



VASEY RSL CARE
SERVING THOSE WHO SERVED

Annual Report 2022





Directors & Financial Statements

**FOR THE TWELVE MONTHS ENDED
30 JUNE 2022**

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VASEY RSL CARE LIMITED

DIRECTORS' REPORT

The Directors of Vasey RSL Care Limited submit their report in accordance with a resolution of the directors for the year ended 30 June 2022.

1 Directors

The names and details of the Directors during the year and the date of this report are:

Mr M P O'Meara OAM MAICD (Chair) Director since 22 April 2015 (Re-appointed 17 November 2021)

Mr O'Meara is a former Deputy Commissioner, Victoria, with the Commonwealth Department of Veterans' Affairs. In a 44-year career with the Department he held various executive positions, including Director Health Client Services, Victoria, and National Manager Community Health. Mike retired from DVA in 2012. He is an Honorary Life Member of the RSL and is a Life Governor and immediate past Chair of the Weary Dunlop Foundation.

Ms Tracey Bannan, Appointed Director 19 November 2020.

Tracey Bannan's career spans over 30 years across private, not-for-profit and public sector organisations. Following a career providing audit and consulting services and National Finance and Quality & Risk roles within Deloitte, Tracey has applied her commercial skills and experience for purpose, initially as Chief Financial Officer of World Vision Australia & now at AMES Australia. In addition to her Executive roles Tracey is also a Director of Carinya Society.

Mr T R Carr, Direct Appointment for War Widows Guild of Australia (VIC) INC. Director since 16 November 2016 (Re-appointed 20 November 2019).

Mr Carr worked in a range of managerial positions during his 37 year career within the (Commonwealth) Department of Veterans' Affairs (DVA). He also worked for some years as veteran sector adviser to the Victorian Veterans' Council, served on the Veterans' Children Education Schemes' Board (DVA) and was a member of the War Widows' Guild of Australia (Vic) management committee.

Dr Vanda Fortunato, Appointed Director on the 24 July 2019, confirmed 20 November 2019.

Dr Vanda Fortunato has spent the last 25 years in executive and strategic leadership roles in Australia and overseas, with significant experience in public health, primary care, not-for-profits, medical training, academia, pharmaceuticals, health insurance and consulting. Vanda has been a CEO of two not-for-profits, and has held senior executive roles with Medibank, a clinical research organisation and Accenture. She has also worked for the World Bank and the Asian Development Bank. Vanda is on the Board of BreastScreen Victoria, she is the Board Chair at the Southern Metropolitan Cemeteries Trust, a Board Member of Integrated Living Australia, the largest provider of Aged Care Service in rural regional and remote Australia and is a Board Member of Early Childhood Management Services. Previously Vanda was the chair of a private aged care company New Aged Care.

LTCOL Lauren Grimes, Appointed Director 19 November 2020.

Lauren Grimes is the former Chair of the Victorian Veterans Council and is the Deputy Chair of the Weary Dunlop Foundation. She has enjoyed successful careers in Personnel Management and Business Support and as a current serving Lieutenant Colonel in the Australian Army Reserve she has amassed over 40 years of service. The combination of Defence service & tenure with the Victorian Veterans Council has resulted in an excellent understanding of issues and concerns of Veterans of all ages and their families. Lauren is a 2020 inductee to the Victorian Honour Roll of Women and in 2022, she was a Mentor for the Joan Kirner Emerging Leaders Program.

VASEY RSL CARE LIMITED

DIRECTORS' REPORT

1 Directors (continued)

Mr Victor Hamit, Appointed Director on the 24 July 2019, confirmed 20 November 2019, Resigned 15 August 2022.

Lawyer and Director of Wentworth Lawyers Pty Ltd. Victor Hamit practises in commercial and taxation matters. Mr. Hamit has extensive Board and Chair experience throughout a range of commercial, government and not-for-profit organizations. He is a Fellow of the Australian Institute of Company Directors.

Mr Barry Lowe, Direct Appointment for the RSL. Director since 15 November 2017. (Re-appointed 19 November 2020).

Mr Lowe served in the Royal Australian Signals corps and has been a member of the Mentone RSL for 5 decades. He was elected to the committee in 2006 and served two years as Vice President and seven years as President up to 2019. He has served on the state Executive of RSL Victoria and was chairman of the Property committee. Mr Lowe is a member of the Governance Institute of Australia and has run his own Building Construction and Development company for many years.

Resignation received post end of FY 2022

Vasey RSL Care received resignation from Victor Hamit, Board Member on 15 August 2022, who could not continue his directorship due to other professional commitments.

2 Company Secretary

The name and details of the company Secretary as at the date of this report is:

Mr W A Haysom BBus FIPA FTIA

Mr Haysom was appointed as Company Secretary on 13 January 2014. He has extensive finance experience specialising in the Aged Care & not-for-profit.

3 Company Activities

The principal activities of the company in the course of the reporting period were the promotion of charitable activities connected with the administration of Independent Living Units, Residential Facilities and Community Care for the aged.

4 Reporting Structure

Vasey RSL Care Limited for the financial year has operated as a single, autonomous entity.

5 Results

Vasey RSL Care Limited is a company limited by guarantee and is a charitable, not-for-profit entity and a patriotic fund under the Veterans Act. For the financial year ending 30 June 2022, Vasey RSL Care Limited had a deficit of \$18,594,975 and a surplus of \$5,918,438 in 2021.

6 Review of Operations

Vasey RSL Care Limited continues its commitment to the Aged Veteran Community with 4 modern aged care facilities incorporating 378 beds & 276 independent Living units located across Melbourne and Geelong. The Organisation also has over 200 Community Aged Care Packages supporting our Veterans and families in their own homes.

7 Significant Events after Balance Date

The organisation finalised the purchase of 6 Units in Warrnambool, to further support the Ex-Service community. In addition, and at the time of preparing this annual report Vasey RSL Care expects the completion of sale for the 14-18 Manningtree property by the end of September 2022.

VASEY RSL CARE LIMITED
DIRECTORS' REPORT

8 Meetings: Number of Board and Committee Meetings Held/Attended

| Meetings | Directors' Meetings | |
|----------------------|---------------------------|-----------------|
| | Number eligible to attend | Number attended |
| Mr M O'Meara (Chair) | 11 | 11 |
| Ms T Bannan | 11 | 8 |
| Mr T R Carr | 11 | 10 |
| Ms V Fortunato | 11 | 10 |
| Ms L Grimes | 11 | 10 |
| Mr V Hamit | 11 | 11 |
| Mr B Lowe | 11 | 11 |

| Directors | Audit Committee Meetings | | Finance Committee Meetings | |
|---------------------|---------------------------|-----------------|----------------------------|-----------------|
| | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| Ms T Bannan (Chair) | 2 | 1 | 11 | 9 |
| Mr T R Carr | | | 11 | 10 |
| Mr B Lowe | 2 | 2 | 11 | 11 |
| Mr M O'Meara | 2 | 2 | 11 | 11 |

| Directors | Building Committee Meetings | | Quality & Risk Committee Meetings | |
|---|-----------------------------|-----------------|-----------------------------------|-----------------|
| | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| Mr B Lowe (Chair Building) | 2 | 2 | 3 | 3 |
| Mr T R Carr (Chair Quality & Risk Committee Meetings) | | | 3 | 3 |
| Ms V Fortunato | | | 3 | 3 |
| Ms L Grimes | 2 | 1 | 3 | 3 |
| Mr V Hamit | 2 | 1 | 3 | 3 |
| Mr M O'Meara | 2 | 2 | 3 | 3 |

| Directors | Clinical Quality & Risk Committee Meetings | | Enterprise Quality & Risk Committee Meetings | |
|---|--|-----------------|--|-----------------|
| | Number eligible to attend | Number attended | Number eligible to attend | Number Attended |
| Mr T R Carr (Chair Clinical & Enterprise Quality & Risk Committee Meetings) | 2 | 2 | 2 | 2 |
| Ms V Fortunato | | | 2 | 2 |
| Ms L Grimes | 2 | 1 | 2 | 2 |
| Mr M O'Meara | 2 | 2 | 2 | 1 |
| Mr B Lowe | 2 | 2 | 2 | 1 |
| Directors | Governance Committee Meetings | | | |
| | Number eligible to attend | Number Attended | | |
| Ms V Fortunato (Chair) | 3 | 3 | | |
| Mr M O'Meara | 3 | 3 | | |
| Mr B Lowe | 3 | 3 | | |
| Mr V Hamit | 3 | 3 | | |

