



ACACIA LIVING GROUP LIMITED

ABN 44 121 436 162

NAPS ID 971

FINANCIAL STATEMENTS

**For the year ended
30 June 2023**

ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2023

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ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2023

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 2023.

Listed below are the details of the Directors of the Company in office at any time during or since the end of the financial year, their qualification, experience and special responsibilities. Unless otherwise stated, Directors have been in office since the start of the financial year.

Director	Experience
Mr Pat McIntosh AM CSC B.Bus, GradDipMgnt, 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 Royal District Nursing Service New Zealand Limited. He is also on the Board of the Southern Cross Credit Union.</p>
Mr Jeffrey McDermid 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 also a former member of the Griffith University Gold Coast Advisory Council. Mr McDermid brings to the Board a wide variety of skills and experience in financial management, corporate governance and strategic thinking.</p>
Mr Robert Lourey 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 also a Director of Altura Learning. Mr Lourey is a former Chair of Access EAP and a former member of the Boards of KU Children's Services, Michael Page plc and Afrox and Afrox Healthcare (RSA), as well as a former member of the Advisory Board of Moir Group.</p>
Mr Stuart Lummis 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 Chief of Developments and Capital Planning at Southern Cross Care Queensland and in former similar roles at Yourtown and with 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 and a Director of Brisbane Markets Limited, Deaf Services Queensland Limited, Heritage Council of Queensland, Nazareth Care Australia and National Trust (Australia) Queensland. He is the Chair of the Property Advisory Committee and a member of the Capital Assistance Assessment Committee of the Queensland Catholic Education Commission.</p>
Dr Cherrell Hirst AO FTSE, MBBS, BEdSt, D.Univ (Honorary), FAICD (Life)	<p>Dr Hirst is a member of the Board of the John Villiers Trust and is a Director of Altura Learning Group Holdings Pty Ltd and its subsidiaries.</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>

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Director	Experience
Associate Professor Beverley Rowbotham MBBS (Hons 1), MD, FRACP, FRACPA, FAICD	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. 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.
Mr Anthony Crawford BA, LLB, FAICD Appointed 30 November 2022	Mr Crawford is an experienced board chair and non-executive director across a variety of sectors including non-for-profit, health, insurance, legal, sport and government. He had an extensive legal career over 30 years at the national law firm DLA Phillips Fox including as Chief Executive Officer and Chairman of the Board. Mr Crawford is currently the Chair of Queensland Country Health Fund Pty Ltd, Heart Research Australia, the Energy and Water Ombudsman NSW, New South Wales Rugby Union Limited. He is also a non-executive Director of HBF Health Limited, Konekt Limited (a workplace occupational health, risk, rehabilitation and training provider), Grant Thornton Australia and Thrifty Western Australia and was the President of the Northern Suburbs Rugby Football Club.

Directors' attendance at meetings

Director	Directors' Meetings	
	Held ¹	Attended ²
P. McIntosh	1	1
R. Lourey	1	1
J. McDermid	1	1
S. Lummis	1	1
C. Hirst	1	1
B. Rowbotham	1	0
A. Crawford³	0	0

¹ Number of meetings held whilst the Director was a Board member

² Number of meetings attended by the Director

³ Mr Crawford was not a director at the time the Directors' meeting was held

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 operation 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

COVID-19

The Company operated 7 retirement villages, 2 residential aged care facilities as well as providing at home support services to in excess of 221 clients during the period. Total revenue of \$38,860,000 (2022: \$42,094,000) was recognised and the net result was a surplus of \$5,399,000 (2022: deficit of \$1,927,000). 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 \$766,000 (2022: \$1,166,000) in costs in managing COVID-19 outbreaks in its residential aged care facilities.

During the year the Company lodged 9 COVID-19 Grant claims with the Commonwealth Government. The Company received COVID-19 grant income of \$270,000 (2022: \$268,000) from the approval and payment of 1 claim with 7 claims pending review and approval.

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REFORM POST ROYAL COMMISSION

The Royal Commission into Aged Care Quality and Safety (“the Royal Commission”) handed down its final report on 26 February 2021, making 148 recommendations covering quality, funding and sustainability reforms. The Government’s response has seen multiple reforms to the residential aged care sector, the majority of which have now been legislated, including changes to funding models, introducing the Independent Health and Aged Care Pricing Authority (“IHACPA”), removing capacity constraints on bed licences, mandating minimum care minutes and increased transparency, reporting and governance.

