# COWRA RETIREMENT VILLAGE LIMITED

**ABN: 64 965 761 315**

# FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2022

# COWRA RETIREMENT VILLAGE LIMITED

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FOR THE YEAR ENDED 30 JUNE 2022

National Audits Group
Authorised Audit Company No: 325055

# COWRA RETIREMENT VILLAGE LIMITED

**ABN: 64 965 761 315**

## AUDITOR'S INDEPENDENCE DECLARATION

**FOR THE YEAR ENDED 30 JUNE 2022**

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2022, there have been:

(i) no contraventions of the auditor independence requirements as set out in Section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

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

**National Audits Group Pty Ltd**
**Authorised Audit Company**

Chang Chow

**Chang Chow**
**Registered Company Auditor**

**Wagga Wagga**

**Dated 11 October 2022**

# COWRA RETIREMENT VILLAGE LIMITED
**ABN: 64 965 761 315**

## STATEMENT OF INCOME AND RETAINED EARNINGS

### FOR THE YEAR ENDED 30 JUNE 2022

| | Note | 2022<br>$ | 2021<br>$ |
|---|---|---|---|
| Revenue | | 10,740,353 | 9,762,888 |
| Other income | | - | 50,000 |
| | 4 | 10,740,353 | 9,812,888 |
| **Less: Expenses** | | | |
| Consumables and supplies | | 1,034,686 | 1,015,356 |
| Consultancy and contractor expenses | | 387,993 | 273,108 |
| Depreciation expense | | 477,183 | 447,906 |
| Employee benefits expense | | 8,103,963 | 7,483,643 |
| Other expenses | | 936,640 | 785,739 |
| Repairs and maintenance | | 133,948 | 155,567 |
| Utilities | | 139,494 | 149,423 |
| **Loss before income tax** | | (473,554) | (497,854) |
| Income tax expense | 2(c) | - | - |
| **Loss for the year** | | (473,554) | (497,854) |
| **Other comprehensive income, net of income tax** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Unrealised gain/(losses) on investments | | (225,350) | - |
| **Other comprehensive loss for the year** | | (225,350) | - |
| **Total comprehensive loss for the year** | | (698,904) | (497,854) |

The accompanying notes form part of these financial statements.

# COWRA RETIREMENT VILLAGE LIMITED

**ABN: 64 965 761 315**

## STATEMENT OF FINANCIAL POSITION

### FOR THE YEAR ENDED AS AT 30 JUNE 2022

| | Note | 2022<br>$ | 2021<br>$ |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 6 | 3,994,901 | 10,592,133 |
| Trade and other receivables | 7 | 175,982 | 122,277 |
| Other financial assets | 8 | 5,217,689 | - |
| Contract assets | | 98,552 | - |
| Other assets | | 32,015 | 41,057 |
| **TOTAL CURRENT ASSETS** | | 9,519,139 | 10,755,467 |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 9 | 9,880,260 | 8,445,488 |
| **TOTAL NON-CURRENT ASSETS** | | 9,880,260 | 8,445,488 |
| **TOTAL ASSETS** | | 19,399,399 | 19,200,955 |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 10 | 436,753 | 480,598 |
| Employee Entitlements | 11 | 1,134,263 | 965,825 |
| Contract liabilities | 12 | 13,590,275 | 12,820,176 |
| **TOTAL CURRENT LIABILITIES** | | 15,161,291 | 14,266,599 |
| **NON-CURRENT LIABILITIES** | | | |
| Employee Entitlements | 11 | 83,828 | 81,172 |
| **TOTAL NON-CURRENT LIABILITIES** | | 83,828 | 81,172 |
| **TOTAL LIABILITIES** | | 15,245,119 | 14,347,771 |
| **NET ASSETS** | | 4,154,280 | 4,853,184 |
| **EQUITY** | | | |
| Reserves | 2(g) | (235,955) | - |
| Retained earnings | | 4,390,235 | 4,853,184 |
| **TOTAL EQUITY** | | 4,154,280 | 4,853,184 |

The accompanying notes form part of these financial statements.