VASEY RSL CARE LIMITED
DIRECTORS REPORT

9 Indemnifying Officer or Auditor

Since the end of the previous financial year, Vasey RSL Care Limited has paid insurance premiums on behalf of directors' and officers' liability and legal expenses insurance contracts, for current and former directors and officers, including executive officers of the company. These premiums were part of a combined policy for public liability, medical malpractice and directors and officers liability, no separate amounts were allocated.

The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

No indemnities have been given for insurance premium paid, during or since the end of the financial year, for any person who is or has been an auditor of Vasey RSL Care Ltd.

10 Environmental Issues

Vasey RSL Care Limited operations are not regulated by any significant environmental regulations under the law of the Commonwealth or State or Territory.

11 Future Developments

Vasey RSL Care Limited will continue to develop services to support the organisation's purpose to "serve those who served", while maintaining a high standard of care to our aged care residents and home care consumers. Vasey RSL Care will also continue to provide discounted rental accommodation at various locations to the ex-service community.

12 Proceedings on behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervened in any proceedings to which the company is a party for the purpose of taking the responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceeding during the year.

13 Auditor's Independence Declaration

A copy of the auditor's independence declaration as required in accordance with Subdivision 60-C of the Australian Charities and Not-for-Profits Commission Act is set out within.

Signed in accordance with a resolution of the Board of Directors.



Mr M P O'Meara, (Chair),
Director



Mr Barry Lowe, (Deputy Chair)
Director

Dated this 4th day of October 2022

**AUDITOR'S INDEPENDENCE DECLARATION
IN ACCORDANCE WITH SUBDIVISION 60-40 OF THE AUSTRALIAN
CHARITIES AND NOT-FOR-PROFIT COMMISSION ACT 2012,
TO THE DIRECTORS OF VASEY RSL CARE LIMITED
ABN 88 109 464 360**

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 Vasey RSL Care Ltd.

As the lead audit partner for the audit of the financial report of Vasey RSL Care Limited for the year ended 30 June 2022, I declare to the best of my knowledge and belief there have been no contravention of:

- (i) the auditor independence requirements of 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.



MORTON WATSON & YOUNG AUDIT PTY LTD
480 Collins St, Melbourne 3000.

Auditor: Kerpal S. HARNAM



Director, Registered Company Auditor (365612)

Dated this 4th day of October 2022

VASEY RSL CARE
LIMITED

ABN 88 109 464 360

FINANCIAL REPORT

FOR THE TWELVE MONTHS ENDED

30 JUNE 2022

STATEMENT OF INCOME
FOR THE YEAR ENDED 30 JUNE 2022

| | Note | 2022 \$ | 2021 \$ |
|--|----------|---------------------|-------------------|
| Revenue from continuing operations | | 38,799,329 | 51,542,384 |
| Other Income | 4 | 83,760 | 108,450 |
| Total revenue from continuing operations | 3 | 38,883,089 | 51,650,834 |
| Expenses from operating activities: | 6 | | |
| Depreciation and impairment expenses | | 2,390,551 | 2,699,597 |
| Catering / Food preparation | | 1,052,128 | 1,273,852 |
| Consumables | | 2,215,702 | 2,423,688 |
| Consultants | | 824,556 | 652,011 |
| Contractors | | 1,144,673 | 1,174,774 |
| Management Fees on Investments | | 564,948 | 498,590 |
| Repairs and maintenance | | 2,033,811 | 1,953,334 |
| Employee benefits expense | | 36,024,075 | 36,480,064 |
| Other expenses | | 5,474,791 | 4,641,174 |
| Total expenses | | 51,725,235 | 51,797,084 |
| Surplus/(Deficit) for the period from Continuing Operations | | (12,842,146) | (146,250) |

The Income Statement should be read in conjunction with the accompanying notes.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

| | Note | 2022 \$ | 2021 \$ |
|--|------|---------------------|------------------|
| Surplus/(Deficit) for the period from Continuing Operations | | (12,842,146) | (146,250) |
| Other comprehensive income | | | |
| Surplus/(Deficit) on sale of property assets | 5 | - | (14,524) |
| Impairment of Intangible assets | 14 | (2,812,500) | (750,000) |
| Items that will be reclassified subsequently to profit and loss when specific conditions are met: | | | |
| Unrealised capital gains/(deficit) from investments | 7a | (2,940,329) | 6,829,212 |
| Total comprehensive Income for the period | | (5,752,829) | 6,064,688 |
| <hr/> | | | |
| Surplus/(Deficit) attributable to Vasey RSL Care Limited. | | (18,594,975) | 5,918,438 |

The Statement of Comprehensive income should be read in conjunction with the accompanying notes.

VASEY RSL CARE LIMITED ABN 88109464360
STATEMENT OF FINANCIAL POSITION
 FOR THE YEAR ENDED 30 JUNE 2022

| | Note | 2022 \$ | 2021 \$ |
|--------------------------------------|-------|--------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | 8 | 3,571,767 | 3,689,976 |
| Trade and Other Receivables | 9 | 2,058,908 | 1,132,530 |
| Other Assets | 11 | 543,057 | 430,771 |
| Assets Held for Sale | 12/13 | 15,565,509 | 17,183,105 |
| TOTAL CURRENT ASSETS | | 21,739,241 | 22,436,382 |
| NON-CURRENT ASSETS | | | |
| Property, Plant and Equipment | 13 | 170,210,827 | 152,316,756 |
| Equity Investment | 7/10 | 92,739,569 | 111,050,608 |
| Intangibles Asset | 14 | 2,812,500 | 5,625,000 |
| TOTAL NON-CURRENT ASSETS | | 265,762,896 | 268,992,364 |
| TOTAL ASSETS | | 287,502,137 | 291,428,746 |
| CURRENT LIABILITIES | | | |
| Trade and Other Payables | 15 | 2,870,902 | 4,365,099 |
| Short-term Borrowings | 16 | 78,684,218 | 79,896,053 |
| Short-term Financing | 17 | 119,844 | 145,737 |
| Short-term Provisions | 19 | 5,640,617 | 5,628,789 |
| TOTAL CURRENT LIABILITIES | | 87,315,581 | 90,035,678 |
| NON-CURRENT LIABILITIES | | | |
| Long-Term Financing | 18 | - | 64,726 |
| Long-Term Provisions | 20 | 231,271 | 259,202 |
| TOTAL NON-CURRENT LIABILITIES | | 231,271 | 323,928 |
| TOTAL LIABILITIES | | 87,546,852 | 90,359,606 |
| NET ASSETS | | 199,955,285 | 201,069,140 |
| EQUITY | | | |
| Retained surplus | | (13,877,492) | 4,717,483 |
| Reserves | | 213,832,777 | 196,351,657 |
| TOTAL EQUITY | | 199,955,285 | 201,069,140 |

The Statement of Financial Position should be read in conjunction with the accompanying notes.

