaired as at 30 June 2023. The amortisation charge and impairment of bed licences has no impact on cash flows and does not change the underlying value of the company's aged care operations.

#### Software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and install the specific software. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The intangible asset is amortised on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is available for use. The amortisation rate used for this class of asset is 20% - 33%. Amortisation has been included within depreciation and amortisation expense.

**o. Provisions**

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

**p. Accommodation Bonds, Refundable Accommodation Deposits and Resident Lease Liabilities**

In accordance with the Aged Care Act 1997, Refundable Accommodation Deposits and Accommodation Bonds may be charged to a resident on entry to an aged care facility. RAD's and Accommodation Bonds are recognised at an amount equal to the proceeds received and are classified as a current liability due to:

- RAD's being repayable when a resident departs the facility, and / or
- Accommodation Bonds being repayable when a resident departs the facility.

Resident Lease Liabilities are the refundable portion of incoming contributions made in respect of Independent Living Units subject to the Retirement Villages Act. Resident Lease Liabilities are required to be returned to tenants, net of deferred management and major maintenance fund fees, upon expiry of the lease or when they vacate the property.

**q. Critical Accounting Estimates and Judgements**

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

**Key Judgements**

i. Employee benefits

For the purposes of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. The company expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

ii. Investment property

The company carries investment property at fair value with changes in the fair value recognised in profit or loss. At the end of each reporting period, the Board update their assessment of the fair value of investment property, taking into account the most recent independent valuations.

iii. Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets as determined by the current Strategic Plan (Next Generation Strategy 2025) and the implementation roadmap that is refreshed annually. Uncertainties in these estimates relate to material changes in direction or timing of these plans.

iv. Right of use assets and lease liabilities

In applying AASB 16, the company has made the following judgements.

In determining the lease term used to ascertain total future lease payments, the company considers all facts and circumstances that create an economic benefit to exercise an extension option. Renewal options are only considered to be part of the lease term if the lease is reasonably certain to be extended. The company has included renewal periods as part of the lease term for all leases it is reasonably certain will be extended.

Where the company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to calculate the present value of future lease payments. The IBR is the interest rate that the company would have to pay to borrow over a similar term of each lease. To determine the IBR, the company:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third-party financing, and
- Makes adjustments specific to the lease, e.g., term and security.

### r. Business Combination

The company applies the AASB 3 Business Combinations acquisition method in accounting for business combinations.

The company recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values. Acquisition costs are expensed as incurred.

If the fair values of identifiable net assets exceed the consideration, the excess amount (i.e., gain on a bargain purchase) is recognised in profit or loss immediately. When the company obtains control of an acquiree without transferring consideration, the difference between the assets and liabilities acquired should be recognised as other contributed equity.

### s. Assets held for sale

The company classifies non-current assets as held for sale if their carrying amount will be recovered principally through sale rather than through continuing use and a sale is considered highly probable in accordance with criteria specified in AASB 5 Non-current Assets Held for Sale and Discontinued Operations. Such non-current assets as held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

### t. Working Capital Deficiency

The company discloses a working capital deficiency of $219,721,000 (2022: $200,958,000). The deficiency arises as a result of resident accommodation deposits, accommodation bond liabilities and resident lease liabilities of $293,337,000 (2022: $269,215,000) being classified as current liabilities on the basis they are repayable to residents when they leave the facility or unit, which can be at any time. The Board does not expect the balance to reduce significantly on an annual basis as the liabilities relating to residents who depart the facility/unit are generally replaced by resident accommodation deposits/liabilities received from new residents. The resident liabilities are therefore considered to form a part of the long-term funding of the company. In addition, the investments (non-current financial assets) of $88,627,000 (2022: $72,724,000) are investments in listed corporations and fixed interest securities. While the company's investment strategy is to hold these assets for long term economic gain, these assets are highly liquid and can be sold and converted into cash inside two working days.