# COWRA RETIREMENT VILLAGE LIMITED

**ABN: 64 965 761 315**

## STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 30 JUNE 2022**

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| **RETAINED EARNINGS** | | |
| Retained earnings at the beginning of the year | 5,089,139 | 5,351,038 |
| Loss for the year | (698,904) | (497,854) |
| **Retained earnings at the end of the year** | 4,390,235 | 4,853,184 |
| **FINANCIAL ASSET RESERVE** | | |
| Financial asset reserve at the beginning of the year | - | - |
| Unrealised loss for the year | (235,955) | - |
| **Financial asset reserve at the end of the year** | (235,955) | - |
| **TOTAL EQUITY** | 4,154,280 | 4,853,184 |

The accompanying notes form part of these financial statements.

# COWRA RETIREMENT VILLAGE LIMITED
**ABN: 64 965 761 315**

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 30 JUNE 2022

| | Note | 2022<br>$ | 2021<br>$ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | |
| Receipts from clients | | 4,302,924 | 3,624,073 |
| Receipt from government subsidies | | 6,133,321 | 6,010,376 |
| Interest received | | 29,166 | 89,554 |
| Payments to suppliers and employees | | (9,806,737) | (9,695,184) |
| Receipts from the Australian Taxation Office (COVID-19) | | - | 50,000 |
| **Net cash provided by operating activities** | | 658,674 | 78,819 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | |
| Purchase of property, plant and equipment | | (1,936,347) | (480,097) |
| Proceeds from sale of plant and equipment | | 25,624 | - |
| Purchase of financial assets | | (5,453,644) | - |
| Other receipts from investing activities | | 108,461 | - |
| **Net cash used in investing activities** | | (7,255,906) | (480,097) |
| **Net increase in cash and cash equivalents held** | | (6,597,232) | (401,278) |
| Cash and cash equivalents at beginning of year | | 10,592,133 | 10,993,411 |
| **Cash and cash equivalents at end of financial year** | 6 | 3,994,901 | 10,592,133 |

The accompanying notes form part of these financial statements.

The financial statements cover Cowra Retirement Village Limited as an individual entity. Cowra Retirement Village Limited is a not-for-profit Company, registered and domiciled in Australia.

The principal activities of the Company for the year ended 30 June 2022 were to provide services for the care, comfort, maintenance, advancement and benefit of persons who are aged, have a disability or other health infirmity.

No significant change in the nature of these activities occurred during the year.

The functional and presentation currency of Cowra Retirement Village Limited is Australian dollars ($AUD) and all amounts have been rounded to the nearest dollar.

The financial statements were authorised for issue by the Directors on 11 October 2022.

## 1 BASIS OF PREPARATION

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The financial statements 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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

***Going concern***

The Company has been making operating losses for the past five years, and continues to have a shortfall in current assets over current liabilities of $5,642,152 (2021: $3,511,132). It is noted that current liabilities include Contract Liabilities of $13,590,275 for Refundable Accommodation Deposits, Client Directed Care funds and Independent Living Units. This is due to the Company not having an unconditional right to defer settlement of these amounts beyond 12 months from the date of the financial report. However, it is not expected that the full amount of these liabilities will be settled in the next 12 months. For these reasons, the Directors believe the Company will continue to operate as a going concern and the going concern basis of preparation of the financial statements is appropriate.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**(a) Economic dependence**

Cowra Retirement Village Limited is dependent on the Department of Health and Ageing for the majority of its revenue used to operate. At the date of this report, the Directors have no reason to believe the Department of Health and Ageing will not continue to support the Company.

