



**ACACIA LIVING GROUP LIMITED**

**ABN 44 121 436 162**

**NAPS ID 971**

**FINANCIAL STATEMENTS**

**For the year ended  
30 June 2022**

# ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

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# ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

## Directors' Report

The directors of Acacia Living Group Limited ("Company" or "Entity") submit the annual report of the Company for the financial year ended 30 June 2022.

Listed below are the details of the directors of the Company in office before 1 November 2021.

- Mr Kevin Campbell (Chairman)
- Mr Robert Kucera (Deputy Chairman)
- Ms Cinzia Donald
- Mr Geoff Martin
- Mr Graham Reynolds

Listed below are the details of the directors of the Company in office from 1 November 2021 are, their qualifications, experience and special responsibilities.

Director	Experience
<b>Mr Pat McIntosh AM CSC</b> B.Bus, GradDipMgmt, MBA, MAICD	<p>Mr McIntosh was a senior officer in the Australian Army where he served for 27 years. He is a graduate of the Australian Army Staff College and the Australian Defence College. He has a wide range of command and leadership experience, including senior command appointments and operational command.</p> <p>Following his service, Mr McIntosh worked in the finance sector for 13 years and established a financial planning business. In addition to serving as Chair of Bolton Clarke, he is the Chair of two for-profit businesses - Altura Learning and RDNS Hong Kong - and the Chair of not-for-profit provider RDNS New Zealand. He is also on the Board of the Southern Cross Credit Union and the Advisory Board of the Royal Australian Regiment.</p>
<b>Mr Jeffrey McDermid</b> B Econ, FAICD, FCA	<p>Mr McDermid has over 50 years' experience within the accounting profession and has been a director of not-for-profit and for-profit organisations. His board roles extend across a wide range of sectors including property development, human resources, private education, tourism, agricultural equipment supply, online retail, hotel, shopping centre and technology industries.</p> <p>Mr McDermid is a former partner of WMS Chartered Accountants and Ernst &amp; Young. Mr McDermid brings to the Board a wide variety of skills and experience in financial management, corporate governance and strategic thinking.</p>
<b>Mr Robert Lourey</b> B.Bus, GAICD	<p>Mr Lourey has extensive listed company senior executive experience. He has served as the principal human resources executive in large, internationally based, publicly listed companies across a broad range of industries including international education, media, property development and construction, manufacturing, finance and banking.</p> <p>Mr Lourey is a former Chair of Access EAP and a former member of the Boards of KU Children's Services, Michael Page plc, Afrox and Afrox Healthcare (RSA).</p>
<b>Mr Stuart Lummis</b> B Econ, Grad Dip Applied Proj & Const Mngt, Post Grad Dip Acctg, Finsia, FAICD	<p>Mr Lummis has over 40 years' experience as a senior executive and company director with a strong background in the property sector and managing complex property portfolios, gained through his role as the Head of Property at Yourtown and as the former Director of Property for the Catholic Archdiocese.</p> <p>Mr Lummis has extensive experience in both large publicly listed groups and not-for-profit organisations. He is also a member of the Property Council of Australia's Social Infrastructure Committee, a Director of Brisbane Markets Limited, Deaf Services Queensland, Heritage Council of Queensland, and National Trust (Australia) Queensland. He is the Chair of the Property Advisory Committee and a member of the Stewardship Commission for the Sisters of Saint Joseph.</p>

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<p><b>Dr Cherrell Hirst AO</b> FTSE, MBBS, BEdSt, D.Univ (Honorary), FAICD (Life)</p>	<p>Dr Hirst is a member of the Board of the John Villiers Trust and is a Director of Altura Learning.</p> <p>Dr Hirst has formerly held Board membership of a number of organisations including Medibank Limited, Gold Coast Hospital and Health Service, Suncorp Metway Limited, Peplin Limited, Avant Group (including Avant Insurance Ltd), ImpediMed Limited and Factor Therapeutics Limited. She was Chancellor of Queensland University of Technology from 1994 to 2004 and chaired the Advisory Board of the Institute of Molecular Biosciences at the University of Queensland from 2014 to 2021.</p>
<p><b>Associate Professor Bev Rowbotham</b> MBBS (Hons 1), MD, FRACP, FRACPA, FAICD  Appointed 28 October 2021</p>	<p>Associate Professor Rowbotham is a medical specialist and non-executive company director with a career long focus on client safety and wellbeing in the healthcare, disability and aged care sectors.</p> <p>Associate Professor Rowbotham chairs the Federal Government’s National Pathology Accreditation Advisory Council and Avant Mutual Group, Australia’s largest medical indemnity insurance provider. Associate Professor Rowbotham is also a Director of the private health insurer, Doctors Health Fund.</p>
<p><b>Adjunct Professor Michael Reid AM</b> B.Ec  Resigned 13 April 2022</p>	<p>Adjunct Professor Reid has extensive experience as a director and is currently the National President of the Mental Illness Fellowship of Australia, Deputy Chair of the Central Adelaide Local Health District Governing Board and Chair of the Board Chairs, SA Health and of the Eastern Sydney Private Hospital. He is also a member of the Western Sydney Local Health District Board.</p> <p>He has held many public sector positions at Commonwealth and State Government levels including as the Director General of the Queensland Health Department, Director General of the Ministry for Science and Medical Research (NSW) and Director General of the NSW Health Department.</p> <p>In 2011, Adj. Prof. Reid was awarded the Sidney Sax Medal for his contribution to the Australian Health Service and in 2019 was appointed as a Member (AM) of the Order of Australia for significant service to the community through government and not-for-profit health roles, and to Indigenous welfare.</p>
<p><b>Ms Annabelle Chaplain AM</b> BA, MBA, Post Grad Dip Finsia, FAICD  Appointed 1 February 2022  Resigned 6 May 2022</p>	<p>Ms Chaplain is an accomplished non-executive director, with extensive experience across ASX-listed, public, private and international sectors, including in financial services, property and industrial services and infrastructure.</p> <p>Ms Chaplain is currently chair of MFF Capital Investments Ltd and Canstar Pty Ltd and is also a director of Seven Group Holdings Ltd, Super Retail Group Ltd, the Australian Ballet and the Society for the Sacred Advent Schools Pty Ltd.</p>

## Directors' attendance at meetings

Director	Directors' Meetings	
	Held <sup>1</sup>	Attended <sup>2</sup>
K. Campbell	5	5
R. Kucera	5	5
G. Martin	5	4
C. Donald	5	4
G. Reynolds	5	4
P. McIntosh	2	2
R. Lourey	2	2
J. McDermid	2	2
S. Lummis	2	2
C. Hirst	2	2
M. Reid	2	2
B. Rowbotham	2	2
A. Chaplain	1	1

<sup>1</sup> Number of meetings held whilst the Director was a Board member

<sup>2</sup> Number of meetings attended by the Director

## ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

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### *Principal activities*

The Company's principal activities in the course of the financial year were the provision of residential aged care facilities, home care services and the management of retirement villages in Western Australia. There have been no significant changes in the nature of these activities during the financial year. The Company's short and long term objective is to carry on the principal activities of the Company and apply any surplus generated from the conduct of those activities to pursue the charitable purpose of the Company.

### *Review of operations*

The Company operated 7 retirement villages, 2 residential aged care facilities as well as providing at home support services to in excess of 371 clients during the period. Total revenue of \$42,094,000 (2021: \$40,852,000) was recognised and the net result was a deficit of \$1,927,000 (2021: surplus of \$2,547,000). The Company cares for those members of the community who are most vulnerable to the COVID-19 virus. During the financial year the Company incurred \$1,166,000 (2021: \$nil) in costs in managing COVID-19 outbreaks in its residential aged care facilities.

### *Change in state of affairs*

On 13 October 2021 the former entity, The RSL Care WA Retirement and Aged Care Association Incorporated, was converted to Acacia Group Living Limited, a company limited by guarantee. On 1 November the Company completed a merger with RSL Care RDNS Limited and RSL Care RDNS Limited became the sole member of the Company. Other than the aforementioned changes, there were no other significant changes in the state of affairs of the Company during the financial year.