The most significant changes which have now been enacted which impact future financial performance relate to:

- Discontinuing the Aged Care Approvals Round and allocating residential care places to consumers as opposed to the current bed licence arrangements from July 2024.
- The replacement of the Aged Care Funding Instrument (“ACFI”) with an alternative case-mix model (referred to as AN-ACC) in October 2022.
- The introduction of a publicly available 5 Star Rating system for all residential care homes from December 2022.
- The creation of IHACPA to provide cost and pricing advice and recommendations to the Government in relation to the funding of aged care services, with its first advice recently made to take effect from 1 July 2023.
- 24/7 attendance by a Registered Nurse in all residential care homes.
- Mandated minimum care minutes from 1 October 2023, increasing from 200 to 215 minutes per day from 1 October 2024.

In May 2023, the Government announced a significant increase in funding to take effect from 1 July 2023 based on IHACPA’s initial advice and recommendations which were published shortly afterwards. These increases followed the introduction of AN-ACC to replace ACFI in October 2022, with a significant uplift in funding to enable Approved Providers to finance the Work Value Case of the Fair Work Commission and contribute to minimum mandated care minutes, amongst other costs.

Change in state of affairs

As previously reported on 1 November 2021 the Company completed a merger with RSL Care RDNS Limited and RSL Care RDNS Limited became the sole member of the Company. On 1 June 2023 all employees of the Company were transferred to RSL Care RDNS Limited. 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.

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Non-audit services

No non-audit services were provided by the Company's auditor during the financial year (2022: \$nil).

Indemnifications and insurance of officers and auditors

Pursuant to the Constitution, all Directors and Company Secretaries, past and present, have been indemnified against all liabilities incurred by them in their capacity as a director or officer of the Company (except where the liability relates to a breach of certain provisions of the *Corporations Act 2001 (C'th)*) and against liability for certain legal costs. Since the end of the previous financial year, the Company has not indemnified or agreed to indemnify any person who is or has been an auditor of the Company against any liabilities.

During the financial year the Company has paid an insurance premium insuring the Directors and Officers of the Company under a Directors' and Officers' Liability insurance policy against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a director or officer of the Company. A condition of such insurance contract is that the nature of the liability, the premium payable and certain other details of the policy are not to be disclosed.

Proceedings on behalf of the company

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 2023, the total amount that members of the Company were liable to contribute if the Company was wound up was \$10.

Auditor's independence declaration

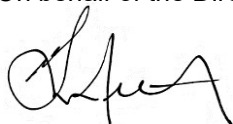
A copy of the Auditor's Independence Declaration as required under s.60-40 of the *Australian Charities and Not-for-profits Commission Act 2012 (C'th)* is presented on page 7.

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 5th day of October 2023

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

5 October 2023

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 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Vanessa de Waal
Partner
Chartered Accountants

ACACIA LIVING GROUP LIMITED

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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 2023 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 5th day of October 2023

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 2023, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the declaration of the board of directors.

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

- (i) giving a true and fair view of the Entity's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors' are responsible for the other information. The other information comprises the directors' report, 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 ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors' either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

Deloitte.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Vanessa de Waal

—
Vanessa de Waal
Partner
Chartered Accountants
Brisbane, 5 October 2023

ACACIA LIVING GROUP LIMITED

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Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023

	Note	2023 \$000's	2022 \$000's
Revenue	3	38,860	42,094
Investment income	4	2,301	168
Fair value movements	5	9,621	(3,516)
Other gains and losses	6	(55)	6
Impairment of assets	13	-	(135)
Employee benefit expenses	7a	(25,957)	(24,903)
Depreciation and amortisation expenses	11, 20	(1,752)	(1,703)
Marketing and advertising expenses		(278)	(375)
Lease expenses		(107)	(112)
Catering expenses		(1,482)	(1,473)
Insurance expenses		(602)	(849)
Light and power expenses		(614)	(589)
Repairs and maintenance expenses		(1,556)	(1,595)
Telephone expenses		(350)	(260)
Consulting expenses		(55)	(88)
Rates and taxes expenses		(552)	(507)
Agency fees		(2,830)	(995)
Cleaning expenses		(398)	(333)
Other expenses		(6,025)	(4,796)
COVID-19		(766)	(1,166)
Finance costs	7b	(2,004)	(800)
Surplus/(Deficit) for the year attributable to Acacia Living Group Limited		5,399	(1,927)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Net (loss)/gain on revaluation of land and buildings	23	(1,508)	358
Total comprehensive income/(loss) for the year attributable to Acacia Living Group Limited		3,891	(1,569)