VASEY RSL CARE LIMITED ABN 88109464360
STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2022

STATEMENT OF CHANGES IN EQUITY

| | Retained Earnings | Asset Revaluation Reserve | Other Reserves | Total |
|--|----------------------|---------------------------------|-------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1st July 2020 | (1,200,955) | 139,922,455 | 56,329,202 | 195,050,705 |
| Deficit / Surplus from continuing Operations | (146,250) | - | - | (146,250) |
| Surplus/(deficit) from comprehensive Income | 6,064,688 | - | - | 6,064,688 |
| Revaluation Increment | - | 100,000 | - | 100,000 |
| Balance at 30 June 2021 | 4,717,483 | 140,022,455 | 56,329,202 | 201,069,140 |
| Deficit / Surplus from continuing Operations | (12,842,146) | - | - | (12,842,146) |
| Surplus/(deficit) from comprehensive Income | (5,752,829) | - | - | (5,752,829) |
| Revaluation Increment | - | 17,481,121 | - | 17,481,121 |
| Balance at 30 June 2022 | (13,877,492) | 157,503,576 | 56,329,202 | 199,955,285 |

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

VASEY RSL CARE LIMITED ABN 88109464360
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2022

| | Note | 2022 \$ | 2021 \$ |
|--|-----------|--------------------|---------------------|
| STATEMENT OF CASH FLOWS | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from residents and clients (Customers) | | 39,548,951 | 45,032,639 |
| Payments to suppliers and employees | | (50,954,759) | (48,056,221) |
| Allowable deductions from Bonds | | 662 | 3,972 |
| Interest received | | 2,775,298 | 13,498,541 |
| Other Operating Cash Flows | | - | 411,624 |
| NET CASH GENERATED FROM OPERATING ACTIVITIES | 2b | (8,629,848) | 10,890,555 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from (payments for) Property, Plant & Equipment | | (1,185,907) | 5,115,066 |
| Other Investing Cash Flows | | 11,000,000 | (27,857,377) |
| NET CASH FROM INVESTING ACTIVITIES | | 9,814,093 | (22,742,311) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Accommodation Bonds/refundable deposits received | | 24,263,523 | 29,042,676 |
| Accommodation Bonds/refundable deposits (refunded) | | (25,475,359) | (36,815,992) |
| Payment for Lease Liabilities | | (90,618) | (131,437) |
| NET CASH USED FROM FINANCING ACTIVITIES | | (1,302,454) | (7,904,753) |
| NET INCREASE / (DECREASE) IN CASH HELD | | (118,209) | (19,756,509) |
| Cash at beginning of year | | 3,689,976 | 23,446,485 |
| CASH AND CASH EQUIVALENTS AT 30 JUNE 2022 | 2a | 3,571,767 | 3,689,976 |

The statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover Vasey RSL Care Limited (VRSLC), a not-for-profit reporting entity, registered with the Australian Charities and Not-for-profits Commission (ACNC), as an individual entity, incorporated and domiciled in Australia.

Vasey RSL Care Limited a company limited by guarantee, operates as a single, autonomous entity, The principal activities of the company in the course of the reporting period were the promotion of charitable activities connected with the aged care sector, primarily the administration of Residential Facilities, Ex-service Accommodation, and Community Care for the aged.

The financial statements are presented in Australian dollars.

The financial statements were authorised for issue by the Board of Directors of Vasey RSL Care Ltd at the Directors meeting on the 4th of October 2022.

Background

On the 6th July 2004 RSL Veterans and Widows Trust Limited Trading as RSL Care Victoria merged with Vasey Housing Limited and a new corporation Vasey RSL Care Limited was formed. Within the Vasey RSL Care Ltd constitution various rights and responsibilities were assigned to the parent organisations of the two merged entities; being the War Widows Guild of Australia (Victoria) Limited and the Returned & Services League of Australia (Victoria Branch) Inc.

On the 24th February 2021, the War Widows' Guild of Australia (Victoria) Inc. (The Guild) had their 2020 AGM; at this meeting the Guild voted to wind up the organisation. All rights and responsibilities the Guild had within the Vasey RSL Care Ltd's Constitution were transferred to Returned & Services League of Australia (Victoria Branch) Inc. This is noted as a related party transaction in these accounts.

Basis of preparation

The financial statements are general purpose financial statements, that have been prepared in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements have been prepared in accordance with generally accepted accounting standards, which are based on Vasey RSL Care Ltd continuing as a going concern. The financial statements have been prepared on the basis that the realisation of assets and the extinguishment of liabilities in the normal course of business and at the amounts stated in the financial statements.

(a) Income recognition

Government funding received is recognised when VRSLC has control of the funds as a result of providing services. When funding include terms that specified services are delivered or conditions are fulfilled and failure to meet these terms could result in the funds needing to be returned, these are recognised as unearned income until the services are performed or conditions fulfilled.

(b) Fair Value of Assets and Liabilities.

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. Fair value is the price the company would receive if it sold an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing participants at the measurement date.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

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

Freehold Property

Freehold land and buildings are shown at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Vasey RSL Care Ltd has maintained one class of land and Buildings at cost, this class has had continuous like for like sales and there has not been any material variation in the value of sales from the original cost base.

Property transactions

Vasey RSL Care Ltd records property transactions (Purchase or sale of fixed assets) on settlement, at which time, if applicable, the surplus or (deficit) is recorded.

Property Improvements are continually undertaken and accounted from the date of Independent Valuation, and on revaluation are adjusted given the values received from the independent valuation.

Plant & Equipment *(Including furniture and fittings, information technology, communication equipment motor vehicles and right to use assets).*

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant & equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

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

Ex-service Accommodation usually meet the definition of investment properties as they normally are held primarily for either rental return or capital appreciation. Vasey RSL Care Ltd holds its independent living units for the primary purpose of ensuring war widows and veterans who are financially distressed have accommodation. Rents charged are highly subsidised. Vasey RSL Care Limited holds its independent

living units as Land and Buildings held at either independent valuation or Director's valuation.

VASEY RSL CARE LIMITED ABN 88109464360

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Right-to-use assets (Leases)

Consistent with standard AASB 16, assets greater than \$5,000 and with more than a twelve month contract will come onto the Balance Sheet as a "Right to Use Asset" and depreciated over the term of the contract. The Liability for the contract will also be recorded and divided into current and non-current (greater than 12 months) components. Interest paid on the contract will be calculated and expensed as incurred.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is 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. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation is provided on a straight-line basis on all property, plant and equipment and other categories except freehold land.

All other rates are consistent with those stated in the previous year's policy and are noted in the table below.

Major categories depreciation periods are:

Freehold buildings

Property improvements

Furniture, fittings, plant & equipment

Motor vehicles

Communications and information technology

| 2021/22 | | |
|---------|----------|------|
| Useful | Life | % |
| | 40 Years | 2.5% |
| | 10 Years | 10% |
| | 10 Years | 10% |
| | 4 Years | 25% |
| | 4 Years | 25% |

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 recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Assets Held for Sale

Non-current assets that have been deemed surplus to requirements by Management, are transferred to the 'Assets held for sale' category. At the time of the transfer the assets are generally tested for impairment. This category is regarded as a current asset, as they are expected to be sold within twelve months. These assets are expected to recover their carrying amount after testing for impairment. Once an asset is deemed as 'Held for sale' it ceases to be depreciated.