**(b) Current and Non-Current Liabilities Timing**

As at 30 June 2022 the current assets to current liabilities ratio is 0.63:1 (2021: 0.64:1), however $13,590,275 of the $15,161,291 in total current liabilities is refundable accommodation deposits, refundable independent living unit deposits and refundable resident bonds payable (2021: $12,820,176 and $14,266,599 respectively). These amounts are considered current, as there is no unconditional right to defer settlement beyond the next 12 months.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (b) Current and Non-Current Liabilities Timing

Refundable accommodation deposits are non-interest bearing deposits made by aged care facility clients to the Company upon their admission to high care. Deposits are measured at the principal amount net of any retentions or any other amounts deducted from the deposit at the election of the client. Deposits are classified as current liabilities because the Company does not have an unconditional right to defer settlement for more than 12 months. As such, the above current ratio does not indicate a liquidity shortfall.

### (c) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

### (d) Revenue and other income

**Revenue from contracts with customers (AASB 15)**

Under AASB 15 *Revenue from Contracts with Customers* the Company recognises revenue on a basis that reflects the transfer of promised goods or services to clients at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

**Independent living units**

The Company's independent living units are split into four (4) locations known as Kaylan Court, Kiah Place, Bellevue Lodge and Jessie Livingstone Court - Grenfell. The independent living units in Grenfell were purchased during the year and commenced operations in Nov 2021.

Revenue from independent living units is recognised in accordance with their operational category, being, those which are resident funded and those which are operated on a rental basis.

***Resident funded***

Kaylan Court and Kiah Place are both categorised as resident funded units (entry 'buy-in' payments). Resident funded units require an entry or 'buy-in' payment from the unit holder. The entry price for each unit type (i.e. one-bedroom and two-bedroom units) are determined using current market rates within the region. The entry payment is initially recognised as a contract liability on inception of the funds in the statement of financial position.

Each unit holder is invoiced a recurrent charge on a monthly basis. The recurrent charge is reviewed on an annual basis, in July each year, by reference to the regional market rates and the Consumer Price Index (CPI). Revenue for recurrent charges is recognised within the month in which the unit was occupied by the unit holder.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (d) Revenue and other income

An exit fee is payable upon termination of the contract and is determined by the number of years the contract has been in place. The exit fee is calculated as a percentage (%) of the entry payment price. This is then deducted from the entry payment, on termination of the contract.

***Rental operated***

Jessie Livingstone Court and Bellevue Lodge is operated on a rental basis. Upon entry, a bond equal to one (1) month's rent is payable to the Company. The bond repayment is conditional on the outcomes contained within the independent living unit agreement. On this basis, the bond is initially recognised as a contract liability in the statement of financial position.

Rent is charged to the tenant of each unit on a monthly basis. The rental amount is reviewed on an annual basis, in July each year, by reference to regional market rates and the Consumer Price Index (CPI). Additional charges may be made for undercover parking which is also reviewed on an annual basis.

Receipts from rent and additional charges are recognised as revenue within the month to which the unit was occupied by the tenant. Rent in arrears is recognised as receivable assets, and amounts received in advance are recognised as a contract liability in the statement of financial position.

**Residential aged care**

The Company operates an eighty-four (84) bed facility which includes a fourteen (14) bed dementia specific wing, located in Ganya Cottage. All rooms are single bedrooms with an ensuite.

Residential age care revenue is recognised in accordance with the following categories:

- Government subsidies;
- Residential aged care fees; and
- Accommodation costs.

***Government subsidies***

Government funding is received by the Company to subsidise the cost of residential aged care services, including accommodation. Government subsidies and amendments may be received in the month subsequent to which they related. When this occurs, the Company recognises a trade receivable asset in the statement of financial position.

Residential aged care

Residential respite care is available for up to sixty-three (63) days per financial year at a reduced rate, subsidised by the Australian Government by way of funding.

The amount of funding that the Company receives is based on:

- an assessment of each residents care needs, using a tool called the 'Aged Care Funding Instrument' (ACFI); and
- how much the resident can afford to contribute to the cost of their individual care and accommodation needs (using an income and assets assessment).

To receive funding, the Company is required to meet Aged Care Quality Standards to ensure quality care and services are being provided. Government subsidies are paid directly to the Company on a monthly basis.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (d) Revenue and other income

Revenue in relation to government subsidies is generally recognised within the month to which the residential aged care fees were charged to the resident, to match the timing of costs being incurred by the Company, while fulfilling the performance obligations outlined within the contract with the resident.