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

ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

	Note	2023 \$000's	2022 \$000's
Current assets			
Cash and cash equivalents	21(a)	16,372	7,350
Trade and other receivables	8	894	977
Other financial assets	9	1,799	4,058
Other current assets	10	128	159
Total current assets		19,193	12,544
Non-current assets			
Property, plant and equipment	11	43,924	47,064
Right of use assets	20	-	89
Investment properties	12	156,306	140,849
Goodwill	13	-	-
Total non-current assets		200,230	188,002
Total assets		219,423	200,546
Current liabilities			
Trade and other payables	14	4,872	4,700
Unearned revenue	15	1,322	1,242
Resident refundable bonds	16	122,249	111,925
Refundable accommodation deposits/bonds	17	65,149	65,200
Provisions	19	356	2,666
Other current liabilities	20	393	287
Total current liabilities		194,341	186,020
Non-current liabilities			
Borrowings	18	8,198	1,271
Provisions	19	-	192
Other non current liabilities	20	-	70
Total non-current liabilities		8,198	1,533
Total liabilities		202,539	187,553
Net assets		16,884	12,993
Equity			
Retained earnings		11,909	6,510
Reserves	23	4,975	6,483
Total equity		16,884	12,993

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

ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2023

Statement of Changes in Equity for the year ended 30 June 2023

	Retained Earnings	Asset Revaluation Reserve	Raffle Income Reserve	Total
	\$000's	\$000's	\$000's	\$000's
Balance at 1 July 2021	8,412	6,125	25	14,562
Deficit for the year	(1,927)	-	-	(1,927)
Increment in value of land and buildings	-	358	-	358
Total comprehensive loss for the year	(1,927)	358	-	(1,569)
Transfer from reserves	25	-	(25)	-
Balance at 30 June 2022	6,510	6,483	-	12,993
Balance as at 1 July 2022	6,510	6,483	-	12,993
Profit for the year	5,399	-	-	5,399
Decrement in value of land and buildings	-	(1,508)	-	(1,508)
Total comprehensive profit for the year	5,399	(1,508)	-	3,891
Balance at 30 June 2023	11,909	4,975	-	16,884

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

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Statement of Cash Flows for the year ended 30 June 2023

	Note	2023 \$000's	2022 \$000's
Cash flows from operating activities			
Receipts from residents		9,067	10,450
Operating grant receipts		30,316	27,561
COVID funding (Jobkeeper income)		270	268
Donations received		1	5
Payments to suppliers and employees		(38,729)	(38,379)
Interest received		371	52
Borrowing costs		-	(214)
Net cash generated by/(used in) from operating activities	21 (b)	<u>1,296</u>	<u>(257)</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		23	299
Payments for property, plant and equipment		(176)	(413)
Payments for investment property		-	(500)
Net addition to term deposits		-	(12)
Proceeds from closing of term deposits		2,259	-
Net cash generated by/(used in) in investing activities		<u>2,106</u>	<u>(626)</u>
Cash flows from financing activities			
Proceeds from refundable accommodation deposits		27,053	19,211
Proceeds from resident entry contributions		8,620	13,075
Proceeds from related parties		-	659
Proceeds from interest rate swap		-	105
Repayment of bank borrowings		-	(24,899)
Repayment of related party loan		(3,000)	-
Net repayment of leases		(13)	(13)
Repayment of refundable accommodation deposits		(22,276)	(15,711)
Repayment of resident entry contributions		(4,764)	(5,657)
Net cash generated by/(used in) from financing activities		<u>5,620</u>	<u>(13,230)</u>
Net increase/(decrease) in cash and cash equivalents		9,022	(14,113)
Cash and cash equivalents held at the beginning of the financial year		7,350	21,463
Cash and cash equivalents held at the end of the financial year	21 (a)	<u>16,372</u>	<u>7,350</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**

Acacia Living Group Limited (“Company” or “Entity”) is a public company limited by guarantee incorporated and domiciled in Australia and is a non-for-profit entity for the purpose of preparing the financial statements. The address of the Company’s registered office and principal place of business is 51 Alexander Drive, Menora, Western Australia 6050.