Intangibles Assets (Bed Licences)

Vasey RSL Care Ltd purchased 425 bed licences at a cost of \$40,000 per licence on 6th July 2004. Bed licences are held at cost and subject to impairment testing. They were devalued in the 2012/2013 financial year to \$15,000 per bed licence. During the 2021/2022 financial year they were further impaired and reduced in total carrying value by \$2,812,500.

Impairment of Assets

During the 2022 financial year Vasey RSL Care Limited continued to undertake an extensive review of its asset registers both tangible & intangible to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount 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 entity 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.

Bed Licenses are expected to be impaired to a value of nil by the year ended 30 June 2024 in line with recommendations from the Royal Commission into Aged Care Quality and Safety, with this being recognised over both the 2022 and 2023 financial years.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Employee Provisions

Vasey RSL Care Limited is responsible for all employee benefits and obligations.

Wages, salaries and annual leave

Vasey RSL Care Limited is responsible for all employee benefits, salaries and annual leave, this includes on-costs such as workers compensation insurance, superannuation and leave loading. Vasey RSL Care Ltd adopts the policy of recognising the liabilities for employee benefits such as wages, salaries & annual leave; given the present obligations for employee services provided at the reporting date. These are calculated at undiscounted amounts based on the remuneration wage and salary rates that the company expected to pay as at the reporting date.

Long service leave

Vasey RSL Care Limited is responsible for all long service leave obligations. The provision for long service leave represents the present value of the estimated future cash outflows to be made resulting from employee services provided at the reporting date.

Vasey RSL Care Ltd accrues the liability for long service leave from the start of employment subject to the probability of an event (payout occurring). Table outlining the term of employment and probability of event is shown to the right.

Vasey RSL Care Ltd's policy is to accrue the liability for long service to ensure it meets both Federal Industrial Relations Legislation and Industry Standards.

| Employee Term of employment | Probability applied |
|-----------------------------|---------------------|
| 1 | 0% |
| 2 | 5% |
| 3 | 12% |
| 4 | 20% |
| 5 | 30% |
| 6 | 40% |
| 7 | 50% |
| 8 | 75% |
| 9 | 90% |
| 10 | 100% |

(d) Cash and cash equivalents

Cash and Cash Equivalents in the Statement of Financial Position and Statement of Cash flows comprise of cash at bank and in hand and short-term deposits with an original maturity of less than three months which are convertible to known amounts of cash and are subject to an insignificant risk of change in value.

(e) Receivables

Trade Receivables are recognised and carried at original invoice value less a provision for uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(f) Accommodation Payment Options

All residents entering the service of Vasey RSL Care Limited on or after 1 July 2014, under the Living Longer Living Better Reform Legislation, have 28 days from entry to make a choice regarding payment of a Refundable Accommodation Deposit (RAD), Daily Accommodation Payment (DAP) or a combination of both. Refundable Accommodation Deposits are not recorded in the accounts, until funds are received.

(g) Goods and Services Tax (GST)

Vasey RSL Care Limited recognises expenses and assets net of any GST, except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) 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.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(j) Critical accounting estimates, assumptions and judgements

In the application of Australian Accounting Standards, management is required to make judgements, estimates and assumptions about carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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

Judgements made in the application of Accounting Standards that have significant effects on the financial statements, and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

(k) Key Estimates – Impairment

Vasey RSL Care Ltd assesses impairment at the end of the reporting period by evaluating conditions specific to the company that may lead to impairment of assets. If an impairment trigger exists the company calculates the recoverable amount of the asset in question. In order to calculate the recoverable amount, the company would perform a value-in-use calculation, which incorporates a number of key estimates.

(l) Key Estimates – Asset Valuation (investments)

An amount is recognised as an unrealised gain or loss on equity investments as at the balance date and is included as part of other comprehensive income that will be subsequently transferred to profit and loss when realised. Due to the timing of annual statements from the various investment managers the exact breakdown between income and unrealised gains is not able to be fully ascertained for all investments by the balance date and accordingly an estimate is made, on the best available evidence, as to what the unrealised amount to recognise in the accounts should be.

(m) Going Concern

Notwithstanding the loss for the 2022 financial year, the accounts have been prepared on a going concern basis as in the opinion of the directors, continued operations, and if required, with the realisation of assets will allow the company to pay its liabilities as and when they fall due.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

| Note 2 | STATEMENT OF CASH FLOWS | Note | 2022 \$ | 2021 \$ |
|--------|---|------|--------------------|-------------------|
| (a) | Reconciliation of cash; Cash balance comprises: | | | |
| | Cash on hand | | 5,900 | 6,400 |
| | Cash at bank | | 3,565,867 | 3,683,576 |
| | Cash Balance at year end | | 3,571,767 | 3,689,976 |
| (b) | Reconciliation of cash flow | | | |
| | Surplus/(deficit) | | (15,654,646) | 5,918,438 |
| | Surplus/(deficit) on disposal of Non-Current Assets | | 83,760 | (93,926) |
| | Provision for Doubtful Debts | | - | (43,114) |
| | Depreciation/Amortisation | | 5,203,051 | 3,449,597 |
| | Impact of Unrealised Losses on Investments | | 4,286,951 | - |
| | <i>Change in assets and liabilities:</i> | | | |
| | Increase/(decrease) in current receivables | | (1,038,664) | 1,116,883 |
| | Increase/(decrease) in current creditors and borrowings | | (1,494,196) | 206,277 |
| | Increase/(decrease) in current provisions | | (16,104) | 482,137 |
| | Increase/(decrease) in Non-Current Borrowing | | - | (145,737) |
| | Net cash flows from operating activities | | (8,629,848) | 10,890,555 |

| Note 3 | REVENUE FROM ORDINARY ACTIVITIES | Note | | |
|--------|--|------|-------------------|-------------------|
| | Revenue from operating activities | | | |
| | Grants / Government Grants | | 122,364 | - |
| | Resident fees | | 8,887,426 | 11,274,288 |
| | Resident Benefits | | 8,120,223 | 7,917,169 |
| | Government funding | | 21,660,453 | 27,311,251 |
| | Government Covid Assistance | | 1,399,838 | 5,373,330 |
| | Donations | 3a | 9,535 | 28,318 |
| | Interest on bonds, investments & dividends | | (1,679,172) | (749,251) |
| | Retention on bonds | | 662 | 3,972 |
| | Fee for service | 24 | 104,182 | 104,182 |
| | Surplus on sale of operational assets | 4 | 83,760 | 108,450 |
| | Other | | 173,828 | 279,125 |
| | Total revenue from operating activities | | 38,883,089 | 51,640,834 |

| Note 3a | Donations | | | |
|---------|---------------------------------|--|--------------|---------------|
| | Donations | | 3,833 | 21,427 |
| | Fundraising | | 4,962 | 5,891 |
| | Other | | 740 | 1,000 |
| | Total donations received | | 9,535 | 28,318 |

| Note 4 | Surplus on sale of operational assets | | | |
|--------|---------------------------------------|--|---------------|----------------|
| | Surplus on sale of Non-Current Assets | | 83,760 | 108,450 |
| | Total surplus on sale | | 83,760 | 108,450 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