## NOTE 2: Revenue and other income

| REVENUE | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|
| Revenue from government grants and other grants | | |
| State/Federal government grants | 125,059 | 113,509 |
| Other revenue | | |
| Client service income | 36,408 | 35,612 |
| Imputed interest revenue on RAD and bond balances (AASB 16) | 7,709 | 8,459 |
| Total revenue | 169,176 | 157,580 |
| Other Income | | |
| Other | 891 | 1,808 |
| Rental income | 626 | 678 |
| Interest received from corporations | 1,976 | 269 |
| Dividends received from corporations | 2,214 | 1,853 |
| Donations and bequests received | 56 | 159 |
| Gain on disposal of non-current assets | 2,026 | 67 |
| Total other Income | 7,789 | 4,834 |
| Total revenue and other income | 176,965 | 162,414 |

## NOTE 3: Expenses

| EXPENSES | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|
| (Deficit)/Surplus includes the following specific expenses: | | |
| Employee benefits expense: | | |
| Contributions to defined contribution superannuation funds | 7,821 | 7,367 |
| Employee benefits expense | 93,247 | 83,892 |
| Total employee benefits expense | 101,068 | 91,259 |
| Rental expense on short-term and low-value leases: | | |
| Short term lease payments - property | 117 | 107 |
| Low-value lease payments - office equipment | 143 | 96 |
| Total rental expense | 260 | 203 |
| Interest expense | | |
| imputed interest cost on RAD and bond balance (AASB 16) | 7,709 | 8,459 |
| Interest expense on lease liabilities (AASB 16) | 142 | 74 |
| Interest expense on RAD and bond for departed residents | 495 | 464 |
| Total interest expense | 8,346 | 8,997 |
| Depreciation and amortisation: | | |
| Land and buildings | 4,423 | 4,331 |
| Plant and equipment | 2,922 | 2,716 |
| Motor vehicle | 250 | 261 |
| Furniture and equipment | 1,744 | 1,709 |
| Software | 241 | 600 |
| Bed Licences | 7,897 | 6,555 |
| Right of use assets (AASB 16) | 979 | 796 |
| Total depreciation and amortisation | 18,456 | 16,968 |

## NOTE 4: Cash and cash equivalents

| CURRENT | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|
| Cash at bank—unrestricted | 24,668 | 13,542 |
| Term deposits < 3 Months | 7,882 | 13,894 |
| Total cash and cash equivalents as stated in the statement of financial position | 32,550 | 27,436 |

## NOTE 5: Accounts receivable and other debtors

| CURRENT | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|
| Accounts receivable | 1,809 | 1,219 |
| Expected credit losses | (250) | (251) |
| | 1,559 | 968 |
| Other debtors | 4,385 | 2,717 |
| Accrued Income | 2,791 | 904 |
| Prepayments | 1,380 | 992 |
| Reimbursement asset for portable long service leave | 128 | 74 |
| | 8,684 | 4,687 |
| Residential redundable deposits receivable, accomodation bonds receivable and entry contributions receivable | 3,500 | 4,001 |
| Total current accounts receivable and other debtors | 13,743 | 9,656 |

## NOTE 6: Financial assets

| CURRENT | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|
| Finanical assets at amortised cost - interest bearing deposits | 58,785 | 66,477 |
| **NON-CURRENT** | | |
| Financial assets (fair value through other comprehensive income) | 71,479 | 56,443 |
| Financial assets (fair value through profit and loss) | 17,148 | 16,281 |
| | 88,627 | 72,724 |
| Total financial assets | 147,412 | 139,201 |

For further details refer to note 19 'Financial instruments'.

## NOTE 7: Property, plant and equipment

| LAND AND BUILDINGS | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|
| Freehold land at cost | 69,736 | 69,736 |
| Buildings - at cost | 136,495 | 133,001 |
| Less: Accumulated depreciation | (37,791) | (33,368) |
| Less: Impairment | (214) | (214) |
| | 98,490 | 99,419 |
| Plant and equipment - at cost | 28,691 | 26,405 |
| Less: Accumulated depreciation | (18,118) | (15,196) |
| Less: Impairment | (165) | (165) |
| | 10,408 | 11,044 |
| Fixtures and fittings - at cost | 19,454 | 18,244 |
| Less: Accumulated depreciation | (12,459) | (10,716) |
| | 6,995 | 7,528 |
| Motor vehicles - at cost | 1,752 | 2,201 |
| Less: Accumulated depreciation | (1,278) | (1,474) |
| | 474 | 727 |
| Assets under construction | 1,575 | 4,109 |
| Total property, plant and equipment | 187,678 | 192,563 |