Accommodation

Some residents will have their accommodation costs subsidised in their entirety by the Australian Government via funding. Others are required to pay the full accommodation price set by the Company. The Department of Human Services (DHS) advises the Company on this, based on an assessment of each resident's income and assets.

If assessed assets are under a set amount, the resident is a fully supported resident, which means the Australian Government will cover the entirety of the accommodation costs. If assessed assets are between a set amount, a partial accommodation payment (called an accommodation contribution) will be required. The DHS will advise what portion the consumer pays and the Australian Government will pay the balance.

Revenue in relation to government subsidies is generally recognised within the month to which the accommodation costs were charged to the resident, to match the timing of costs being incurred by the Company, while fulfilling the performance obligations outlined within the contract with the resident.

***Residential aged care fees***

Residential aged care fees include a basis daily care fee and/or a means tested care fee. All residents (consumers) are required to pay a basic daily care fee. This fee is used for covering day-to-day living costs of consumers. The fee is set at eighty-five percent (85%) of the single aged pension, and is increased twice per year as the pension increases.

The means tested care fee is dependent upon the outcome of a Centrelink Assets and Income Assessment. The means tested fee is an additional contribution towards the cost of consumer care, resulting in a lower share of the care costs being subsidised by the Australian Government via funding.

Basic daily care and means tested care fees are charged to residents on a monthly basis and recognised as revenue within which the daily care was provided. Basic daily and means tested care fees in arrears are recognised as a receivable asset and amounts received in advance are recognised as a contract liability in the statement of financial position.

***Accommodation costs***

An incoming resident with assets above a set amount will be required to make a full accommodation payment. The accommodation prices for the Company vary depending on the room.

An accommodation payment can be made in a number of ways:

- Refundable accommodation deposit (RAD);
- Daily accommodation payment (DAP); or
- A combination of a refundable accommodation payment and daily accommodation payment (RAD/DAP combination).

Residents also have the following partially supported payment options:

- Daily accommodation contribution (DAC); and
- Refundable accommodation contribution (RAC).

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (d) Revenue and other income

Refundable Accommodation Deposit (RAD)

A RAD is a lump sum payment which is one hundred percent (100%) refundable when a resident leaves the Company and is recognised as a current 'contract liability' in the statement of financial position.

Daily Accommodation Payment (DAP)

A DAP is a rental-style daily payment, calculated using a government interest rate and the following formula: (RAD x interest rate) divided by 365 days.

All residents, unless a RAD is paid on or before the admission date, will be charged a DAP until a Department of Human Services fee letter is received by the Company. This payment type can be altered if the fee letter indicates a different result or if the consumer decides to pay their Accommodation costs with a RAD payment.

Daily accommodation payments are invoiced to the resident on a monthly basis and recognised as revenue on a daily basis. Amounts in arrears are recognised as receivable assets, and amounts received in advance are recognised as a contract liability in the statement of financial position.

RAD/DAP Combination

Residents can choose to pay a partial lump-sum RAD (amount determined by the resident) and use a rental-style DAP to make up the difference.

Residents may choose to deduct the DAP from the RAD, effectively reducing the RAD, or the DAP can be invoiced and paid monthly, preserving the RAD amount paid to be 100% refundable. When this occurs, the liability is reduced in-line with the recognition of revenue.

Daily Accommodation Contribution (DAC)

A DAC is the daily amount the DHS will advise residents are required to pay if they are assessed as needing to pay a partial accommodation payment. This fee is re-assessed by the DHS several times per year and may change (either more or less).

The daily accommodation contribution is invoiced to the resident on a monthly basis and recognised as revenue on a daily basis. Amounts in arrears are recognised as receivable assets, and amounts received in advance are recognised as a contract liability in the statement of financial position.