| | 2022 \$ | 2021 \$ |
|---|--------------------|-------------------|
| Note 5 Surplus/Deficit on sale of property assets | | |
| Surplus on sale of Properties : | | |
| - 2 Manningtree Road, Hawthorn | - | (14,524) |
| Total surplus/(Deficit) from the sale of property assets | - | (14,524) |
| Note 6 EXPENSES | | |
| Catering / Meals Preparation | 1,052,128 | 1,273,852 |
| Consumables | 2,215,702 | 2,423,688 |
| Consultants | 824,556 | 652,011 |
| Contractors | 1,144,673 | 1,174,774 |
| Repairs and Maintenance | 2,033,811 | 1,953,334 |
| Management Fees on Investments | 564,948 | 498,590 |
| Salaries and employee benefits expense | 36,024,075 | 36,480,064 |
| Other expenses from ordinary activities | 5,474,491 | 4,641,174 |
| Total expenses before depreciation expenses | 49,334,686 | 48,598,897 |
| Buildings | 583,827 | 575,710 |
| Property Improvements | 388,861 | 311,730 |
| Furniture & Fittings | 316,037 | 341,475 |
| Plant & Equipment | 536,327 | 590,383 |
| Communications & Information Technology | 252,885 | 290,349 |
| Motor Vehicles | 189,941 | 183,482 |
| Right to use asset | 122,673 | 122,673 |
| Write of assets - Ivanhoe | - | 283,795 |
| Total depreciation expenses | 2,390,551 | 2,699,597 |
| Total expenses including depreciation | 51,725,236 | 51,797,084 |
| Note 7 Unrealised Capital surplus / (Deficits) | | |
| Unrealised Surplus/(Deficit) on the Equity Trustees Investment | (264,753) | 1,042,503 |
| Unrealised Surplus/(Deficit) on the Shadforth Investment | (1,562,942) | 3,343,533 |
| Unrealised Surplus/(Deficit) on the Credit Suisse Investment | (536,377) | 2,235,699 |
| Unrealised Surplus/(Deficit) on the JB Were Investments | (576,256) | 207,477 |
| Total Unrealised Capital Gains / (Deficits) | (2,940,329) | 6,829,212 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

| | 2022 \$ | 2021 \$ |
|--|--------------------|--------------------|
| Note 8 CASH AND CASH EQUIVALENTS | | |
| Cash on hand | 5,900 | 6,400 |
| Opening Bank balance | 3,689,976 | 23,446,485 |
| Increase / (Decrease) of cash | (124,109) | (19,762,909) |
| Closing Cash Balance | 3,571,767 | 3,689,976 |
| Note 9 RECEIVABLES (CURRENT) | | |
| Rent | 706,947 | 588,995 |
| Other debtors | 1,395,075 | 586,649 |
| Provision for doubtful debts | (43,114) | (43,114) |
| Balance at end of year | 2,058,908 | 1,132,530 |
| Receivables are generally on 30 days terms. The receivables are assessed for recoverability and tested for impairment (provision). | | |
| Movement in the provision for doubtful debts | | |
| Provision Bad Debts opening balance | 43,114 | 43,114 |
| Movement in provision | - | - |
| Balance at end of year | 43,114 | 43,114 |
| Note 10 FINANCIAL ASSETS (CURRENT) + EQUITY INVESTMENT NON-CURRENT | | |
| Opening Balance | 111,050,608 | 83,193,231 |
| Net Additional/(Decrease) in value of investments | (18,311,039) | 27,857,377 |
| Balance at end of year | 92,739,569 | 111,050,608 |
| Note 11 OTHER ASSETS | | |
| Prepayments | 353,028 | 206,141 |
| Other Debtors | 190,029 | 224,630 |
| Balance at end of year | 543,057 | 430,771 |
| Note 12 ASSETS 'HELD FOR SALE' | | |
| Assets 'Held for Sale' | 15,565,509 | 17,183,105 |
| Note 13 PROPERTY, PLANT AND EQUIPMENT + ASSETS HELD FOR SALE | | |
| Freehold land: | | |
| At Directors and Independent Valuations | 143,585,000 | 121,250,000 |
| At Cost 'Warleigh Apartments' | 1,852,104 | 1,852,104 |
| Balance at end of year | 145,437,104 | 123,102,104 |
| Buildings: | | |
| Directors Valuation 30/6/22 | 16,750,000 | 19,200,000 |
| At Cost 'Warleigh apartments' | 3,819,519 | 3,819,520 |
| Provision for depreciation | (791,013) | (1,655,302) |
| Written down value | 19,778,506 | 21,364,218 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

2022
\$2021
\$**Note 13 PROPERTY, PLANT AND EQUIPMENT + ASSETS HELD FOR SALE (continued)****ASSETS 'HELD FOR SALE'**

| | | |
|-------------------------------|-------------------|-------------------|
| Land | 15,565,509 | 17,183,105 |
| Buildings | - | - |
| Assets 'Held for Sale' | 15,565,509 | 17,183,105 |

Property Improvements

| | | |
|----------------------------|----------|------------------|
| At cost | - | 3,172,419 |
| Provision for depreciation | - | (475,943) |
| Written down value | - | 2,696,476 |

Motor Vehicles

| | | |
|----------------------------|----------------|----------------|
| At cost | 1,029,177 | 970,485 |
| Provision for depreciation | (483,395) | (501,456) |
| Written down value | 545,782 | 469,029 |

Plant and Equipment

| | | |
|----------------------------|------------------|------------------|
| At cost | 6,009,988 | 5,756,209 |
| Provision for depreciation | (3,798,874) | (3,262,546) |
| Written down value | 2,211,114 | 2,493,663 |

Communications & Information Technology

| | | |
|----------------------------|----------------|----------------|
| At cost | 2,937,927 | 2,618,522 |
| Provision for depreciation | (2,417,158) | (2,164,273) |
| Written down value | 520,769 | 454,249 |

Furniture & Fittings

| | | |
|----------------------------|------------------|------------------|
| At cost | 4,549,967 | 4,350,997 |
| Provision for depreciation | (3,233,236) | (2,917,198) |
| Written down value | 1,316,731 | 1,433,799 |

Work In Progress

| | | |
|---------------------------|----------------|----------------|
| At cost | 349,707 | 129,431 |
| Written down value | 349,707 | 129,431 |

Right to Use Leased Asset

| | | |
|----------------------------|---------------|----------------|
| Provision for depreciation | 613,365 | 613,365 |
| | (562,251) | (439,578) |
| Written down value | 51,114 | 173,787 |

Total Property, Plant and Equipment

| | | |
|-----------------------------------|--------------------|--------------------|
| At Directors or Valuers Valuation | 160,335,000 | 140,450,000 |
| At Cost | 21,161,754 | 23,283,052 |
| Provision for Depreciation | (11,285,927) | (11,416,296) |
| Total written down value | 170,210,827 | 152,316,756 |

Total Property, Plant and Equipment + Assets Held for Sale

| | | |
|-----------------------------------|--------------------|--------------------|
| At Directors or Valuers Valuation | 175,900,509 | 157,600,000 |
| At Cost | 21,161,754 | 23,316,157 |
| Provision for depreciation | (11,285,927) | (11,416,296) |
| Total written down value | 185,776,336 | 169,499,861 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

| | 2022 \$ | 2021 \$ |
|---|------------------|------------------|
| Note 14 INTANGIBLES | | |
| Opening balance of bed licences | 5,625,000 | 6,375,000 |
| Impairment of bed licences | (2,812,500) | (750,000) |
| Approved Provider Bed Licences at Written down value | 2,812,500 | 5,625,000 |

Vasey RSL Care Limited has 378 Bed Licences plus 3 Bed Licences which were received from the Federal Government at no cost being a total of 381 Bed Licenses.