### *Subsequent events*

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

### *Future developments*

The Company expects to continue to provide accommodation, care and services to members of the community in need in future financial years.

### *Economic dependency*

The Company is dependent on government funding under the *Aged Care Act 1997* (C'th) for the operation of its residential care facilities and community care packages and services.

### *Environmental regulations*

The Company provides services from a number of properties which it has developed and acquired over the years in Western Australia. It is subject to legislation regulating land development. Consents, approvals and licences are generally required for all developments and it is usual for them to be granted with conditions. The Company complies with these requirements by ensuring that all necessary consents, approvals and licences are obtained prior to any project being commenced and consents, approvals and licences are implemented in order to ensure compliance with conditions. To the best of the Directors' knowledge, all projects have been undertaken in substantial compliance with these requirements.

### *Non-audit services*

No non-audit services were provided by the Company's auditor during the financial year (2021: KPMG \$nil).

### *Indemnifications of officers and auditors*

During the year, the Company paid a premium in respect of a contract insuring the officers of the Company against liability incurred as an officer to the extent permitted by the *Corporations Act 2001* (C'th). The contract of insurance prohibits disclosure of the nature of the liability and amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or any related body corporate against a liability incurred as an officer or auditor.

## ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

*Proceedings on behalf of the company*

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No persons have bought proceedings on behalf of the Company during the financial year.

### *Contribution in winding up*

The Company is incorporated under the *Corporations Act 2001* (C'th) and is a company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute towards meeting any outstanding obligations of the entity. The Constitution requires each member to contribute a maximum of \$10. At 30 June 2022, the total amount that members of the Company were liable to contribute if the Company was wound up was \$10.

### *Auditor's independence declaration*

A copy of the Auditor's Independence Declaration as required under s.60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* (C'th) is presented on page 5 and forms part of this Directors' Report.

### *Rounding off of amounts*

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials / Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

This Directors' Report is signed in accordance with a resolution of directors' made pursuant to s.298(2) of the *Corporations Act 2001* (C'th).

On behalf of the Directors



Mr Pat McIntosh AM CSC  
Chairman

Dated this 26th day of October 2022

The Board of Directors  
Acacia Living Group Limited  
Level 3, 44 Musk Avenue  
Kelvin Grove  
Qld 4059

26 October 2022

Dear Board Members

## Acacia Living Group Limited

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 Acacia Living Group Limited.

As lead audit partner for the audit of the financial statements of the Acacia Living Group Limited for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Vanessa de Waal  
Partner  
Chartered Accountants

## ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

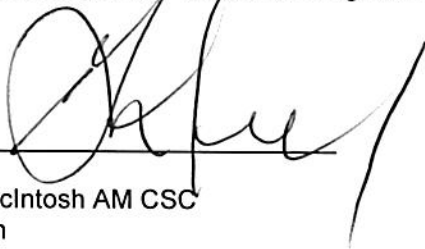
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### Directors' Declaration

In the opinion of the Board of Directors of Acacia Living Group Limited (the "Entity"):

- (a) The financial statements and notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* (C'th), including:
  - (i) giving a true and fair view of the Entity's financial position as at 30 June 2022 and its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Simplified Disclosures; and
- (b) there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013* and is signed in accordance with a resolution of the Board.



Mr Pat McIntosh AM CSC  
Chairman

Dated this 26th day of October 2022



## Independent Auditor's Report to the Board of Acacia Living Group Limited

### *Opinion*

We have audited the financial report of Acacia Living Group Limited (the "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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Entity's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards – Simplified Disclosures, and Division 60 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 Entity in accordance with the auditor independence requirements of the ACNC Act and ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### *Other Information*

The Directors are responsible for the other information. The other information comprises the directors' report, but does not include the financial report and our auditor's report thereon.

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

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

### *Responsibilities of the Directors for the Financial Report*

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

In preparing the financial report, the directors are responsible for assessing the 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 Entity or to cease operations, or has no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

# Deloitte.

- 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.



DELOITTE TOUCHE TOHMATSU



Vanessa de Waal

Partner

Chartered Accountants

Brisbane, 26 October 2022

**ACACIA LIVING GROUP LIMITED**

Financial Statements – for the year ended 30 June 2022

**Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022**

	Note	2022 \$000's	2021 \$000's Restated*
Revenue	3	42,094	40,852
Investment income	4	168	80
Fair value movements	5	(3,516)	(617)
Other gains and losses	6	6	23
Impairment of assets	13	(135)	-
Employee benefit expenses	7a	(24,903)	(24,056)
Depreciation and amortisation expenses	11,20	(1,703)	(2,097)
Marketing and advertising expenses		(375)	(345)
Lease expenses		(112)	(117)
Catering expenses		(1,473)	(1,356)
Insurance expenses		(849)	(668)
Light and power expenses		(589)	(623)
Repairs and maintenance expenses		(1,595)	(1,202)
Telephone expenses		(260)	(243)
Consulting expenses		(88)	(212)
Rates and taxes expenses		(507)	(560)
Agency fees		(995)	(519)
Cleaning expenses		(333)	(352)
Other expenses		(4,796)	(4,720)
COVID-19		(1,166)	-
Finance costs	7b	(800)	(721)
<b>(Deficit)/surplus for the year attributable to Acacia Living Group Limited</b>		<b>(1,927)</b>	<b>2,547</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Net (loss)/gain on revaluation of land and buildings	23	358	(5,684)
<b>Total comprehensive (loss)/income for the year attributable to Acacia Living Group Limited</b>		<b>(1,569)</b>	<b>(3,137)</b>

The accompanying notes are an integral part of these financial statements.

\*Refer to Note 1 (iv) "Change in significant accounting policy and correction of prior period error and prior period restatement"

**ACACIA LIVING GROUP LIMITED**

Financial Statements – for the year ended 30 June 2022

**Statement of Financial Position as at 30 June 2022**

	Note	2022 \$000's	2021 \$000's Restated*	2020 \$000's Restated*
<b>Current assets</b>				
Cash and cash equivalents	21(a)	7,350	21,463	5,037
Trade and other receivables	8	977	1,357	2,177
Other financial assets	9	4,058	4,046	3,931
Other current assets	10	159	47	411
<b>Total current assets</b>		<b>12,544</b>	26,913	11,556
<b>Non-current assets</b>				
Property, plant and equipment	11	47,064	48,275	55,029
Right of use assets	20	89	-	-
Investment properties	12	140,849	139,268	143,463
Goodwill	13	-	135	135
<b>Total non-current assets</b>		<b>188,002</b>	187,678	198,627
<b>Total assets</b>		<b>200,546</b>	214,591	210,183
<b>Current liabilities</b>				
Trade and other payables	14	4,700	4,943	3,738
Unearned revenue	15	1,242	1,854	1,088
Resident refundable bonds	16	111,925	102,563	106,087
Refundable accommodation deposits/bonds	17	65,200	61,957	51,666
Borrowings	18	-	25,471	10,180
Provisions	19	2,666	2,535	2,367
Other current liabilities	20	287	536	604
<b>Total current liabilities</b>		<b>186,020</b>	199,859	175,730
<b>Non-current liabilities</b>				
Borrowings	18	1,271	-	16,200
Provisions	19	192	170	554
Other non current liabilities	20	70	-	-
<b>Total non-current liabilities</b>		<b>1,533</b>	170	16,754
<b>Total liabilities</b>		<b>187,553</b>	200,029	192,484
<b>Net assets</b>		<b>12,993</b>	14,562	17,699
<b>Funds</b>				
Retained earnings		6,510	8,412	5,865
Reserves	23	6,483	6,150	11,834
<b>Total funds</b>		<b>12,993</b>	14,562	17,699

The accompanying notes are an integral part of these financial statements.