Refundable Accommodation Contribution (RAC)

A RAC is a lump sum payment, similar to the RAD. The RAC is calculated based on the DAC the DHS allocates to the resident. The DAC is converted to a RAC amount and residents can pay the RAC amount if they wish. As the DAC may change throughout the year, this will also affect the RAC amount. If the DAC goes up, the RAC contract liability will increase. If the DAC goes down, the RAC contract liability will decrease.

**Home care packages**

Home care package revenue consists of the following elements:

- Home care package government subsidies;
- Basic daily fees; and
- Income-tested care fees.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (d) Revenue and other income

***Home care package government subsidies***

The Company is an approved home care provider who receives government subsidies on behalf of home care package (HCP) recipients. The government may also provide extra funding for recipients who are eligible for home care supplements (including, dementia and cognition, veterans', oxygen, enteral feeding, viability, and hardship).

There are four (4) levels of Home Care Packages to help meet the different levels of care needs:

- Level 1 – for people with basic care needs;
- Level 2 – for people with low-level care needs;
- Level 3 – for people with intermediate care needs; and
- Level 4 – for people with high-level care needs.

A community care coordinator is assigned to each HCP recipient who develops a care plan and budget based on the needs of the recipient. As a result, recipients may be required to make self-contributions to cover costs which are unable to be subsidised based on their respective level of care.

The Company subsequently provides the care services using either direct (i.e. internally via staff employed or sub-contractors hired), or indirectly (i.e. through external service providers and suppliers). Expenses are incurred by the Company on a monthly basis in advance.

The Company charges a 'management fee' of 20% which includes a 10% fee for management of the care funds, and a 10% fee for the management of the care plan. Management fees are calculated based on the 'total entitlement' of each HCP recipient on a monthly basis.

At the end of each month, the Company submits a claim with Services Australia for costs incurred directly and indirectly, plus the management fee. Each claim is received within the subsequent month.

Direct services performed and management fees charged are recognised as revenue of the Company within the month to which the expenses was incurred. Indirect services are not recognised as revenue, as the Company is acting as the agent of these funds.

During the 2021/22 financial year, Services Australia revised the funding model of Home Care Packages (HCP). Historically, the Company received HCP recipient funding in advance which was initially recognised as a contract liability within the Statement of Financial Position. The liability would subsequently reduce in accordance with the monthly expenses incurred.

As part of the revised model, Services Australia required HCP providers to return any unspent existing funds. The HCP unspent funds reported as at 30 June 2021 are substantially higher than the balance reported as at 30 June 2022 due to the return of funds and revised funding model.

<u>Package management fees</u>

Package management is the ongoing administration and organisational activities associated with ensuring the smooth delivery and management of the recipient's home care package. It may include the costs for preparing monthly statements, managing package funds, and compliance and quality assurance activities required for home care packages.

It does not include costs that are unrelated to supporting care, nor costs associated with the Company's running of the business, such as marketing, office rent, insurance or activities completed before entering into a home care agreement.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (d) Revenue and other income

Care management fee

Care Management may include reviewing the home care agreement and care plan, co-ordination and scheduling of services, ensuring care is aligned with other supports, and providing a point-of-contact for the recipient's support network.

***Basic daily fees***

A basic daily fee may be requested by the Company for payment to add to the total funding available within each recipient's package. The Government sets the maximum amount which can be charged, which varies depending on the home care package level. These fees are invoiced monthly and initially recognised as a contract liability. Subsequent recognition as revenue does not occur until such time the Company has fulfilled its performance obligations as detailed under home care package government subsidies.

***Income-tested care fees***

Recipients of home care package subsidies may also be required to pay an income-tested care fee. This requirement and the amount required (if any), is determined by a formal income assessment performed by Services Australia. If a recipient is required to pay this fee, there is an annual and lifetime limit on how much the recipient must pay to the Company.

These fees are invoiced monthly and initially recognised as a contract liability. Subsequent recognition as revenue does not occur until such time the Company has fulfilled its performance obligations as detailed under home care package government subsidies.