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).
- 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 2022.

The financial statements were authorised for issue by the Directors on 5 October 2023.

(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(n) 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 2023

Note 1: Summary of accounting policies (continued)

(iii) Going concern

The statement of Financial Position discloses total current assets of \$19,193,000 (2022: \$12,544,000) and total current liabilities of \$194,341,000 (2022: \$186,020,000).

The net current liability position largely arises because the Resident accommodation bonds and the Refundable accommodation deposits are classified in full as current liabilities (refer notes 16 and 17), whereas the assets to which the Refundable accommodation deposits/bonds relate to (land, buildings and investment properties) are classified as non-current assets. The Resident accommodation bonds and the Refundable accommodation deposits are classified as current liabilities because the Entity does not have an unconditional right to defer settlement of the Refundable accommodation deposits/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 Refundable accommodation deposits. Accordingly, the Board believes that it is highly improbable that the outstanding liabilities will be required to be wholly settled within the next 12 months.

RSL Care RDNS Limited (the Parent Entity) 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 2023 financial statements and to enable the Entity to continue as a going concern. The loans owing to RSL Care RDNS Limited 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 going concern basis of preparation of the financial report is appropriate. As outlined above, the only indication that may cause any doubt as to the ability of the Entity to continue as a going concern is the ongoing net current liability position.

(iv) 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

All employees were transferred to RSL Care RDNS Limited on 1 June 2023. On this date, all employee benefit liabilities were transferred to RSL Care RDNS Limited. The accounting policy for employee benefits prior to 1 June 2023 is described below.

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.

ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2023

Note 1: Summary of accounting policies (continued)

(iv) Significant accounting policies (continued)

(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.

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.

ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2023

Note 1: Summary of accounting policies (continued)

(iv) Significant accounting policies (continued)

(c) Financial instruments (continued)

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.

(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') (1 July 2022 to 30 September 2022) and the Australian National Aged Care Funding Model ('AN-ACC') (1 October 2022 to 30 June 2023), 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.

ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2023

Note 1: Summary of accounting policies (continued)

(iv) Significant accounting policies (continued)

(e) Revenue (continued)

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.

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.

ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2023

Note 1: Summary of accounting policies (continued)

(iv) Significant accounting policies (continued)

(f) Property, plant and equipment (continued)

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:

Class of fixed asset	Depreciation rates	Depreciation basis
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

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.

ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2023

Note 1: Summary of accounting policies (continued)

(iv) Significant accounting policies (continued)

(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.

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 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.

ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2023

Note 1: Summary of accounting policies (continued)

(iv) Significant accounting policies (continued)

(i) Refundable accommodation deposits / bonds (continued)

Residents admitted prior to July 2014, who are assessed as being responsible for their own accommodation payments and who required a low level of care, paid 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.

(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:

Term	Revenue Stream	Estimated Term
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.

ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2023

Note 1: Summary of accounting policies (continued)

(iv) Significant accounting policies (continued)

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

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(f), 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.

Retirement village assets are held as investments properties and treated as such under accounting standard AASB 120 *Investment Property*.

Retirement village assets are measured initially at cost, including transaction costs, and are held to generate income from deferred management fees and the increase in the market value of the investment. Subsequent to initial recognition, retirement village assets are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of retirement village assets are included in profit and loss in the period in which they arise.

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.

For the year ended 30 June 2023 the Entity's approach to property valuations was substantially consistent with prior years but with a reduced emphasis in relation to the impact of COVID-19 upon inputs relevant to the valuation model for each property.

(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 that as at 30 June 2023 there was no right-of-use assets and lease liabilities under its control. The previous right-of-use asset expired on 30 June 2023.

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.

ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2023

Note 1: Summary of accounting policies (continued)

(iv) Significant accounting policies (continued)

(p) New and amended standards adopted by the Entity

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 2022.