\*Refer to Note 1 (iv) "Change in significant accounting policy and correction of prior period error and prior period restatement"

**ACACIA LIVING GROUP LIMITED**

Financial Statements – for the year ended 30 June 2022

**Statement of Changes in Equity for the year ended 30 June 2022**

	(Accumulated losses)/Retained Earnings \$000's	Asset Revaluation Reserve \$000's	Raffle Income Reserve \$000's	Sinking Fund Reserve \$000's	Total \$000's
Balance as at 1 July 2020, as previously reported	(5,137)	-	25	10,563	5,451
Impact of restatement (Note 1, iv)	11,002	11,809	-	(10,563)	12,248
<b>Restated Balance at 1 July 2020</b>	<b>5,865</b>	<b>11,809</b>	<b>25</b>	<b>-</b>	<b>17,699</b>
Restated Surplus for the year	2,547	-	-	-	2,547
Increment in value of land and buildings	-	(5,684)	-	-	(5,684)
<b>Total comprehensive income for the year</b>	<b>2,547</b>	<b>( 5,684)</b>	<b>-</b>	<b>-</b>	<b>( 3,137)</b>
<b>Restated Balance at 30 June 2021</b>	<b>8,412</b>	<b>6,125</b>	<b>25</b>	<b>-</b>	<b>14,562</b>
<b>Balance at 1 July 2021 restated</b>	<b>8,412</b>	<b>6,125</b>	<b>25</b>	<b>-</b>	<b>14,562</b>
Deficit for the year	(1,927)	-	-	-	(1,927)
Decrement in value of land and buildings	-	358	-	-	358
<b>Total comprehensive loss for the year</b>	<b>(1,927)</b>	<b>358</b>	<b>-</b>	<b>-</b>	<b>(1,569)</b>
Transfer from reserves	25	-	(25)	-	-
<b>Balance at 30 June 2022</b>	<b>6,510</b>	<b>6,483</b>	<b>-</b>	<b>-</b>	<b>12,993</b>

The accompanying notes are an integral part of these financial statements.

**ACACIA LIVING GROUP LIMITED**

Financial Statements – for the year ended 30 June 2022

**Statement of Cash Flows for the year ended 30 June 2022**

	Note	2022 \$000's	2021 \$000's
<b>Cash flows from operating activities</b>			
Receipts from residents		10,450	9,663
Operating grant receipts		27,561	25,226
COVID funding (Jobkeeper income)		268	6,050
Donations received		5	1
Payments to suppliers and employees		(38,379)	(33,905)
Interest received		52	80
Borrowing costs		(214)	(567)
<b>Net cash generated from operating activities</b>	21 (b)	<u>(257)</u>	<u>6,548</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		299	552
Payments for property, plant and equipment		(413)	(1,556)
Payments for investment property		(500)	-
Net addition to term deposits		(12)	(115)
<b>Net cash used in investing activities</b>		<u>(626)</u>	<u>(1,119)</u>
<b>Cash flows from financing activities</b>			
Proceeds from refundable accommodation deposits		19,211	25,431
Proceeds from resident entry contributions		13,075	10,817
Proceeds from related parties		659	-
Proceeds from interest rate swap		105	-
Proceeds from bank borrowings		-	11,563
Repayment of bank borrowings		(24,899)	(12,626)
Net repayment of leases		(13)	-
Repayment of refundable accommodation deposits		(15,711)	(14,902)
Repayment of resident entry contributions		(5,657)	(9,286)
<b>Net cash (used in)/generated from financing activities</b>		<u>(13,230)</u>	<u>10,997</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(14,113)</b>	<b>16,426</b>
Cash and cash equivalents held at the beginning of the financial year		21,463	5,037
<b>Cash and cash equivalents held at the end of the financial year</b>	21 (a)	<u><u>7,350</u></u>	<u><u>21,463</u></u>

The accompanying notes are an integral part of these financial statements

**Notes to the Financial Statements****Note 1: Summary of accounting policies****(i) Statement of compliance**

The financial statements cover Acacia Living Group Limited (“Company” or “Entity”) as an individual entity. The registration of Acacia Living Group Limited was changed to a company limited by guarantee during the year ended 30 June 2022. It was formerly an association incorporated in Western Australia under the *Associations Incorporation Act 2015* (WA). Upon registration as a company limited by guarantee, the name of the Entity was changed from The RSL Care WA Retirement and Aged Care Association Incorporated to Acacia Living Group Limited.

The financial statements are general purpose financial statements which:

- Have been prepared in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* (C’t’h).
- Comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for Profit Tier 2 Entities (“AASB 1060”) and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.
- The Entity does not have public accountability as defined in AASB 1053 Application of Tiers of Australian Accounting Standards and is therefore eligible to apply the “Tier 2” reporting framework under Australian Accounting Standards.
- Are presented in Australian dollars, with all amounts in the financial report being rounded off in accordance with ASIC Corporations (Rounding Financials / Directors’ Reports) Instrument 2016/191 to the nearest thousand dollars, unless otherwise indicated.
- Adopt all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Entity and effective for reporting periods beginning on or after 1 July 2021.

For the purposes of preparing the financial statements, the Entity is a not-for-profit entity.

The financial statements were authorised for issue by the Directors on 26<sup>th</sup> October 2022.

**(ii) Basis of preparation**

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and certain financial instruments which are carried at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

In the application of Accounting Standards, management is required to make judgments, estimates and assumptions about carrying values 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 judgments. 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 if the revision affects both current and future periods. Refer to Note 1(u) for a discussion of critical judgements in applying accounting policies and key sources of estimation uncertainty.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.



# ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

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## Note 1: Summary of accounting policies (continued)

### (iii) Going concern

For the year ended 30 June 2022, the Entity has net assets of \$12,993,000 (2021: \$14,562,000) and had net cash outflows from operating activities and from investing activities of \$257,000 and \$626,000 (2021: net inflows \$6,548,000 and outflows \$1,119,000), respectively. As at 30 June 2022, the Entity had cash assets (exclusive of term deposits) of \$7,350,000 (2021: \$21,463,000). Additionally, the Entity's current liabilities of \$185,724,000 as at 30 June 2022 (2021: \$199,859,000) exceed current assets of \$12,544,000 (2021: \$26,913,000).

The net current liability position largely arises because the Resident refundable bonds and the Refundable accommodation deposits/bonds are classified in full as current liabilities (refer notes 16 and 17), whereas the assets to which the bonds relate to (land, buildings and investment properties) are classified as non-current assets. The Resident refundable bonds and the Refundable accommodation deposits/bonds are classified as current liabilities because the Entity does not have an unconditional right to defer settlement of the bonds for at least 12 months after the reporting period date. Based on historical experience, the Board estimate that only a portion of the balance will become due in the next 12 months. In addition, based on historic experience, the Board believes that any liabilities due to residents vacating accommodation will be replaced by new Resident refundable bonds and Refundable accommodation deposits. Additionally, the Board believes that it is highly improbable that the outstanding liabilities will be required to be wholly settled within the next 12 months. The Board also recognises the economic dependency on both State and Federal funding of the care operations of the Entity.

During the year ended 30 June 2022, the Entity entered into a merger implementation deed with RSL Care RDNS Limited (trading as Bolton Clarke) and part of the agreement was the full settlement of the borrowings of \$25,471,000 using loan funding provided by Bolton Clarke.

Bolton Clarke will provide financial support to the Entity to enable the Entity to pay its debts as and when they become due for a period of 12 months from the date of signing the 30 June 2022 financial statements and to enable the Entity to continue as a going concern. The loans owing to Bolton Clarke from the Entity are classified as non current liabilities.

The Board believes the Entity's future cashflows will be sufficient to enable it to meet future obligations as and when they fall due. Consequently, after consideration of all available current information, the Board has concluded that there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they fall due and payable and the basis of preparation of the financial report as a going concern is appropriate.

### (iv) Change in significant accounting policy and correction of prior period error and prior period restatement

During the financial year, the Entity changed an accounting policy and was required to correct a prior period error and reflect a prior period restatement:

- a) The Entity has changed its accounting policy for land and buildings from the cost model to the revaluation model to align the Group accounting policies of Bolton Clarke.

The change in accounting policy has been applied retrospectively resulting in the restatement of the comparative information.

- b) Based on the requirements of the *Retirement Villages Act 1992* (WA), the Entity recognises a sinking fund for each Retirement Village which records sinking fund fees recognised at reporting date and includes sinking fund contributions from residents that are calculated and retained at the time of departure of residents. The sinking fund is used for major repairs, maintenance and upgrades not related to unit turnover. It is calculated on the basis of 1% of the sale price for each year of occupancy, capped at 10%.