**Other grant revenue**

Receipts from grant funding is initially recognised as a contract liability in the statement of financial position and subsequently recognised as revenue in line with the Company fulfilling its performance obligations as outlined in the terms of the agreement.

**Donations and bequests**

Donations and bequests are recognised as revenue when received, to the extent there are no specific or enforceable performance obligations attached to the funds being received. In the event there is, revenue is recognised on fulfillment of the performance obligation being satisfied.

**Gain on disposal of non-current assets**

When a non-current asset is disposed, the gain (or loss) is calculated by comparing proceeds received with the assets carrying amount, and subsequently taken to profit or loss.

**Other revenue**

Other revenue is recognised on an accrual basis when the Company has satisfied its performance obligations.

**Interest revenue**

Interest is recognised as revenue using the effective interest method.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (d) Revenue and other income

**Income of Not-for-Profit Entities**

Under AASB 1058 *Income of Not-for-Profit Entities*, the Company recognises revenue on a basis that reflects the fair value of goods, services, and assets (such as inventories and property, plant and equipment), which have been provided or transferred to the Company for nil or nominal consideration which further the objectives of the Company.

The revenue recognition policies for the principal revenue streams of the Company for the current year are outlined in further detail below:

### (e) Goods and services tax (GST)

Revenue, 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 (ATO).

Receivables and payables are stated inclusive of GST.

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

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

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

### (f) Property, plant and equipment

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

**Depreciation**

Property, plant and equipment, excluding freehold land, is depreciated on both a straight-line and diminishing value basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

| Fixed asset class | Depreciation rate |
|---|---|
| Buildings and Improvements | 1.5% - 20% |
| Plant and Equipment | 2.5% - 40% |

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (g) Financial instruments

**Financial assets**

***Classification***

On initial recognition, the Company classifies its financial assets into those measured at:

- amortised cost; and
- fair value through other comprehensive income - equity instrument (FVOCI - equity).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

***Amortised cost***

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise of trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less a provision for impairment. Interest income and impairment are recognised in profit or loss.

***Fair value through other comprehensive income***

Equity instruments

The Company has a number of strategic investments in listed and unlisted entities over which are they do not have significant influence nor control. The Company has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

***Impairment of financial assets***

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (g) Financial instruments

**Financial assets**

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

***Trade receivables***

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

### (h) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is any evidence of an impairment indicator for non-financial assets. Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated. The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

### (i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, cash at bank and short-term deposits which are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (j) Employee entitlements

A liability is made for the Company's employee entitlements arising from services rendered by employees to the end of the reporting period. Employee entitlements that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee entitlements expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

### (k) 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 are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of income and retained earnings. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

### (l) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received. The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (l) Leases

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

***Exceptions to lease accounting***

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

***Key estimates - impairment of property, plant and equipment***

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

***Key estimates - provisions***

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

***Key estimates - receivables***

The receivables have been reviewed under the expected credit loss model based on historical and forward looking information and a provision has been included based on the estimates made. This provision is based on the best information available at the reporting date.

***Key judgements - 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 Company based on known information. This consideration extends to the nature of the services offered, consumers, and staffing. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavorably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |

## 4 REVENUE AND OTHER INCOME

| | 2022 $ | 2021 $ |
|---|---|---|
| **Revenue from contracts with customers (AASB 15)** | | |
| - Home care packages | 1,012,449 | 783,277 |
| - Independent living units | 427,803 | 358,869 |
| - Infrustrure grant funding | 228,765 | - |
| - Interest revenue | 27,138 | 62,292 |
| - Other revenue | 394,712 | 310,409 |
| - Residential aged care | 8,429,959 | 8,248,041 |
| - COVID-19 outbreak funding grant | 110,135 | - |
| - Investment dividends | 109,392 | - |
| | 10,740,353 | 9,762,888 |
| **Revenue recognised on receipt (AASB 1058)** | | |
| - ATO cashflow boost | - | 50,000 |
| **Total Revenue and other income** | 10,740,353 | 9,812,888 |