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

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.
- AASB 2022-3 Amendments to Australian Accounting Standards – Illustrative Examples for Non-for-Profit Entities accompanying AASB 15.

The amendments listed above did not have any impact on the amounts recognised in the current or prior period and are not expected to significantly affect future periods.

(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 2023

Note 2: Financial Instruments

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

	Note	2023 \$000's	2022 \$000's
Financial assets			
Cash and cash equivalents	21(a)	16,372	7,350
Trade and other receivables	8	894	977
Other financial assets	9	1,799	4,058
Total financial assets		19,065	12,385
Financial liabilities			
Trade and other payables	14	4,872	4,700
Borrowings	18	8,198	1,271
Resident refundable bonds at fair value	16	122,249	111,925
Resident accommodation deposits/bonds	17	65,149	65,200
Total financial liabilities		200,468	183,096

	2023 \$000's	2022 \$000's
Note 3: Revenue		
Resident fees and charges including amenities fees	7,681	8,749
Rent	254	234
Government subsidies and other grant income	30,316	28,548
Donations and bequests	1	5
Catering revenue	165	174
Contracted fees from Retirement Villages residents	(453)	3,224
COVID-19 additional revenue	270	268
Other revenue	627	892
	38,860	42,094

COVID-19 additional revenue relates to the Commonwealth Government funding received to assist the aged care industry respond to the pressures of COVID-19. As at 30 June 2023 the Company had 7 pending submissions with 1 submission approved for payment. The Company has not recognised the COVID-19 submissions as income in the enclosed financial results, as they are pending review by the Commonwealth Government.

ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2023

	2023 \$000's	2022 \$000's
Note 4: Investment income		
Interest from bank deposits	371	52
Imputed income on RAD balances	1,930	116
	<u>2,301</u>	<u>168</u>
Note 5: Fair value movements		
Fair value movement in investment properties	15,961	1,081
Fair value movement in resident refundable bonds	(6,339)	(5,169)
Fair value movement in interest rate swap	-	572
	<u>9,622</u>	<u>(3,516)</u>
Note 6: Other gains and losses		
(Loss)/gain on disposal of property, plant and equipment	<u>(55)</u>	<u>6</u>
Note 7a: Employee benefit expenses		
Salaries and wages	(20,768)	(19,926)
Superannuation	(2,348)	(2,114)
Employee benefit provision expense	(2,605)	(2,626)
Training, recruitment and other employee benefits expense	(236)	(237)
	<u>(25,957)</u>	<u>(24,903)</u>
Note 7b: Finance costs		
Interest on bank borrowings	-	(212)
Imputed interest cost on RAD balances	(1,930)	(116)
Related party interest expense	(72)	(470)
Imputed interest on lease liability	(2)	(2)
	<u>(2,004)</u>	<u>(800)</u>
Note 8: Trade and other receivables		
Resident receivables	305	202
Loss allowance	(34)	(34)
	<u>271</u>	<u>168</u>
Other receivables	556	744
Goods and services tax recoverable	67	65
	<u>894</u>	<u>977</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 2023 is \$34,000 (2022: \$34,000).

ACACIA LIVING GROUP LIMITEDFinancial Statements – for the year ended 30 June 2023

	2023 \$000's	2022 \$000's
Note 9: Other financial assets		
Term deposits held	<u>1,799</u>	<u>4,058</u>

The Entity holds term deposits with financial institutions with average terms of between 6 to 12 months (2022: 6 to 12 months) and carry interest rates ranging between 3.50% - 3.75% (2022: 0.35% - 0.85%). Term deposits with original maturity dates three months or less are classified as cash and cash equivalents.