The sinking fund has been historically classified as a reserve in prior period financial statements. Upon review in the current financial period, the previously reported balances have been found to be incorrect and the classification as a reserve has been determined to have been made in error as the nature and substance of the sinking fund is that of a liability, not a reserve. Historical amounts spent in relation to sinking fund activities have been adjusted against retained earnings, reducing the amount transferred from reservers to liabilities. These errors have been corrected in the current financial period and the comparative information in this financial report has been restated to correct these errors and recognise the sinking fund liability within current trade and other payables.

# ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

## Note 1: Summary of accounting policies (continued)

### (iv) Change in significant accounting policy and prior year restatement (continued)

The following tables summarise the impacts of change in accounting policy and correction of prior period error and prior period restatement on the comparatives included in the Entity's financial statements:

Statement of Financial Position 1 July 2020	As previously reported \$000's	Adjustments (a) \$000's	Adjustment (b) \$000's	As restated \$000's
Property, plant, and equipment	40,383	14,646	-	55,029
Other items	143,598	-	-	143,598
<b>Total non-current assets</b>	<b>183,981</b>	<b>14,646</b>	<b>-</b>	<b>198,627</b>
<b>Total assets</b>	<b>195,537</b>	<b>14,646</b>	<b>-</b>	<b>210,183</b>
Trade and other payables	1,340	-	2,398	3,738
Other items	171,992	-	-	171,992
<b>Total current liabilities</b>	<b>173,332</b>	<b>-</b>	<b>2,398</b>	<b>175,730</b>
<b>Total liabilities</b>	<b>190,086</b>	<b>-</b>	<b>2,398</b>	<b>192,484</b>
<b>Net assets</b>	<b>5,451</b>	<b>14,646</b>	<b>(2,398)</b>	<b>17,699</b>
(Accumulated losses)/Retained earnings	(5,137)	2,837	8,165	5,865
Reserves	10,588	11,809	(10,563)	11,834
<b>Total funds</b>	<b>5,451</b>	<b>14,646</b>	<b>(2,398)</b>	<b>17,699</b>
Statement of Financial Position 30 June 2021	As previously reported \$000's	Adjustments (a) \$000's	Adjustment (b) \$000's	As restated \$000's
Property, plant, and equipment	39,432	8,843	-	48,275
Others	139,403	-	-	139,403
<b>Total non-current assets</b>	<b>178,835</b>	<b>8,843</b>	<b>-</b>	<b>187,678</b>
<b>Total assets</b>	<b>205,748</b>	<b>8,843</b>	<b>-</b>	<b>214,591</b>
Trade and other payables	1,870	-	3,073	4,943
Other items	194,916	-	-	194,916
<b>Total current liabilities</b>	<b>196,786</b>	<b>-</b>	<b>3,073</b>	<b>199,859</b>
<b>Total liabilities</b>	<b>196,956</b>	<b>-</b>	<b>3,073</b>	<b>200,029</b>
<b>Net assets</b>	<b>8,792</b>	<b>8,843</b>	<b>(3,073)</b>	<b>14,562</b>
(Accumulated losses)/Retained earnings	(2,089)	2,718	7,783	8,412
Reserves	10,881	6,125	(10,856)	6,150
<b>Total funds</b>	<b>8,792</b>	<b>8,843</b>	<b>(3,073)</b>	<b>14,562</b>
Statement of Profit or Loss and Other Comprehensive Income 30 June 2021				
Revenue	41,444	-	(592)	40,852
Depreciation and amortisation expenses	(1,978)	(119)	-	(2,097)
Other expenses	(4,637)	-	(83)	(4,720)
Other items	(31,488)	-	-	(31,488)
<b>Surplus for the year</b>	<b>3,341</b>	<b>(119)</b>	<b>(675)</b>	<b>2,547</b>
Net loss on revaluation of land and buildings	-	(5,684)	-	(5,684)
<b>Total comprehensive income for the year</b>	<b>3,341</b>	<b>(5,803)</b>	<b>(675)</b>	<b>(3,137)</b>

No restatement was required for the Statement of Cash Flows.

# ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

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## Note 1: Summary of accounting policies (continued)

### (v) Significant accounting policies

#### (a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (b) Employee benefits

A liability is provided for benefits accruing to employees in respect of wages and salaries, annual leave (inclusive of leave loading where applicable) and long service leave when it is probable that settlement will be required and they are capable of being reliably measured. Liabilities recognised in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Entity in respect of services provided by employees up to the reporting date.

Contributions to defined contribution superannuation plans are expensed when employees have rendered services entitling them to the contribution.

#### (c) Financial instruments

Financial assets and financial liabilities are recognised in the Entity's statement of financial position when the Entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables which are initially measured at the transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### *Financial assets*

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets, which give rise to contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and which are held by the Entity to collect these cash flows are subsequently measured at amortised cost using the effective interest rate method.

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

The effective interest method is a method of calculating the amortised cost and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including fees, transaction costs and other premiums or discounts), through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial asset to the gross carrying amount on initial recognition. Interest income is recognised in profit or loss and is included in the "investment income" line item.

# ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

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## Note 1: Summary of accounting policies (continued)

### Significant accounting policies (continued)

#### (c) Financial instruments (continued)

##### *Financial assets (continued)*

All other financial assets are measured subsequently at fair value through profit or loss. Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

##### *Impairment of financial assets*

The Entity recognises a loss allowance for expected credit losses ('ECL') on trade and other receivables and other financial assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Entity always recognises lifetime ECL for trade and other receivables. For all other financial instruments, the Entity recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Entity measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

##### *Derecognition of financial assets*

The Entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

##### *Financial liabilities*

All financial liabilities that are not designated as at fair value through profit or loss are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including fees, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

##### *Derivative financial instruments*

Derivative financial instruments are recognised initially at fair value on the date the instrument is entered into and are subsequently remeasured at fair value or "market to market" at each reporting date. The gain or loss on remeasurement is recognised immediately in profit or loss.

## **ACACIA LIVING GROUP LIMITED**

Financial Statements – for the year ended 30 June 2022

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### **Note 1: Summary of accounting policies (continued)**

#### **(v) Significant accounting policies (continued)**

##### **(d) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

##### **(e) Revenue**

###### ***Government subsidies and recurrent grants***

Government revenue reflects the Entity's entitlement to revenue from the Australian Government based upon the specific care and accommodation needs of the individual residents. Government revenue comprises of basic subsidy amounts calculated in accordance with the Aged Care Funding Instrument ('ACFI'), accommodation supplements, funding for short term 'respite' residents and other Government incomes. Revenue is recognised over time as services are provided. Funding claims are submitted / updated daily and Government revenue is usually payable within approximately one month of services having been performed. Government funding received in advance of services being performed is included in deferred revenue.

###### ***Resident fees and charges***

Residents are charged a basic daily fee as a contribution to the provision of care and accommodation. The quantum of resident basic daily fees is regulated by the Government and typically increases in March and September each year. Resident basic daily fee revenue is recognised over time as services are provided. Residents are invoiced on a monthly basis and are usually payable within 30 days.

###### ***Contracted fees from Retirement Villages residents and other adjustments***

Deferred Management Fee is the consideration a resident pays for their right to the exclusive use of the Premises which includes their residence and their right to use the Communal Amenities and the Common Areas on a shared basis with other Village residents during their occupancy of the Premises. It is contractually deducted from the ingoing contribution that is paid back to a resident upon exit from a retirement village and is recognised over the expected length of stay of a resident which is based on the Life Tables published by the Australian Bureau of Statistics.

###### ***Daily accommodation payments***

Other resident revenue represents other fees charged to residents in respect of care and accommodation services provided by the Entity and includes means tested care fees, Daily Accommodation Payment (DAP) / Daily Accommodation Contribution (DAC) revenue, additional services revenue and other income. Other resident revenue is recognised over time as services are provided. Residents are invoiced on a monthly basis and are usually payable within 30 days.