## 5 AUDITOR'S REMUNERATION

| | 2022 $ | 2021 $ |
|---|---|---|
| Remuneration of the auditor National Audits Group Pty Ltd, for: | | |
| - auditing and assisting with compliation of the financial statements | 18,000 | 19,250 |

## 6 CASH AND CASH EQUIVALENTS

| | 2022 $ | 2021 $ |
|---|---|---|
| CURRENT | | |
| Cash at bank | 3,774,501 | 10,396,970 |
| Cash on hand | 400 | 400 |
| Short-term deposits | 220,000 | 194,763 |
| | 3,994,901 | 10,592,133 |

## 7 TRADE AND OTHER RECEIVABLES

| | 2022 $ | 2021 $ |
|---|---|---|
| CURRENT | | |
| Trade receivables | 69,355 | 20,294 |
| GST receivables | 80,105 | 101,983 |
| Other receivables | 26,522 | - |
| | 175,982 | 122,277 |

| | | 2022 | 2021 |
|---|---|---|---|
| | | $ | $ |
| **8** | **OTHER FINANCIAL ASSETS** | | |
| | CURRENT | | |
| | Listed investments - fair value | | |
| | - Investment portfolio - JBWere | 3,731,159 | - |
| | - Shares in listed entities - BKI | 1,486,530 | - |
| | | 5,217,689 | - |

| | | 2022 | 2021 |
|---|---|---|---|
| **9** | **PROPERTY, PLANT AND EQUIPMENT** | | |
| | NON-CURRENT | | |
| | Capital works in progress | | |
| | At cost | 460,857 | 148,485 |
| | Freehold land | | |
| | At cost | 184,999 | 184,999 |
| | Buildings and improvements | | |
| | At cost | 14,766,826 | 13,239,644 |
| | Accumulated depreciation | (6,219,391) | (5,879,178) |
| | | 8,547,435 | 7,360,466 |
| | Plant and equipment | | |
| | At cost | 2,221,009 | 2,357,484 |
| | Accumulated depreciation | (1,534,040) | (1,605,946) |
| | | 686,969 | 751,538 |
| | **Total property, plant and equipment** | 9,880,260 | 8,445,488 |

## 9 PROPERTY, PLANT AND EQUIPMENT

***Movements in Carrying Amounts***

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

| | Capital Works in Progress | Land | Buildings and Improvements | Plant and Equipment | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Year ended 30 June 2022** | | | | | |
| Balance at the beginning of year | 148,485 | 184,999 | 7,360,466 | 751,538 | 8,445,488 |
| Additions | 1,830,024 | - | 44,807 | 61,516 | 1,936,347 |
| Disposals | - | - | (4,274) | (21,350) | (25,624) |
| Transfers | (1,517,652) | - | 1,517,652 | - | - |
| Depreciation expense | - | - | (371,216) | (105,967) | (477,183) |
| Other changes, movements | - | - | - | 1,232 | 1,232 |
| **Balance at the end of the year** | 460,857 | 184,999 | 8,547,435 | 686,969 | 9,880,260 |

| | 2022 $ | 2021 $ |
|---|---|---|
| **10 TRADE AND OTHER PAYABLES** | | |
| CURRENT | | |
| Trade payables | 372,071 | 422,536 |
| Accrued expenses | 64,682 | 58,062 |
| | 436,753 | 480,598 |

| | 2022 $ | 2021 $ |
|---|---|---|
| **11 EMPLOYEE ENTITLEMENTS** | | |
| CURRENT | | |
| Annual leave | 765,168 | 675,728 |
| Long service leave | 231,058 | 196,394 |
| Other leave entitlements | 138,037 | 93,703 |
| | 1,134,263 | 965,825 |
| NON-CURRENT | | |
| Long service leave | 83,828 | 81,172 |

| | 2022 $ | 2021 $ |
|---|---|---|
| **12 CONTRACT LIABILITIES** | | |
| CURRENT | | |
| Home care package liability | 87,175 | 373,267 |
| Independent living units | 5,259,308 | 5,025,012 |
| Refundable accommodation deposits and bonds | 8,243,792 | 7,421,897 |
| | 13,590,275 | 12,820,176 |

## 13 CAPITAL AND LEASING COMMITMENTS

In the opinion of the Directors, the Company did not have any material or significant capital or leasing commitments at 30 June 2022 (2021: none).