Note 15 PAYABLES (CURRENT)

| | | |
|--|------------------|------------------|
| Trade creditors and accruals | 1,555,946 | 1,961,776 |
| Accrued Wages, Salaries, Superannuation and On Costs | 709,164 | 680,949 |
| Security deposits | 66,974 | 57,074 |
| Sundry creditors | 224,675 | 376,161 |
| Prepaid Revenue – Home care | (328) | (391,876) |
| Home Care Funding Balance | 314,471 | 1,681,015 |
| Total Current Payables | 2,870,902 | 4,365,099 |

Accrued Wages, superannuation and on-costs includes superannuation at legislated rates (10% in 2022 and 9.5% in 2021)

Note 16 SHORT TERM BORROWINGS**Refundable Resident Entry Contributions**

| | | |
|-------------------------------|-------------------|-------------------|
| Carrying amount at beginning | 79,896,053 | 80,737,185 |
| Net movement in Bonds/RADS | (1,211,835) | (841,132) |
| Balance at end of year | 78,684,218 | 79,896,053 |

Note 17 OTHER SHORT-TERM FINANCING**Lease Liabilities**

| | | |
|-------------------------------|----------------|----------------|
| Carrying amount at beginning | 145,737 | 131,437 |
| Movement in liability | (25,893) | 14,300 |
| Balance at end of year | 119,844 | 145,737 |

Note 18 LONG TERM FINANCING**Lease Liabilities**

| | | |
|-------------------------------|----------|---------------|
| Carrying amount at beginning | 64,726 | 210,463 |
| Movement in liability | (64,726) | (145,737) |
| Balance at end of year | - | 64,726 |

Note 19 PROVISIONS (CURRENT)**Annual Leave**

| | | |
|-------------------------------------|------------------|------------------|
| Annual leave provision provided | 2,502,713 | 2,198,488 |
| Increase/ (Decrease) annual leave | (31,204) | 304,225 |
| Total annual leave provision | 2,471,509 | 2,502,713 |

Long service leave

| | | |
|--|------------------|------------------|
| Long service leave provided | 3,126,076 | 2,942,632 |
| Increase/(Decrease) long service leave | 43,032 | 183,444 |
| Long service leave provision | 3,169,108 | 3,126,076 |
| Balance at end of year | 5,640,617 | 5,628,789 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

2022
\$2021
\$

| Note 20 | PROVISIONS (NON-CURRENT) | | |
|---------|--|----------------|----------------|
| | Long service leave | | |
| | Long service leave provided | 259,203 | 264,735 |
| | Increase/(Decrease) long service leave | (27,932) | (5,533) |
| | Balance at end of year | 231,271 | 259,202 |

| Note 21 | AUDITORS' SERVICES | | |
|---------|----------------------------------|--------|--------|
| | Audit services – Current Auditor | 51,000 | 55,700 |

| Note 22 | DIRECTORS' REMUNERATION | | |
|---------|--|--|--|
| | 1st July 2021 to 30th June 2022 | | |
| | The Vasey RSL Board Chairman receives a remuneration of \$42,000 per annum. The Deputy Chairman receives \$22,000 and all other Directors received \$ 14,000 or (pro-rata as per service). | | |

| Note 23 | DIRECTORS & KEY MANAGEMENT PERSONNEL DISCLOSURES | | |
|---------|--|---------|---------|
| | Transactions with Directors and Key Management Personnel | | |
| | Number of Directors as at 30 June 2022 | 7 | 8 |
| | Total Directors Remuneration | 137,000 | 128,167 |

Eight Directors have been in office for either part or in full during the financial year.

| | | | |
|--|--|------------------|------------------|
| | Number of Key Management Personnel Staff | 7 | 7 |
| | Short-term employee benefits | 1,310,294 | 1,309,816 |
| | Post-employment benefits | 548,332 | 405,212 |
| | Total Benefits | 1,858,626 | 1,715,028 |

Seven key Management staff have been in office, for either part or in full during the financial year

| Note 24 | RELATED PARTY TRANSACTIONS | | |
|---------|---|--|--|
| | During the financial year \$104,182 was received from the War Widows Guild in accordance with the current service agreement for administrative and management services. | | |

| Note 25 | CONTINGENT ASSETS AND LIABILITIES | | |
|---------|-----------------------------------|--|--|
|---------|-----------------------------------|--|--|

Accommodation Bond Guarantee Scheme

The directors of the company are not aware of any litigation, claims, or impending action against the company.

In June 2013, as part of the Commonwealth Government 'Living Longer, Living Better' Legislation, the Aged Care (Bond security) amendment Bill 2013 was passed. The legislation continued the provisions of the Bond Security Scheme was first established under the Aged Care (Bond Security) Act 2006. The Scheme ensures Residents who have made accommodation bonds/RADS to approved providers are guaranteed the return of their contribution balances if the Approved Provider defaulted on their obligations.

Vasey RSL Care Ltd notes the above contingency and the possibility of an occurrence under the Legislation could occur.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

2022
\$2021
\$**Note 26 FINANCIAL RISK MANAGEMENT**

The company's financial instruments consist of short-term deposits with banks. The deposits are both floating and short-term fixed interest deposits. These deposits are held with a variety of banking Institutions. The remainder of the financial assets are held with fund managers including Credit Suisse Wealth Management, Equity Trustees, Shadforth Financial Group & JB Were.

The totals 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;

| | | | |
|-----|--|-------------------|--------------------|
| (a) | <u>Interest Rate Risk</u> | | |
| | Cash & Equivalents and Financial assets | | |
| | Westpac – Floating interest rate | | |
| | Cash at Bank | (23,659) | (20,703) |
| | <i>Weighted average effective interest rate</i> | 0.0001% | 0.0001% |
| | Westpac – Floating interest rate | | |
| | Cash Management | 3,594,955 | 1,382,973 |
| | <i>Weighted average effective interest rate</i> | 0.000% | 0.000% |
| | ME – Floating interest rate | | |
| | Members Equity at Call | – | 245,767 |
| | <i>Weighted average effective interest rate</i> | – | 0.408% |
| | AMP – Floating interest rate | | |
| | AMP Notice Saver | – | 2,075,540 |
| | <i>Weighted average effective interest rate</i> | – | 0.509% |
| | Bonds & Equities | | |
| | Credit Suisse Wealth Management | 35,974,294 | 38,632,276 |
| | Annual Investment return | –9.3% | 15.85% |
| | Bonds & Equities | | |
| | Equity Trustees | 12,866,108 | 13,686,303 |
| | Annual Investment return | –6.0% | 14.11% |
| | Bonds & Equities | | |
| | J B Were (Defensive) | 13,968,040 | 26,245,066 |
| | Annual Investment return | –5.2% | 6.55% |
| | Bonds & Equities | | |
| | J B Were (Balanced Growth Fund) | 4,697,362 | 4,998,130 |
| | Annual Investment return | –6.0% | –0.02% |
| | Bonds & Equities | | |
| | Shadforth Financial Group | 25,233,765 | 27,488,834 |
| | Annual Investment return | –8.2% | 17.75% |
| | Non-interest-bearing cash | 5,900 | 6,400 |
| | Non-interest-bearing debtors | 2,058,908 | 1,132,530 |
| | Other | 543,057 | 430,771 |
| | Total Financial Assets + Equity Investments | 98,918,270 | 116,303,887 |
| | Financial liabilities | | |
| | Non-interest-bearing creditors | 2,870,902 | 4,365,099 |
| | Refundable residents' entry contributions | 78,684,218 | 79,896,053 |
| | Short Term Borrowings | 119,845 | 145,737 |
| | Total financial liabilities | 81,674,965 | 84,406,889 |
| | Net financial assets | 17,243,305 | 31,896,998 |

Note 26 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial Risk Management Policies

The Board is responsible for establishing an appropriate risk management framework, including the approach for identifying, assessing, monitoring and managing financial risks. Consisting of Vasey RSL Care Board members, the Finance Committee seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The Committee reviews and makes recommendations on improvements to risk management policies to the Board on a regular basis. These include credit risk policies and future cash flow requirements.