###### ***Rent revenue***

Rent revenue comprises rental fees charged to retirement village residents. Revenue is recognised over time as per the tenancy contract. Residents are invoiced on a monthly basis.

###### ***Catering revenue***

Catering revenue represents sundry food sales in the Menora Gardens retirement village community centre and is recognised on receipt.

# ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

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## Note 1: Summary of accounting policies (continued)

### (v) Significant accounting policies (continued)

#### (e) Revenue (continued)

##### *Donations and interest revenue*

Donations are recognised on receipt. Interest revenue is accrued on a monthly basis.

##### *Imputed revenue on RAD and Bond balances*

For residents receiving residential care services under a refundable accommodation deposit (RAD) or accommodation bond arrangement, the Entity has determined these arrangements are considered leases for accounting purposes under AASB 16 Leases with the Entity acting as lessor. The Entity has recognised as revenue an imputed non-cash charge for accommodation representing the resident's right to occupy a room under the arrangement and a corresponding non-cash increase in finance costs on the outstanding RAD and accommodation bond balances, with no net impact on the result for the period.

##### *Other revenue*

Other revenue comprises aged care bond retention amounts and other sundry revenue. Revenue is recognised over time as services are provided.

#### (f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Assets acquired at no cost or for a nominal amount are initially recognised at their fair value. The initial recognition at fair value does not constitute a revaluation.

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction) based on periodic, but at least triennial, valuations by an external independent valuer, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation of land and buildings are credited to an asset revaluation reserve. Decreases that offset previous increases of the same class of asset are charged against the asset revaluation reserve directly in equity. All other decreases are charged to the Statement of Profit or Loss and Other Comprehensive Income.

Plant and equipment is measured on the cost basis less depreciation and impairment losses. 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 Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

##### *Depreciation*

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land and investment property, are depreciated on a straight line basis over their useful lives commencing from the time the asset is held for use.

The following estimated useful lives are used in the calculation of depreciation:

<b>Class of fixed asset</b>	<b>Depreciation rates</b>	<b>Depreciation basis</b>
Buildings	2.5 - 5%	Straight Line
Plant and Equipment	10 - 20%	Straight Line
Motor Vehicles	20 - 22.5%	Straight Line
Furniture, Fixtures and Fittings	5 - 33.3%	Straight Line
Computer Equipment	25 - 33.3%	Straight Line

## ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

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### Note 1: Summary of accounting policies (continued)

#### (v) Significant accounting policies (continued)

##### (f) Property, plant and equipment (continued)

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not change, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

The Entity has received State Government grants for land and Commonwealth capital subsidies which are conditional on the asset being used for the purpose for which the grants and subsidies were received.

##### *Work in progress*

Work in progress is measured on the cost basis. It represents construction of assets and other ongoing projects. Once construction of the asset is completed or on completion of the project, work in progress will be capitalised accordingly.

##### *Derecognition of property, plant and equipment*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Surpluses or losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in profit or loss.

##### (g) Impairment of assets

At each reporting date, the Entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

##### (h) Investment properties

Investment properties comprise investment interest in buildings (including plant and equipment) held to produce rental income and capital appreciation but not for sale in the ordinary course of business.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an investment property when that cost is incurred if it is probable that future economic benefits embodied within the item will flow to the Entity and cost can be measured reliably. All other costs are recognised on the Statement of Profit or Loss and Other Comprehensive Income as an expense as incurred. Subsequent to initial recognition, investment properties are measured at fair value with any change therein recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Investment properties include the Entity's independent living units. When the use of the property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its deemed cost for subsequent accounting purposes.

## **ACACIA LIVING GROUP LIMITED**

Financial Statements – for the year ended 30 June 2022

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### **Note 1: Summary of accounting policies (continued)**

#### **(v) Significant accounting policies (continued)**

##### **(h) Investment properties (continued)**

The fair value of investment properties represent an external, independent valuation of investment properties. Investment properties are valued at least every three years by an independent valuation specialist, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The fair values are based on market values at reporting date, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. This is derived using the recent market prices of the independent living units.

When the construction or development of a self-constructed investment properties is completed, it will be carried at fair value and any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of overheads.

##### **(i) Refundable accommodation deposits / bonds**

Refundable accommodation deposits / bonds are recorded at an amount equal to the proceeds received. All residents who are assessed as being responsible for their own accommodation payments now have the choice of paying their accommodation either through a daily accommodation payment (DAP) or a refundable accommodation deposit (RAD), or a combination of both.

Residents admitted prior to July 2014, who are assessed as being responsible for their own accommodation payments and who require a low level of care, pay accommodation bonds. A retention amount will be deducted from the accommodation bond over a period of 5 years. When a resident leaves, the accommodation bond balance will be refunded. The accommodation bond balance will be less the retention amount earned by the Entity. Accommodation bond balances and refundable accommodation deposits are repayable on demand. Terms and conditions of these accommodation bonds and refundable accommodation deposits are prescribed by the Commonwealth government and disclosed in the residents' agreements.

##### **(j) Income tax**

Due to the nature of its activities, the Entity has been granted, under Subdivision 50-B of the Income Tax Assessment Act 1997, an exemption from the payment of income tax.

##### **(k) Provisions**

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

##### **(l) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



## ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

### Note 1: Summary of accounting policies (continued)

#### (v) Significant accounting policies (continued)

#### (m) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Entity's functional and presentation currency.

#### (n) Critical accounting judgements and key sources of estimation uncertainty

The following are the critical accounting judgements and key sources of estimation uncertainty concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### *Revenue Recognition*

Deferred Management Fees and Sinking Fund Income are recognised based on an estimate of the period residents are expected to utilise facilities. Following is a summary of the revenue recognition terms:

<b>Term</b>	<b>Revenue Stream</b>	<b>Estimated Term</b>
Lease for Life *	Deferred Management Fees	Estimated stay of the resident based on Life Tables published by the ABS
Lease for Life **	Sinking Fund Income	Estimated stay of the resident based on Life Tables published by the ABS

\* These are charged at either 2.5% per annum (up to a maximum of 10 years) or 3.5% per annum (up to a maximum of 7 years) on the estimated current market value of the unit.

\*\* These are charged at 1% per annum (up to a maximum of 10 years) on the estimated current market value of the unit.

The market values of the units are estimated based on past sales history.

##### *Useful life of Property, Plant and Equipment*

As described in Note 1(l), the Entity reviews the estimated useful lives of property, plant, and equipment at the end of each annual reporting period.

##### *Valuation of retirement living assets, aged care facilities and other buildings*

The fair value of investment properties, land and buildings represent an external, independent valuation. The investment properties, land and buildings are valued at least every three years by an independent valuation specialist, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The fair values are based on market values at reporting date, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

This is derived for retirement living assets using the recent market prices of the independent living units. For aged care facilities it is derived using market evidence of rents and freehold investment yields on similar facilities, having regard to the location, quality of the improvements and the refundable accommodation deposits/bonds potential.

## ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

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### Note 1: Summary of accounting policies (continued)

#### (v) Significant accounting policies (continued)

#### (n) Critical accounting judgements and key sources of estimation uncertainty (continued)

##### *Valuation of retirement living assets, aged care facilities and other buildings (continued)*

For the year ended 30 June 2022 the Entity's approach to property valuations was substantially consistent with prior years but with an added emphasis in relation to the impact of COVID-19 and other global economic impacts (such as economic or political crises or regulatory change) upon inputs relevant to the valuation model for each property.

It should be noted that external valuers have specified in their reports that their valuations at 30 June 2022 were performed in an unusual market context, notably the absence of, or in some asset classes, limited transactional evidence initiated after the outbreak of the COVID-19 pandemic. The external valuers have highlighted the difficulties associated with estimating the outlook for changes in the property market given the nature of the recent health crisis and the impact on forecast valuation inputs and other uncertainties relating to the potential impact of the Royal Commission in to Aged Care Quality and Safety on the industry structure and the funding of care which could lead to significant volatility and have a significant impact on property markets in the future.

##### *Employee entitlements*

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- Future increases in wages and salaries.
- Future on-cost rate.
- Experience of employee departures and period of service.