**Reconciliations**

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

| | Assets Under Construction $'000's | Freehold Land $'000's | Buildings $'000's | Plant & Equipment $'000's | Motor Vehicles $'000's | Furniture & Fittings $'000's | Total $'000's |
|---|---|---|---|---|---|---|---|
| Balance at 1 July 2022 | 4,109 | 69,736 | 99,419 | 11,044 | 727 | 7,528 | 192,563 |
| Additions | 465 | - | 989 | 2,209 | - | 1,211 | 4,874 |
| Disposals | - | - | - | (1) | (3) | - | (4) |
| Write off of assets | (416) | - | - | - | - | - | (416) |
| Transfers in/(out) | (2,583) | - | 2,505 | 78 | - | - | - |
| Depreciation expense | - | - | (4,423) | (2,922) | (250) | (1,744) | (9,339) |
| Balance at 30 June 2023 | 1,575 | 69,736 | 98,490 | 10,408 | 474 | 6,995 | 187,678 |

| Assets under contruction will be completed: | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|
| Residential Aged Care | | |
| not later than 12 months | 95 | 3,603 |
| later than 12 months | 1,480 | 506 |
| | 1,575 | 4,109 |
| Total Assets under construction | 1,575 | 4,109 |

## NOTE 8: Intangibles

| NON-CURRENT ASSETS | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|
| Software | 207 | 299 |
| Bed licences | 7,897 | 16,644 |
| Carrying amount at end of year | 8,104 | 16,943 |

### Reconciliations

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

| | Bed licences $'000's | Software $'000's | Total $'000's |
|---|---|---|---|
| Balance at 1 July 2022 | 16,644 | 299 | 16,943 |
| Additions | - | 149 | 149 |
| Impairment of assets | (850) | - | (850) |
| Amortisation expense | (7,897) | (241) | (8,138) |
| Balance at 30 June 2023 | 7,897 | 207 | 8,104 |

### Bed licences

The company's bed licences were initially recognised at fair value which was considered to be the deemed cost, if acquired for nil consideration, or in a business combination.

In response to the Royal Commission into Aged Care Quality and Safety, the Federal Government announced on 1 July 2024, it will implement changes to the current aged care system that assigns places directly to senior Australians. This means that from 1 July 2024, bed licences will no longer exist. Whilst the company's view is that the fair value of the bed licences is nil, in order to comply with the Australian Accounting Standards in relation to intangible assets, bed licences are now held with a finite useful life and have been amortised on a straight-line basis from the announcement date of 30 September 2021. In addition, the company holds some bed licences that are considered "inactive", and these have been impaired as at 30 June 2023. The amortisation charge and impairment of bed licences has no impact on cash flows and does not change the underlying value of the company's aged care operations.

Whilst our bed licences operate in conjunction with our residential facilities and overall the "fair value" of our facility assets and operations will not change, the facility assets are recorded on an historical cost basis in Property, Plant and Equipment under note 7, and are therefore not revalued on an annual basis to reflect any fair value adjustments. As a result, there will be no accounting adjustment for any fair value increases in residential facility assets whilst bed licences are progressively amortised up to 30 June 2024.

## NOTE 9: Assets held for sale

| CURRENT ASSETS | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|
| Assets held for sale | - | 960 |

| | | |
|---|---|---|
| **Movement schedule** | | |
| Opening carrying value | 960 | - |
| Transfer | 157 | 960 |
| Transfer at cost from property, plant and equipment | (960) | - |
| Disposals | (157) | - |
| Closing carrying value | - | 960 |

## NOTE 10: Investment properties

| | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|
| Investment property - operational | | |
| Opening carrying value | 115,295 | 43,692 |
| Additions at cost | 1,784 | - |
| Asset acquisition – Bridgewater | - | 52,242 |
| Transfer from investment property – under construction | 19,450 | 12,214 |
| Fair value adjustment | 12,708 | 7,147 |
| Closing carrying value | 149,237 | 115,295 |
| Investment property - under construction | | |
| Opening carrying value | 16,000 | 14,594 |
| Additions at cost | 9,138 | 12,502 |
| Transfer to investment property – operational | (19,450) | (12,214) |
| Fair value adjustment | 1,212 | 1,118 |
| Closing carrying value | 6,900 | 16,000 |
| | 156,137 | 131,295 |

(1) Operational: Dalkeith Heights Retirement Village, Bridgewater Retirement Village and operational units at St John's Retirement;
(2) Under construction: Remaining units under construction at Stage 1 St John's Rise Retirement Village.