(b) Liquidity Risk

Liquidity risk arises from the possibility that Vasey RSL Care Ltd might encounter difficulty in settling its debts or obligations in relation to financial liabilities. The company manages this risk through the following mechanisms:

- a) Preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- b) Maintaining a reputable credit profile;
- c) Only investing surplus with major financial institutions as per the Vasey RSL Care Limited investing policy;
- d) Comparing the maturity profile of financial liabilities with the realisation profile of financial assets, while maximising the return on the financial assets.

Financial Liabilities

87.6% percent of Vasey RSL Care's liabilities (88% 2020/21) are made up of refundable resident entry contributions (Accommodation Bonds/ RADS). Vasey RSL Care's Finance Committee has continually modelled the expected termination of these residential accommodation agreements. Accommodation bonds become due and payable on termination of the agreement or death of the resident. Unlike fixed term debt, that can be estimated using past data. Refundable residential bond repayments can only be estimated using such things as life expectancy information, which itself is continually moving. The Finance Committee monitors the level of accommodation bonds refunded per year, and have found nearly 33.2% percent (2021: 25%) of accommodation bonds were refunded in the 2021/22 financial year; this has increased as residents enter the facilities later both in age and fragility. This figure also excludes Residents from Ivanhoe Facility that have transferred within the Organisation.

(c) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter-parties of contract obligations that could lead to a financial loss for the company.

Vasey RSL Care Ltd does not have any material credit risk exposure as its major source of revenue is received via Government agreements or subject to Government regulations.

Credit Risk Exposures

The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date to recognised financial assets is the carrying amount net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

Receivables that are neither past due or impaired are considered to be of high credit quality.

Vasey RSL Care Limited does not have any material credit risk exposure to any single debtor or group of debtors.

(d) Net fair value of Financial Assets and Liabilities

The net fair value of listed investments has been valued at the quoted market bid price at balance date. For other assets and other liabilities that are non-interest bearing the net fair value approximates their carrying value. Financial assets where the carrying amount exceeds net fair value have not been written down as Vasey RSL Care Limited intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Note 26 FINANCIAL RISK MANAGEMENT (continued)

(e) Market Risk

i. *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities. These risks are recognised at the end of the reporting period, whereby possible future changes in interest and investment return rates will impact future cash flows or the fair value of fixed rate financial instrument.

At the 30 June 2022 approximately 3.9% (3.2% 2020/21) of the Vasey RSL Care Ltd's financial assets are at short term fixed interest rates, The remainder of the funds are in wealth management funds as detailed below.

Sensitivity Analysis based on +/- 1% change in interest rates.

| | Value 30/06/2022 | Surplus | Effect On Equity |
|---|---------------------|---------|---------------------|
| Short term investments | \$ 3,594,955 | 35,945 | \$ 35,945 |
| (Variable and fixed for less than 3 Months) | | 35,945 | \$ 35,945 |

** Movement of plus or minus 1% in interest rates would have an impact of approximately \$ 35,945 on the Vasey RSL Care Ltd result and hence equity.*

ii. *Price Risk*

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of investment/securities held. The company is exposed to securities price risk on investments held for trading.

At the 30th June 2022 Vasey RSL Care Ltd had approximately \$92.74 Million under the financial management of Equity Trustees, Shadforth Financial, Credit Suisse and JB Were. The funds are made up of bonds, local and international shares.

Sensitivity Analysis based on +/- 20% change in equity markets.

| | Value 30/06/2022 | Surplus | Effect On Equity |
|---------------------|---------------------|-------------------|---------------------|
| Equity Trustees | 12,866,108 | 2,573,222 | 2,573,222 |
| Shadforth Financial | 25,233,765 | 5,046,753 | 5,046,753 |
| Credit Suisse | 35,974,294 | 7,194,859 | 7,194,859 |
| J B Were | 13,968,040 | 2,793,608 | 2,793,608 |
| J B Were | 4,697,362 | 939,472 | 939,472 |
| | <u>92,739,569</u> | <u>18,547,914</u> | <u>18,547,914</u> |

** Movement of plus or minus 20% in interest rates would have an impact of approximately \$18.5 Million on the Vasey RSL Care Ltd result and hence equity.*

Note 27 CAPITAL MANAGEMENT

Management of Vasey RSL Care Limited controls the capital of the entity to ensure that adequate cashflows are generated to fund its operations and that returns from its investments are maximised. The Finance Committee ensures that the overall risk management strategy is in line with this objective.

The Finance Committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. The Finance Committee reviews the investment portfolio each meeting and reviews the asset classes within the investment portfolio.

Management effectively manages Vasey RSL Care Ltd's capital requirements by continually assessing Australian Approved Deposit Institutions (Banks) interest rates to maximise the organisations return within the entity's financial risk profile.

Note 28 COMPANY LIMITED BY GUARANTEE

Vasey RSL Care Limited operates as a company limited by guarantee, with the liability of any member not exceeding ten dollars.

Note 29 SIGNIFICANT EVENTS AFTER BALANCE DATE

There are no events after the balance date which, in the opinion of the directors, requires disclosure.

Note 30 BUSINESS LOCATION

The registered address of the Vasey RSL Care Limited is:
172 Burwood Road
Hawthorn, Victoria 3122.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Note 31 SEGMENT REPORTING

Vasey RSL Care Limited operates in one industry, aged care and one geographical area, Victoria.

Residential Care

SEGMENT REPORTING REQUIREMENTS OF COMMONWEALTH GOVERNMENT CONDITIONAL ADJUSTMENT PAYMENT (CAP). This Segment complies with AASB 8 'Operating segments'.