Note 10: Other current assets		
Prepayments	<u>128</u>	<u>159</u>

ACACIA LIVING GROUP LIMITED

Financial Statements – for the year ended 30 June 2023

Note 11: Property, plant and equipment

	Land at valuation \$000's	Buildings at valuation \$000's	Plant & Equipment at cost \$000's	Furniture & Fittings at cost \$000's	Motor Vehicles at cost \$000's	Computer Equipment at cost \$000's	Work in Progress at cost \$000's	Total \$000's
2022								
Cost or valuation								
Balance as at 30 June 2021	19,915	25,320	2,873	2,925	1,054	1,728	597	54,412
Additions	-	6	83	18	217	34	54	412
Disposals	-	-	3	-	(345)	(3)	(12)	(357)
Transfers	-	-	-	-	-	638	(638)	-
Balance as at 30 June 2022	19,915	25,326	2,959	2,943	926	2,397	1	54,467
Accumulated depreciation and impairment								
Balance as at 30 June 2021	-	-	(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)
Balance as at 30 June 2022	-	(689)	(2,204)	(2,342)	(634)	(1,534)	-	(7,403)
Net Book value								
Balance as at 30 June 2022	19,915	24,637	755	601	292	863	1	47,064
2023								
Cost or valuation								
Balance as at 30 June 2022	19,915	25,326	2,959	2,943	926	2,397	1	54,467
Additions	-	-	83	-	93	-	-	176
Disposals	-	-	(1,738)	(2,070)	(674)	(1,515)	(1)	(5,998)
Revaluation Adjustments	230	(1,738)	-	-	-	-	-	(1,508)
Balance as at 30 June 2023	20,145	23,588	1,304	873	345	882	-	47,137
Accumulated depreciation and impairment								
Balance as at 30 June 2022	-	(689)	(2,204)	(2,342)	(634)	(1,534)	-	(7,403)
Disposals	-	-	1,742	2,071	595	1,512	-	5,920
Depreciation expense	-	(1,038)	(138)	(88)	(83)	(383)	-	(1,730)
Balance as at 30 June 2023	-	(1,727)	(600)	(359)	(122)	(405)	-	(3,213)
Net Book value								
Balance as at 30 June 2023	20,145	21,861	704	514	223	477	-	43,924

Land and buildings with a carrying amount of \$42,006,000 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 Bolton Clarke's financiers approval.

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Note 12: Investment properties

	Projects in progress	Retirement villages at fair value	Total Investment properties
	\$000's	\$000's	\$000's
Balance as at 30 June 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
Balance as at 30 June 2022	4,097	136,752	140,849
Balance as at 1 July 2022	4,097	136,752	140,849
Movements during the year in fair value	-	15,457	15,457
Movements during the year in projects in progress	(504)	504	-
Balance as at 30 June 2023	3,593	152,713	156,306

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 (h) for current market factors considered for the valuation as at 30 June 2023. 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 if put to other uses having a similar risk.	13.00% - 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.	5.8 - 9.4 years
Capital expenditure	For ongoing maintenance of the villages we have allowed for a capital contribution per unit at each rollover.	7.50%

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	2023 \$000's	2022 \$000's
Note 13: Goodwill on acquisition		
Balance at the beginning of the financial year	-	135
Impaired during the year	-	(135)
Balance at the end of the financial year	<u>-</u>	<u>-</u>

	2023 \$000's	2022 \$000's
Note 14: Trade and other payables		
Trade payables	528	313
Sundry payables and accruals	256	1,205
Retirement village Sinking Fund surplus carried forward	3,732	2,995
Retirement village Operating Fund surplus carried forward	356	187
	<u>4,872</u>	<u>4,700</u>

Trade and other payables are non-interest bearing and there is no interest rate exposure. The credit term on trade and other payables are between 7 and 30 days.

	2023 \$000's	2022 \$000's
Note 15: Unearned revenue		
Income received in advance	689	512
CDC unspent client funds	633	730
	<u>1,322</u>	<u>1,242</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.

Note 16: Resident refundable bonds		
Resident refundable bonds at fair value	<u>122,249</u>	<u>111,925</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.

Note 17: Refundable accommodation deposits/bonds		
Resident accommodation deposits/bonds	90,932	85,534
Resident accommodation deposits/bonds not yet received	<u>(25,783)</u>	<u>(20,334)</u>
	<u>65,149</u>	<u>65,200</u>

Movement in the Carrying Amount of Refundable accommodation deposits/bonds		
Carrying amount at the beginning of the financial year	65,200	61,957
Refundable accommodations deposits/bonds received	27,053	19,211
Allowable deductions and interest paid	(32)	(63)
Refundable accommodations deposits/bonds refunded	<u>(27,072)</u>	<u>(15,905)</u>
Carrying amount at the end of the financial year	<u>65,149</u>	<u>65,200</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.