## NOTE 11: Accounts payable and other payables

| CURRENT LIABILITIES | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|
| Accounts payable | 2,259 | 1,423 |
| Other current payables | 8,273 | 7,041 |
| Prepaid revenue | 7,831 | 10,117 |
| Resident trust accounts | 44 | 73 |
| | 18,407 | 18,654 |

## NOTE 12: Client equity contributions, RADs, accommodation bonds and leases

| CURRENT LIABILITIES | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|
| Residential entry contributions, RAD's, accommodation bonds & leases | 174,536 | 177,036 |
| Retirement village leases and independent living unit entry contributions | 118,801 | 92,179 |
| | 293,337 | 269,215 |

From 1 July 2007, pursuant to the Aged Care Act 1997, interest is paid on Refundable Accommodation Deposits ("RAD's") and Accommodation Bonds following departure (or death) of a resident. Interest is required to be paid at two different rates:

- at the base interest rate for the period between the date of the refunding event and the earlier of the date the balance is refunded and the date the legislated timeframe for the refund of the balance expires. Base interest for the year ended 30 June 2023 was 2.25% (2022: 2.25%);
- at the maximum permissible interest rate for the period after the end of the legislated time frame (or the time set out in the Formal Agreement) until the balance is refunded. Maximum permissible interest for the year ended 30 June 2023 ranged between 5.00% - 7.46% (2022: 4.01% - 4.07%).

Both interest rates are published by the Department of Health on a quarterly basis.

## NOTE 13: Employee provisions

| CURRENT LIABILITIES | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|
| Short-term employee benefits * | 12,238 | 11,163 |

| NON-CURRENT LIABILITIES | | |
|---|---|---|
| Long-term employee benefits | 2,441 | 1,600 |
| | 14,679 | 12,763 |
| * Short-term employee benefits | | |
| - expected to be paid in 12 months | 8,811 | 7,975 |
| - expected to be paid greater than 12 months | 3,427 | 3,188 |
| | 12,238 | 11,163 |

### Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

## NOTE 14: Borrowings

The company had a $15,000,000 debt facility in place with ANZ Group Limited during 2023 that was closed on the loan agreement's maturity on 31 May 2023. The facility was fully paid down by the maturity date and the company has chosen not to extend the facility beyond this point.

| CURRENT LIABILITIES | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|
| Borrowings | - | 5,680 |

### Assets pledged as security

The borrowings were secured by first mortgages over the St John's Rise Retirement Village.
The borrowings were also secured under a general security arrangement over the assets of the company.

### Financing arrangements

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

| | | |
|---|---|---|
| Total facilities | | |
| Borrowings | - | 15,000 |
| Used at the reporting date | | |
| Borrowings | - | 5,680 |
| Unused at the reporting date | | |
| Borrowings | - | 9,320 |

## NOTE 15: Capital commitments and commitments for low-value and short-term leases

| | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|
| **CAPITAL COMMITMENTS** | | |
| The company has a capital commitment at balance date for the development of retirement village and residential aged care facilities. | | |
| Property, plant and equipment | 2,206 | 8,938 |
| **LOW-VALUE AND SHORT-TERM LEASES LEASE COMMITMENTS** | | |
| Payable – minimum lease payments | | |
| - short-term leases (offices on month-to-month leases) | 37 | 100 |
| - low value leases (printers) | 328 | 56 |
| | 365 | 156 |

## NOTE 16: Contingent liabilities

There are no contingent liabilities in relation to 2023 and 2022.

## NOTE 17: Events after the reporting period

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

## NOTE 18: Related party transactions

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

The following persons were directors during the year:

- Michael Urwin
- Susan Campbell
- Deborah Law
- Associate Professor Michael Murray AM
- Professor Deirdre Fetherstonhaugh
- Archdeacon Helen Phillips
- Helen Bloustein
- Sean Balding
- Julia Pryor

There have been no director related transactions during the financial year.