The Department of Social Services, requires entities to treat **Residential Aged Care** as a reportable segment, within the General Purpose Financial Statements. Set out below are details of the Vasey RSL Care Limited residential age care component in Victoria.

| The Facility | RACS ID | The Facility | RACS ID |
|--------------------------------|---------|------------------------------|---------|
| Vasey RSL Care Brighton | 3526 | Vasey RSL Care Bundoora | 3370 |
| Vasey RSL Care Frankston South | 3038 | Vasey RSL Care Brighton East | 3449 |
| Vasey RSL Care Ivanhoe | 3337 | | |

**CONDITIONAL ADJUSTMENT PAYMENT SEGMENT-INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022 "Residential Facilities"**

| | 2022 | 2021 |
|--|---------------------|--------------------|
| | \$ | \$ |
| Operating Income | | |
| Government funding | 23,439,220 | 23,118,251 |
| Residential fees | 8,226,612 | 9,052,219 |
| Donations | 2,233 | 19,278 |
| Other | 44,311 | 3,936,826 |
| Total Operating Income | 31,714,376 | 36,126,574 |
| Operating Expenditure | | |
| Wages & On Costs | 30,228,556 | 31,602,877 |
| Running costs | 5,120,289 | 5,687,834 |
| Administration | 541,689 | 713,706 |
| Maintenance | 1,080,939 | 1,090,047 |
| Non-cash (inc dep'n) | 5,815,504 | 4,071,946 |
| Total Operating Expenditure | 42,786,977 | 43,166,410 |
| NET SURPLUS/(DEFICIT) BEFORE CAPITAL INCOME | (11,074,601) | (7,039,836) |
| Capital Income | | |
| Government funding | 1,452,331 | 1,741,356 |
| Government grants | 101,364 | - |
| Other grants | - | - |
| Retention on bonds | 662 | 3,972 |
| Interests on bonds | 4,171,088 | 4,581,446 |
| Total Capital Income | 5,725,445 | 6,326,774 |
| NET SURPLUS/(DEFICIT) AFTER CAPITAL INCOME | (5,347,156) | (713,062) |

This Segment Report 'Profit and Loss' has been prepared from the records of Vasey RSL Care Limited and complies with the reporting requirements of the Department of Human Services.

CONDITIONAL ADJUSTMENT PAYMENT SEGMENT**STATEMENT OF FINANCIAL POSITION**

FOR THE YEAR ENDED 30 JUNE 2022

| | 2022 | 2021 |
|--------------------------------------|--------------------|--------------------|
| | \$ | \$ |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 3,449,696 | 3,350,825 |
| Trade and other receivables | 1,273,957 | 699,904 |
| Financial assets | 89,633,058 | 100,808,652 |
| Other assets | 335,610 | 266,216 |
| TOTAL CURRENT ASSETS | 94,692,321 | 105,125,597 |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 98,885,211 | 73,028,257 |
| Intangible assets | 2,812,500 | 5,625,000 |
| TOTAL NON-CURRENT ASSETS | 101,697,711 | 78,653,257 |
| TOTAL ASSETS | 193,390,032 | 183,778,854 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 1,519,590 | 2,697,603 |
| Short term borrowings | 85,603 | 114,508 |
| Other short-term borrowings | 78,684,218 | 79,896,053 |
| Short-term provisions | 4,411,766 | 4,529,923 |
| TOTAL CURRENT LIABILITIES | 84,701,177 | 87,238,087 |
| NON-CURRENT LIABILITIES | | |
| Long term borrowings | - | 50,856 |
| Long-term provisions | 191,383 | 188,307 |
| TOTAL NON-CURRENT LIABILITIES | 191,383 | 239,163 |
| TOTAL LIABILITIES | 84,892,560 | 87,477,250 |
| NET ASSETS | 111,497,472 | 96,301,604 |

This Segment Report 'Balance Sheet' has been prepared from the records of Vasey RSL Care Limited, and complies with the reporting requirements of the Department of Human Services.

Home Care

SEGMENT REPORTING REQUIREMENTS OF COMMONWEALTH GOVERNMENT CONDITIONAL ADJUSTMENT PAYMENT (CAP). This Segment complies with AASB 8 'Operating segments'.

The Department of Social Services, requires entities to treat Home Care Packages Programme as a reportable segment, within the General Purpose Financial Statements. Set out below are details of the Vasey RSL Care Limited residential age care component in Victoria.

| | <u>Community Services</u> | Serial ID | <u>Community Services</u> | Serial ID |
|------------------------|---------------------------|-----------|---------------------------|-----------|
| Serial Identifications | East | 19005 | South | 19007 |
| | North | 19006 | West | 26446 |

CONDITIONAL ADJUSTMENT PAYMENT SEGMENT-INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022 "Home Care"

| | 2022 | 2021 |
|---|------------------|------------------|
| | \$ | \$ |
| Operating Income | | |
| Provision of Care/ Services Fees Charged to Clients | 3,392,922 | 2,544,808 |
| Client Case Management Fees Charged to Clients | 736,842 | 490,576 |
| Administration Fees Charged to Clients | 732,002 | 514,625 |
| Exit Amounts Deducted | 4,500 | 10,000 |
| Government COVID Assistance | - | 52,500 |
| Other Income | - | 5,215 |
| Total Income | 4,866,266 | 3,617,724 |

Home Care (continued)

| CONDITIONAL ADJUSTMENT PAYMENT SEGMENT-INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2022 "Home Care" | 2022 \$ | 2021 \$ |
|--|--------------------|--------------------|
| Operating Expenditure | | |
| Wages and Salaries - Care Staff | 599,620 | 435,833 |
| Wages and Salaries - Administration and Non-Care Staff | 269,394 | 195,809 |
| Administration Costs and Management Fees | 324,000 | 300,000 |
| Care related expenses | 21,897 | 9,767 |
| Sub - Contracted or Brokered Client Services | 3,325,178 | 2,427,802 |
| Depreciation Expenses | 31,804 | 18,421 |
| Other Expenses | 143,754 | 113,082 |
| Total Expenses | 4,715,647 | 3,500,714 |
| Net Surplus / (Deficit) Before Capital Income | 150,619 | 117,010 |

This Segment Report 'Profit and Loss' has been prepared from the records of Vasey RSL Care Limited, and complies with the reporting requirements of the Department of Human Services.

VASEY RSL CARE LIMITED

ABN 88 109 464 360

DIRECTORS' DECLARATION

The Directors of the company declare that:

- (a) The Financial statements and notes are in accordance with the requirements of the Australian Charities and Not-for-Profit Commission Act 2012,
 - (i) complying with the Australian Accounting Standards applicable to a Not-for-Profit entity,
 - and
 - (ii) giving a true and fair view of the company's financial position as at 30 June 2022 and of the company's performance for the year ended on that date; and
- (b) In the Directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Mr M P O'Meara, (Chair),
Director



Mr Barry Lowe, (Deputy Chair)
Director

Dated this 4th day of October 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VASEY RSL CARE LIMITED ABN 88 109 464 360

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Vasey RSL Care Ltd, a not-for-profit entity, which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of Vasey RSL Care Limited, a not-for-profit entity has been prepared in accordance with Div 60 of the Australian Charities and Not-for-profits Commission Act 2012 , including:

- (i) giving a true and fair view of the registered entity's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and Div 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the registered entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The directors are responsible for information other than the financial report and Auditor's Report. This other information comprises the information included in the registered entity's annual report for the year ended 30 June 2022. Our opinion relates to the financial report and does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

Emphasis of Matter – Going concern

Without qualification to the above, attention is drawn to note 1(m) where the directors state that despite the current year loss, the company is expecting to continue as a going concern through continued operations and the ability to realise investments if required. We do not disagree with this.

Responsibilities of the Directors for the Financial Report

The directors of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012 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 registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the the registered entity or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
VASEY RSL CARE LIMITED ABN 88 109 464 360**

Report on the Audit of the Financial Report (continued)

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 registered 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 registered 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 registered entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Name of firm MORTON WATSON & YOUNG AUDIT PTY LTD

Auditor / Director: **Kerpel S. Harnam**

480 Collins Street, Melbourne VIC 3000

Registered Company Auditor (365612)

Dated this 4th day of October



Continuing the Mission



Vasey RSL Care ABN 88 109 464 360

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