## 14 KEY MANAGEMENT PERSONNEL REMUNERATION

The total remuneration paid to key management personnel of the Company during the year was $202,826 (2021: $197,971).

For details of other transactions with key management personnel, refer to Note 15: Related Parties.

## 15 RELATED PARTIES

**Key management personnel**

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

Key management personnel of the Company during the year were as follows:

- Ian Donges (Chairperson)
- Paul Smith (Treasurer)
- Ian Brown (Director)
- Prue Greenwell (Director)
- Neville Pengilly (Director)
- Jeremy Ryan (Director)
- David Fagan (Director)
- Peter Fagan (Director)
- Susan Patterson (Director)
- Scott Kable (Chief Executive Officer)

For details of remuneration disclosures relating to key management personnel, refer to Note 14: Key Management Remuneration.

**Other related parties**

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

***Transactions with related parties***

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

The following transactions occurred with related parties during the year:

| | Sales | Purchases | Wages | Owed to the Company | Owed by the Company |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| Other related parties | - | 23,376 | - | - | - |

### 16 CONTINGENCIES

In the opinion of the Directors, the Company did not have any other contingencies at 30 June 2022 (2021: none).

### 17 EVENTS AFTER THE END OF THE REPORTING PERIOD

The financial statements were authorised for issue on 11 October 2022 by the Directors.

The Company has been approved in the second round of funding for the Business Improvement Funding which will be completed in the 2022-2023 financial year. The total funding approved is $314,000.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

### 18 STATUTORY INFORMATION

The registered office and principal place of business of the Company is:

Cowra Retirement Village Limited
Trading as: Bilyara
Holman Place
COWRA NSW 2794

# COWRA RETIREMENT VILLAGE LIMITED

**ABN: 64 965 761 315**

## RESPONSIBLE PERSONS' DECLARATION

### FOR THE YEAR ENDED 30 JUNE 2022

The Responsible Persons declare that in the Responsible Persons' opinion:

- 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
- the financial statements and notes comply with the Australian Accounting Standards - Simplified Disclosures and 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 2013*.

| | |
|---|---|
| Responsible person .............................................................. | Responsible person .............................................................. |
| Ian Brown | David Fagan |

Dated 11 October 2022

# COWRA RETIREMENT VILLAGE LIMITED

**ABN: 64 965 761 315**

## INDEPENDENT AUDITOR'S REPORT

**FOR THE YEAR ENDED 30 JUNE 2022**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Cowra Retirement Village Limited, which comprises the statement of financial position as at 30 June 2022, the statement of income and retained earnings, 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 Responsible Persons' declaration.

In our opinion the financial statements of Cowra Retirement Village Limited have been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, in all material respects including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2022 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 2013*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial statements 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.

### Responsibilities of Responsible Entities for the Financial Statements

The Responsible Persons of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Responsible Persons are responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

# COWRA RETIREMENT VILLAGE LIMITED
**ABN: 64 965 761 315**

## INDEPENDENT AUDITOR'S REPORT

### FOR THE YEAR ENDED 30 JUNE 2022

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 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 the financial statements.

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 statements, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.
- Conclude on the appropriateness of the responsible entities' 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 Company'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 statements 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# COWRA RETIREMENT VILLAGE LIMITED

**ABN: 64 965 761 315**

## INDEPENDENT AUDITOR'S REPORT

**FOR THE YEAR ENDED 30 JUNE 2022**

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

We communicate with those charged with governance 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.

**National Audits Group Pty Ltd**
**Authorised Audit Company**

Chang Chow

**Chang Chow**
**Registered Company Auditor**

**Wagga Wagga**

**Dated 11 October 2022**