Key Management Personnel remuneration includes the following expenses:

| | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|
| Total Key Management Personnel remuneration | 2,642 | 2,516 |

## NOTE 19: Financial instruments

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, receivables and payables, borrowings, and lease liabilities.
The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

| FINANCIAL ASSETS | NOTE | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|---|
| | | | |
| Cash and cash equivalents | 4 | 32,550 | 27,436 |
| Accounts receivable and other debtors | 5 | 12,363 | 8,644 |
| Financial assets at amortised cost - interest bearing deposits | 6 | 58,785 | 66,477 |
| Financial assets (fair value through other comprehensive income or profit and loss) | 6 | 88,627 | 72,724 |
| Total financial assets | | 192,325 | 175,281 |

| FINANCIAL LIABILITIES | | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|---|
| Financial liabilities at amortised cost | | | |
| Accounts payable and other payables | 11 | 10,576 | 8,537 |
| Financial assets at amortised cost - interest bearing deposits | 12 | 293,337 | 269,215 |
| Financial assets (fair value through other comprehensive income or profit and loss) | 14 | - | 5,680 |
| Financial liabilities at fair value | | | |
| Lease liabilities | 21 | 4,426 | 4,134 |
| Total financial liabilities | | 308,340 | 287,566 |

## NOTE 20: Reserves

### Investment Revaluation Reserve

The investment revaluation reserve of $1,207,000 (2022: deficit of $6,437,000) represents revaluation increments and decrements (that do not represent impairment write-downs) that relate to financial assets that are classified as financial assets measured at fair value through other comprehensive income.

### Major Maintenance Fund Reserve

The Major Maintenance Fund Reserve of $2,523,000 (2022: $2,226,000) provides funding from Retirement Village residents for Major Maintenance expenditure within the Retirement Village.

| | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|
| Investment revaluation reserve | 1,207 | (6,437) |
| Major maintenance fund reserve | 2,523 | 2,226 |
| Total reserves | 3,730 | (4,211) |

## NOTE 21: Leases

| RIGHT OF USE ASSETS | Property $'000's | Vehicles $'000's | Total $'000's |
|---|---|---|---|
| Recognised at 1 July 2022 | 3,688 | 56 | 3,744 |
| Additions | 1,122 | 11 | 1,133 |
| Depreciation | (920) | (59) | (979) |
| Carrying value at 30 June 2023 | 3,890 | 8 | 3,898 |

| LEASE LIABILITIES | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|
| Current lease liabilities | 817 | 775 |
| Non-current lease liabilities | 3,609 | 3,359 |
| Total Assets under construction | 4,426 | 4,134 |

| | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|
| **FUTURE MINIMUM LEASE PAYMENTS** | | |
| The future minimum lease payments arising under the company's lease contracts at the end of the reporting period area as follows: | | |
| Not later than one year | 817 | 775 |
| Later than one year and not later than five years | 3,507 | 2,240 |
| Later than five years | 102 | 1,119 |
| | 4,426 | 4,134 |

## NOTE 22: Members Guarantee

The company is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of $50 each towards meeting any outstanding obligations of the company. As at 30 June 2023 the number of members was 9 and the total amount that members of the company are liable to contribute if the company is wound up is $450 (2022: $450).

## NOTE 23: Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the company:

| | 2023 ($'000's) | 2022 ($'000's) |
|---|---|---|
| Audit services - Deloitte Touche Tohmatsu | | |
| Audit of the financial statements | 96 | 93 |
| Audit services - Deloitte Touche Tohmatsu | | |
| IT Cloud Support Services | - | 25 |
| | 96 | 118 |

# Directors' declaration

The Directors of the Anglican Aged Care Services Group trading as Benetas declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012 and:

    a. comply with Accounting Standards - Simplified Disclosures (including the Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Act 2012; and

    b. give a true and fair view of the financial position of the company as at 30 June 2023 and its performance for the year ended on that date.

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

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

On behalf of the Directors

Sean Balding
Director

Michael Urwin
Director

2 October 2023

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# Independent Auditor's Report to the Members of Anglican Aged Care Services Group

*Opinion*

We have audited the financial report of Anglican Aged Care Services Group (the "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 statements, including a summary of significant accounting policies, and the Directors' declaration.

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

(i) giving a true and fair view of the 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 Regulation 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 Entity in accordance with the auditor independence requirements of the ACNC Act 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 in accordance with the Code.

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

*Other Information*

The Directors are responsible for the other information. The other information comprises the Directors' Report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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

Deloitte.