#### (o) Right-of-use assets and lease liabilities

The Entity assesses whether a contract is or contains a lease at inception of the contract. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Entity recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases the Entity recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the lease are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined the Entity uses its incremental borrowing rate.

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

#### (p) New and amended standards adopted by the Entity

Amendments to AASBs that are mandatorily effective for the current year

The Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2021.

## **ACACIA LIVING GROUP LIMITED**

Financial Statements – for the year ended 30 June 2022

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### **Note 1: Summary of accounting policies (continued)**

#### **(v) Significant accounting policies (continued)**

#### **(p) New and amended standards adopted by the Entity (continued)**

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Entity include:

- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Entities
- AASB 2021-1 Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities

The Entity previously prepared general purpose financial statements under Tier 2 – Reduced Disclosure Requirements. There were no transition adjustments other than a few disclosure changes on the adoption of Australian Accounting Standards – Simplified Disclosures.

#### **(q) Goodwill**

Goodwill is an asset recognised in a business combination and represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. It has an indefinite useful life and is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed). After initial recognition, it is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Entity's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

## ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

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### Note 2: Financial risk management

#### *Overview*

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

This note provides information about the Entity's exposure to each of these risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board has overall responsibility for the establishment and oversight of the risk management framework. Policies have been established to identify and analyse the risks faced by the Entity, to set appropriate risk limits and controls, and to monitor risks and controls.

#### *Credit risk*

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from receivables and investments.

#### *Receivables*

Receivables consist principally of resident fees and accommodation bonds and refundable accommodation deposits receivable. The Entity has policies in place to monitor and control arrears.

#### *Investments*

Liquid funds are deposited with the ANZ Bank and other financial institutions. The Entity considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

#### *Liquidity risk*

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

The Entity acknowledges that due to the nature of the aged care industry, inherent risks are involved in day to day operations. However, the ultimate responsibility for liquidity risk management rests with the Board which mitigates liquidity risk by maintaining adequate reserves and banking facilities, monitoring cash flows and matching the maturity profiles of financial assets and liabilities.

As a result of the merger with RSL Care RDNS Limited, RSL Care RDNS Limited has agreed to provide the Entity with financial support if required to mitigate the liquidity risk, refer to note 1 (iii) "Going concern".

#### *Interest risk*

The Entity's significant interest rate risk arises principally from the \$7,350,000 (2021: \$21,463,000) cash management deposits which bear interest at a variable rate. The Entity also holds \$4,058,000 (2021: \$4,046,000) in fixed rate term deposits with varying maturity dates. Interest rates on any future term deposits are subject to market conditions.

#### *Strategy risk*

The Board is responsible for the overall management and strategic direction of the Entity and for delivering accountable corporate performance in accordance with the Entity's goals and objectives.

The Entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

# ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

## Note 2: Financial Risk Management (continued)

The carrying amount for each category of financial instruments, measures in accordance with AASB 9 as detailed in the accounting policies to these financial statements are as follows:

	2022 \$000's	2021 \$000's Restated*
<b>Financial assets</b>		
Cash and cash equivalents	7,350	21,463
Trade and other receivables	977	1,357
Other financial assets	4,058	4,046
<b>Total financial assets</b>	<b>12,385</b>	<b>26,866</b>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost:		
Trade and other payables	5,942	6,797
Borrowings	1,271	25,471
Resident refundable bonds at fair value	111,925	102,563
Resident accommodation deposits/bonds	65,200	61,957
<b>Total financial liabilities</b>	<b>184,338</b>	<b>196,788</b>
<b>Note 3: Revenue</b>		
Resident fees and charges including amenities fees	8,749	8,601
Rent	234	168
Government subsidies and other grant income	28,548	25,226
Donations and bequests	5	1
Catering revenue	174	172
Contracted fees from Retirement Villages residents	3,224	1,160
COVID-19 additional revenue	268	4,599
Other revenue	892	925
	<b>42,094</b>	<b>40,852</b>

\*Refer to note 1(iv)

COVID-19 additional revenue relates to the Commonwealth Government funding received to assist the aged care industry respond to the pressures of COVID-19.

**ACACIA LIVING GROUP LIMITED**

Financial Statements – for the year ended 30 June 2022

	2022 \$000's	2021 \$000's
<b>Note 4: Investment income</b>		
Interest from bank deposits	52	80
Imputed income on RAD balances	116	-
	<u>168</u>	<u>80</u>
<b>Note 5: Fair value movements</b>		
Fair value movement in investment properties	1,081	(4,195)
Fair value movement in resident refundable bonds	(5,169)	3,689
Fair value movement in interest rate swap	572	(111)
	<u>(3,516)</u>	<u>(617)</u>
<b>Note 6: Other gains and losses</b>		
Gain on disposal of property, plant and equipment	6	23
<b>Note 7a: Employee benefit expenses</b>		
Salaries and wages	19,926	19,749
Superannuation	2,114	1,869
Employee benefit provision expense	2,626	2,204
Training, recruitment and other employee benefits expense	237	234
	<u>24,903</u>	<u>24,056</u>
<b>Note 7b: Finance costs</b>		
Interest on bank borrowings	212	721
Imputed interest cost on RAD balances	116	-
Related party interest expense	470	-
Imputed interest on lease liability	2	-
	<u>800</u>	<u>721</u>
<b>Note 8: Trade and other receivables</b>		
Resident receivables	202	534
Loss allowance	(34)	-
	<u>168</u>	<u>534</u>
Other receivables	744	708
Goods and services tax recoverable	65	115
	<u>977</u>	<u>1,357</u>

Trade and other receivables are non-interest bearing. The average credit period on resident and other receivables are 30 days. The Entity does not hold any collateral over these balances.

The Entity reviews trade and other receivables at each reporting date for expected credit losses ('ECL'). The ECL represents the expected credit losses that will result from all possible default events over the expected life and is based on the Entity's historical credit loss experience, adjusted for any debtor specific factors as well as general and forecast economic conditions. The concentration of credit risk on trade receivables is limited due to the resident base being large and unrelated. The ECL at 30 June 2022 is \$34,000 (2021: \$Nil).

## ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

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	2022 \$000's	2021 \$000's
<b>Note 9: Other financial assets</b>		
Term deposits held	<u>4,058</u>	<u>4,046</u>

The Entity holds term deposits with financial institutions with average terms of between 6 to 12 months (2021: 6 months) and carry interest rates ranging between 0.35% - 0.85% (2021: 0.60% - 0.85%). Term deposits with original maturity dates three months or less are classified as cash and cash equivalents.

<b>Note 10: Other current assets</b>		
Prepayments	<u>159</u>	<u>47</u>

## ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

### Note 11: Property, plant and equipment

	Land at cost	Buildings at cost	Plant & Equipment at cost	Furniture & Fittings at cost	Motor Vehicles at cost	Computer Equipment at cost	Work in Progress at cost	Total
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>2022</b>								
<b>Cost or valuation</b>								
Balance as at 30 June 2021, as previously reported	9,710	41,350	2,873	2,925	1,054	1,728	597	60,237
Restatement	10,205	(16,030)	-	-	-	-	-	(5,825)
Restated balance as at 30 June 2021 (Note 1, iv)	19,915	25,320	2,873	2,925	1,054	1,728	597	54,412
Additions	-	6	83	18	217	34	54	412
Disposals	-	-	-	-	(345)	-	(12)	(357)
Revaluation Adjustments	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	638	(638)	-
<b>Balance as at 30 June 2022</b>	<b>19,915</b>	<b>25,326</b>	<b>2,956</b>	<b>2,943</b>	<b>926</b>	<b>2,400</b>	<b>1</b>	<b>54,467</b>
<b>Accumulated depreciation and impairment</b>								
Balance as at 30 June 2021, as previously reported	-	(14,668)	(2,068)	(2,254)	(609)	(1,206)	-	(20,805)
Restatement	-	14,668	-	-	-	-	-	14,668
Restated balance as at 30 June 2021 (Note 1, iv)	-	-	(2,068)	(2,254)	(609)	(1,206)	-	(6,137)
Disposals	-	-	-	-	64	-	-	64
Eliminated on revaluation	-	358	-	-	-	-	-	358
Depreciation expense	-	(1,047)	(136)	(88)	(89)	(328)	-	(1,688)
<b>Balance as at 30 June 2022</b>	<b>-</b>	<b>(689)</b>	<b>(2,204)</b>	<b>(2,342)</b>	<b>(634)</b>	<b>(1,534)</b>	<b>-</b>	<b>(7,403)</b>
<b>Net Book value</b>								
<b>Balance as at 30 June 2022</b>	<b>19,915</b>	<b>24,637</b>	<b>752</b>	<b>601</b>	<b>292</b>	<b>866</b>	<b>1</b>	<b>47,064</b>

Land and buildings with a carrying amount of \$44,552,000 have been pledged by the parent entity, Bolton Clarke to secure borrowings. The Entity is not allowed to pledge these assets as security for other borrowings or to sell them to another entity without the banks approval.



# ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

## Note 11: Property, plant and equipment

	Land at cost	Buildings at cost	Plant & Equipment at cost	Furniture & Fittings at cost	Motor Vehicles at cost	Computer Equipment at cost	Work in Progress at cost	Total
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>2021</b>								
<b>Cost or valuation</b>								
Balance as at 30 June 2020, as previously reported	9,710	41,350	2,671	2,870	1,054	1,520	99	59,274
Restatement (Note 1,iv)	2,743	1,106	-	-	-	-	-	3,849
Restated balance as at 30 June 2020	12,453	42,456	2,671	2,870	1,054	1,520	99	63,123
Additions	-	-	206	55	500	211	584	1,556
Disposals	-	-	(4)	-	(500)	(3)	(86)	(593)
Revaluation Adjustments	7,462	(17,136)	-	-	-	-	-	(9,674)
Transfers	-	-	-	-	-	-	-	-
<b>Restated Balance as at 30 June 2021</b>	<b>19,915</b>	<b>25,320</b>	<b>2,873</b>	<b>2,925</b>	<b>1,054</b>	<b>1,728</b>	<b>597</b>	<b>54,412</b>
<b>Accumulated depreciation and impairment</b>								
Balance as at 30 June 2020, as previously reported	-	(13,349)	(1,941)	(2,171)	(561)	(869)	-	(18,891)
Restatement (Note 1,iv)	-	10,797	-	-	-	-	-	10,797
Restated balance as at 30 June 2020	-	(2,552.00)	(1,941)	(2,171)	(561)	(869)	-	(8,094)
Disposals	-	-	1	-	63	-	-	64
Eliminated on revaluation	-	3,990.00	-	-	-	-	-	3,990
Depreciation expense	-	(1,438.00)	(128)	(83)	(111)	(337)	-	(2,097)
<b>Restated Balance as at 30 June 2021</b>	<b>-</b>	<b>-</b>	<b>(2,068)</b>	<b>(2,254)</b>	<b>(609)</b>	<b>(1,206)</b>	<b>-</b>	<b>(6,137)</b>
<b>Net Book value</b>								
<b>Restated Balance as at 30 June 2021</b>	<b>19,915</b>	<b>25,320</b>	<b>805</b>	<b>671</b>	<b>445</b>	<b>522</b>	<b>597</b>	<b>48,275</b>

# ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

## Note 12: Investment properties

	Projects in progress	Retirement villages at fair value	Total Investment properties
	\$000's	\$000's	\$000's
Balance as at 1 July 2020	3,597	139,866	143,463
Movements during the year in fair value	-	(4,195)	(4,195)
<b>Balance as at 30 June 2021</b>	<b>3,597</b>	<b>135,671</b>	<b>139,268</b>
Balance as at 1 July 2021	3,597	135,671	139,268
Movements during the year in fair value	-	1,081	1,081
Movements during the year in projects in progress	500	-	500
<b>Balance as at 30 June 2022</b>	<b>4,097</b>	<b>136,752</b>	<b>140,849</b>

Investment property represents the Entity's retirement villages/independent living units. The fair value is the value of the retirement villages as assessed by an independent valuer using the discounted cash flow methodology. The DCF valuation approach involves modelling the potential cashflow from resident departure fees in the existing Independent Living Units (ILU) in the village as well as the potential costs to the owner in managing the village and deriving the income.

The fair value of the retirement living assets was determined by the independent valuer, having regard to the sales within the villages over the years and taking into consideration location, size and communal aspects to determine the expected market value per unit type. Refer to note 1 (n) for current market factors considered for the valuation as at 30 June 2022. Changes in the fair value of investment properties are recognised in profit or loss.

The discounted cash flow methodology uses unobservable inputs as shown in the table below:

Item	Description	Key Assumptions
Discount Rate	The rate of return used to convert a monetary sum, payable or receivable in the future, to the present value. It reflects the opportunity cost, that is, the rate of return the capital can earn is put other uses having a similar risk.	12.75% - 17.00%
Average 30 year growth rate	This is the rate that it is expected the unit will increase in value over 30 years. Growth rates from the external valuation reports are based on the overview of historic house and/or unit prices for the particular locality.	2.5 - 3%
Average length of stay of existing and future residents	The average length of stay adopted is based on the age of the existing residents upon entry, life expectancy tables, and quality of the subject village.	8.5 - 14.6 years
Capital expenditure	For ongoing maintenance of the villages we have allowed for a capital contribution per unit at each rollover.	2.50%

**ACACIA LIVING GROUP LIMITED**

Financial Statements – for the year ended 30 June 2022

	2022 \$000's	2021 \$000's
<b>Note 13: Goodwill on acquisition</b>		
Balance at the beginning of the financial year	135	135
Impaired during the year	(135)	-
Balance at the end of the financial year	<u>-</u>	<u>135</u>

	2022 \$000's	2021 \$000's Restated*
<b>Note 14: Trade and other payables</b>		
Trade payables	313	621
Sundry payables and accruals	1,205	1,249
Retirement village Sinking Fund surplus carried forward	2,995	3,073
Retirement village Operating Fund surplus carried forward	187	-
	<u>4,700</u>	<u>4,943</u>

\* Refer to note 1(iv)

Trade and other payables are non-interest bearing and there is no interest rate exposure. The Entity's exposure to liquidity risk related to trade and other payables is disclosed in note 2. The credit term on trade and other payables are between 7 and 30 days.

	2022 \$000's	2021 \$000's
<b>Note 15: Unearned revenue</b>		
Income received in advance	512	220
CDC unspent client funds	730	1,634
	<u>1,242</u>	<u>1,854</u>

CDC unspent client funds relate to the pool of unspent funds the Consumer Directed Care (CDC) clients have accumulated. These funds are recognised as revenue when the clients utilise the funds to meet their care needs.

<b>Note 16: Resident refundable bonds</b>		
Resident refundable bonds at fair value	<u>111,925</u>	<u>102,563</u>

Resident refundable bonds are reduced by Deferred management fees and Sinking fund fees charged in accordance with the residency agreement. Residents may be entitled to a proportion of the increase in value of the units on turnover in accordance with their residency agreement. Resident refundable bonds have been remeasured to reflect the share of capital gains payable to residents at the reporting date based on current market prices.

<b>Note 17: Refundable accommodation deposits/bonds</b>		
Resident accommodation deposits/bonds	85,534	82,973
Resident accommodation deposits/bonds not yet received	(20,334)	(21,016)
	<u>65,200</u>	<u>61,957</u>

<b>Movement in the Carrying Amount of Refundable accommodation deposits/bonds</b>		
Carrying amount at the beginning of the financial year	61,957	51,666
Refundable accommodations deposits/bonds received	19,211	25,431
Allowable deductions and interest paid	(63)	(238)
Refundable accommodations deposits/bonds refunded	(15,905)	(14,902)
Carrying amount at the end of the financial year	<u>65,200</u>	<u>61,957</u>

Refundable accommodation deposits/bonds are paid by aged care facilities' residents on an interest free basis. Upon vacation of the aged care facility, the bonds are repaid in full less retention and the refundable accommodation deposits are repaid in full. Terms and conditions of these bonds and deposits are prescribed by the Commonwealth government and disclosed within residents' agreements.

# ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

	2022 \$000's	2021 \$000's
<b>Note 18: Borrowings</b>		
<b>Current</b>		
Loan Facility 1 (i)	-	16,354
Loan Facility 2 (i)	-	2,552
Loan Facility 3 (i)	-	6,565
	<u>-</u>	<u>25,471</u>
<b>Non-Current</b>		
RSL Care RDNS Limited (ii)	<u>1,271</u>	-
	<u>1,271</u>	<u>-</u>

(i) Post the merger with RSL Care RDNS Limited on 1st November 2021 ('Bolton Clarke') the bank loan facilities were extinguished using funds provided by Bolton Clarke.

(ii) During the year ended 30 June 2022 the Entity received loan funding from Bolton Clarke. This loan funding is interest bearing at a rate of 3.09%. The total interest expense incurred by the Entity from this loan funding during the year was \$470,000 and is part of the total finance costs of \$800,000 recognised in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022. Repayment of this loan funding is to be made within five years, unless a written demand for payment is made, in which case repayment is due within 30 days from the written demand. No written demand can be made in the first year.

## Note 19: Provisions

<b>Current</b>		
Provision for annual leave	1,675	1,386
Provision for long service leave	834	1,111
Other provisions	157	38
	<u>2,666</u>	<u>2,535</u>
<b>Non-Current</b>		
Provision for long service leave	<u>192</u>	170

## Note 20: Other Liabilities

Unclaimed money	12	8
Deferred income	254	61
Fair value of Interest rate swap contract	-	467
Lease Liability	21	-
	<u>287</u>	<u>536</u>
<b>Non-Current</b>		
Lease Liability	<u>70</u>	-

The Right of Use asset associated with the above lease liability is for office space and is classified as a non-current asset of \$89,000 (FY21: \$nil). The Right of Use asset is depreciated over the office lease term of 5 years. The movement in the Right of Use asset during the year is shown in the table below:

### Movement in the Right of Use asset

Balance at the beginning of the financial year	-	-
Additions	104	-
Depreciation	(15)	-
Balance at the end of the financial year	<u>89</u>	<u>-</u>
Cost	104	-
Accumulated depreciation	(15)	-
Net book amount	<u>89</u>	<u>-</u>

**ACACIA LIVING GROUP LIMITED**

Financial Statements – for the year ended 30 June 2022

**Note 20: Other Liabilities (continued)**

The future minimum lease payments arising under the Entity's lease contract at the end of the reporting period are as follows:

	2022 \$000's	2021 \$000's
Not later than one year	23	-
Later than one year and not later than five years	74	-
	<u>97</u>	<u>-</u>

2022 \$000's	2021 \$000's Restated*
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**Note 21: Notes to the Statement of Cash Flow****(a) Reconciliation of cash and cash equivalents**

For the purpose of the Cash Flow Statement, cash and cash equivalents includes cash on hand and in bank deposits.

Cash at bank	<u>7,350</u>	21,463
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The amount of restricted cash included in cash and cash equivalents but not available for use is:

Restricted cash	<u>1,124</u>	812
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**(b) Reconciliation of deficit for the year to net cash flows from operating activities**

(Deficit)/Surplus for the year	<b>(1,927)</b>	2,602
Contracted fees from retirement village residents and other adjustments	<b>(3,224)</b>	(1,367)
Allowable deductions from refundable accommodation deposits	<b>(257)</b>	(238)
Loan interest capitalised	<b>470</b>	154
Gain on disposals of property, plant, and equipment	<b>(6)</b>	(23)
Fair value movement in value of investment properties	<b>(1,081)</b>	4,195
Fair value movement in value of resident refundable bonds	<b>5,169</b>	(3,689)
Fair value movement in value of interest rate swap contract	<b>(572)</b>	111
Depreciation of Right of Use assets, property, plant & equipment	<b>1,703</b>	2,097
Impairment of goodwill	<b>135</b>	-
<i>Changes in net assets and liabilities:</i>		
<i>(Increase)/decrease in assets:</i>		
Current receivables	<b>380</b>	820
Other current assets	<b>(112)</b>	364
<i>Increase/(decrease) in liabilities:</i>		
Current trade payables	<b>(243)</b>	1,151
Unearned revenue	<b>(612)</b>	766
Other current liabilities	<b>(375)</b>	(179)
Current provisions	<b>(39)</b>	(216)
Non-current provisions	<b>192</b>	-
Non-current borrowings	<b>142</b>	-
<b>Net cash generated by operating activities</b>	<b><u>(257)</u></b>	<b>6,548</b>

\* Refer to note 1(iv)

# ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

## Note 22: Commitments

The Entity had capital expenditure commitments of \$160,000 at 30 June 2022 (2021: \$nil)

	2022 \$000's	2021 \$000's Restated*
<b>Note 23: Reserves</b>		
<b>(a) Reserves Comprise:</b>		
Raffle income reserve	-	25
Asset revaluation reserve	6,483	6,125
	<u>6,483</u>	<u>6,150</u>

### Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decreases relates to an increase on the same asset class previously recognised in the reserve.

### Raffle income reserve

The raffle income reserve is used to record the value of previously held raffles. In the year ended 30 June 2022 the amount has been transferred to retained earnings.

### (b) Movements in Reserves:

#### Asset Revaluation Reserve

Balance at beginning of year	6,125	11,809
Movement in fair value of land and buildings	358	(5,684)
Balance at end of year	<u>6,483</u>	<u>6,125</u>

#### Raffle Income Reserve

Balance at beginning of year	25	25
Transferred to retained earnings	(25)	-
Balance at end of year	<u>-</u>	<u>25</u>

\* Refer to note 1(iv)

## Note 24: Related party disclosures

The Entity obtained legal services to the value of \$69,819 (2021: \$106,473) from Lavan Legal, a firm in which a former Director is a partner.

Key management personnel are the Directors and executives who collectively have the authority and responsibility for planning, directing and controlling the activities of the Entity.

The remuneration of key management personnel during the year was as follows:

	2022	2021
<b>Key management personnel compensation</b>		
Total compensation of key management personnel	<u>2,853,611</u>	<u>1,326,063</u>

## ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2022

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### Note 24: Related party disclosures (continued)

The Board members from the commencement of the year until 1 November 2021 were:

Mr Kevin Campbell (Chairman)  
Mr Robert Kucera (Deputy Chairman)  
Ms Cinzia Donald  
Mr Geoff Martin  
Mr Graham Reynolds

Upon completion of the merger of Acacia Living Group Limited with RSL Care RDNS Limited (trading as Bolton Clarke) on 1 November 2021, the board members listed above resigned and the following members were appointed:

Mr Patrick McIntosh AM CSC  
Mr Jeffrey McDermid  
Mr Robert Lourey  
Mr Stuart Lummis  
Dr Cherrell Hirst AO  
Adjunct Professor Michael Reid AM (resigned 11 April 2022)  
Associate Professor Bev Rowbotham AO

Additionally, Ms Annabelle Chaplain served as a director during the year (appointed 2 February 2022, resigned 6 May 2022)

Board Members were not remunerated for their services by the Company.

The parent entity, RSL Care RDNS Limited, provided loan funding to the Entity during the year ended 30 June 2022, details of which are contained within note 17.

		2022 \$	2021 \$
<b>Note 25: Remuneration of Auditors</b>			
Audit of financial statements	KPMG	-	134,000
	Deloitte	106,000	-
Statutory assurance services required by legislation to be provided by the auditor		6,000	-
		<u>112,000</u>	<u>134,000</u>

### Note 26: Additional information

Acacia Living Group Limited is a company limited by guarantee incorporated and operating in Western Australia.

Registered Office and Principal Place of Business:

51 Alexander Drive  
MENORA WA 6050  
Tel: (08) 9370 0200

The Entity's principal activities are providing residential aged care facilities, home care services and the management of retirement living villages in Western Australia.

### Note 27: Contingent liabilities

In the opinion of the Board, the Entity did not have any significant contingent liabilities as at 30 June 2022 (2021:\$nil)

## **ACACIA LIVING GROUP LIMITED**

Financial Statements – for the year ended 30 June 2022

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### **Note 28: Subsequent events**

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.