*Directors' Responsibilities for the Financial Report*

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

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

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

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

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

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

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

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

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

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

Deloitte.

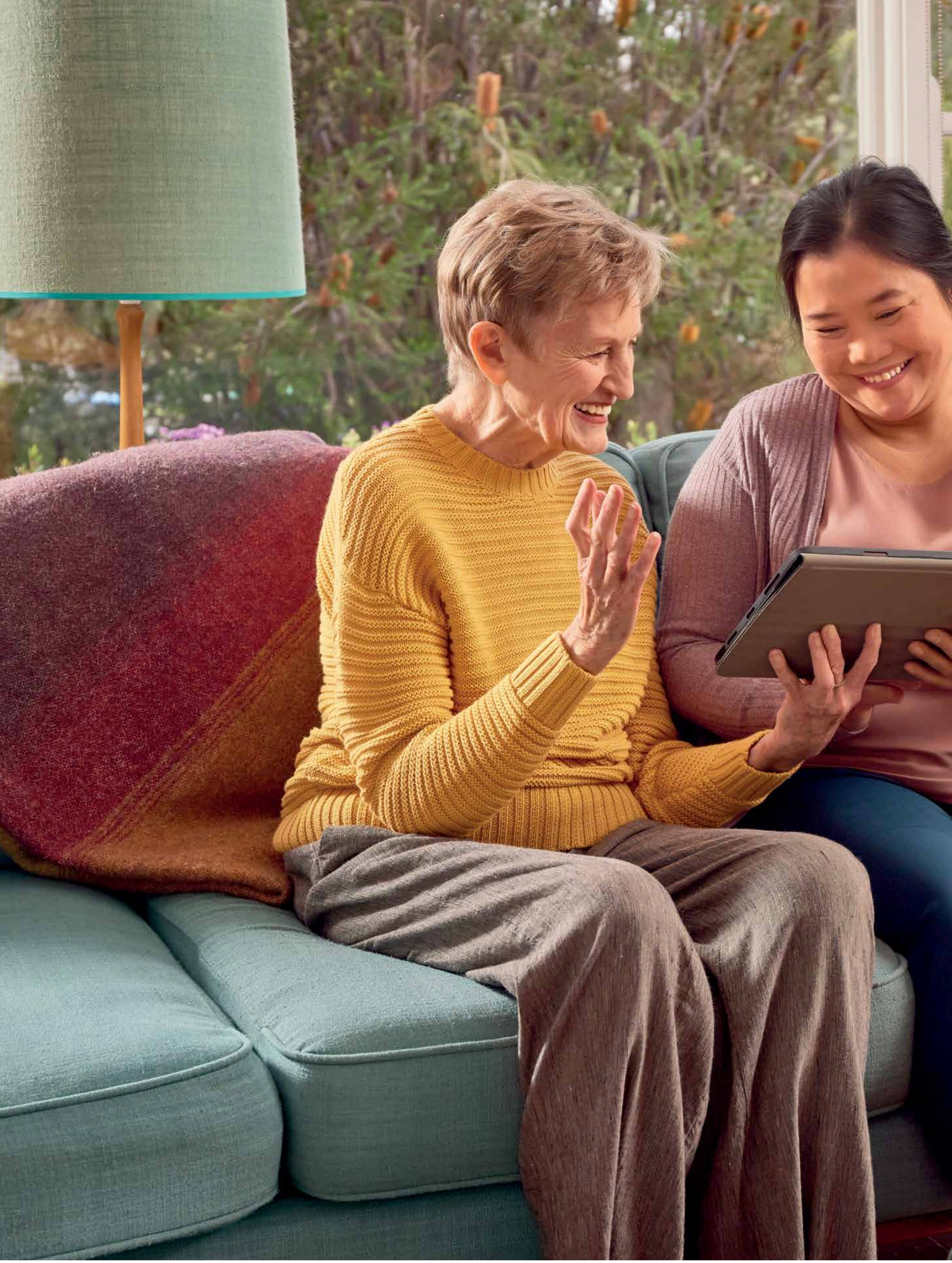
We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Sandra Lawson

Sandra Lawson
Partner
Chartered Accountants
Melbourne, 2 October 2023




QUYNH

**Founded by the Anglican Diocese of Melbourne in 1948**
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