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	2023 \$000's	2022 \$000's
Note 18: Borrowings		
Non-Current		
RSL Care RDNS Limited (i)	<u>8,198</u>	1,271

(i) During the year ended 30 June 2023 the Entity received loan funding from Bolton Clarke. This loan funding is interest bearing at a rate of 3.09% (2022: 3.09%).

	2023 \$000's	2022 \$000's
Note 19: Provisions		
Current		
Provision for annual leave	-	1,675
Provision for long service leave	-	834
Provision for salaries and wages	200	-
Provision for audit fees	120	-
Provision for fringe benefit tax	39	-
Other provisions	(3)	157
	<u>356</u>	<u>2,666</u>
Non-Current		
Provision for long service leave	-	<u>192</u>

On 1 June 2023 all employees and their associated provisions were transferred to RSL Care RDNS Limited (the Parent Entity).

Note 20: Other Liabilities		
Unclaimed money	13	12
Deferred income	380	254
Lease Liability	-	21
	<u>393</u>	<u>287</u>
Non-Current		
Lease Liability	-	<u>70</u>

The Right of Use asset associated with the above lease liability is for office space and expired on 30 June 2023.

Movement in the Right of Use Asset		
Balance at the beginning of the financial year	89	-
Additions	-	104
Disposals	(67)	-
Depreciation	(22)	(15)
Balance at the end of the financial year	<u>-</u>	<u>89</u>
Cost	104	104
Disposals	(67)	-
Accumulated depreciation	(37)	(15)
Net book amount	<u>-</u>	<u>89</u>

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	2023 \$000's	2022 \$000's
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>16,372</u>	7,350
The amount of restricted cash included in cash and cash equivalents but not available for use is:		
Restricted cash	<u>1,306</u>	1,124
(b) Reconciliation of surplus for the year to net cash flows from operating activities		
Surplus/(Deficit) for the year	5,399	(1,927)
Contracted fees from retirement village residents and other adjustments	621	(3,224)
Allowable deductions and interest paid from refundable accommodation deposits	(32)	(257)
Loan interest capitalised	72	470
Loss/(gain) on disposals of property, plant, and equipment	55	(6)
Fair value movement in value of investment properties	(15,457)	(1,081)
Fair value movement in value of resident refundable bonds	5,836	5,169
Fair value movement in value of interest rate swap contract	-	(572)
Depreciation of Right of Use assets, property, plant & equipment	1,752	1,703
Impairment of goodwill	-	135
<i>Changes in net assets and liabilities:</i>		
<i>(Increase)/decrease in assets:</i>		
Current receivables	83	380
Other current assets	31	(112)
<i>Increase/(decrease) in liabilities:</i>		
Current trade payables	(1,070)	(243)
Unearned revenue	1,322	(612)
Other current liabilities	127	(375)
Current provisions	(2,310)	(39)
Non-current provisions	(192)	192
Non-current borrowings	5,059	142
Net cash generated by/(used in) operating activities	<u>1,296</u>	(257)

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Note 22: Commitments

The Entity had nil capital expenditure commitments at 30 June 2023 (2022: \$160,000)

	2023	2022
	\$000's	\$000's
Note 23: Reserves		
(a) Reserves Comprise:		
Asset revaluation reserve	<u>4,975</u>	<u>6,483</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.

(b) Movements in Reserves:

Asset Revaluation Reserve

Balance at beginning of year	6,483	6,125
Movement in fair value of land and buildings	<u>(1,508)</u>	<u>358</u>
Balance at end of year	<u>4,975</u>	<u>6,483</u>

Raffle Income Reserve

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

2023	2022
\$	\$

Note 24: Key Management Personnel Compensation

Total compensation of key management personnel	<u>4,299,515</u>	<u>2,853,611</u>
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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 2023, details of which are contained within note 18.

	2023	2022
	\$	\$
Note 25: Remuneration of Auditors		
Audit of financial statements	120,000	106,000
Statutory assurance services required by legislation to be provided by the auditor	6,000	6,000
Other assurance and agreed-upon procedures under other legislation or contractual arrangement	<u>15,000</u>	<u>-</u>
	<u>141,000</u>	<u>112,000</u>

The auditor of the Company is Deloitte Touche Tohmatsu.

Note 26: Contingent liabilities

In the opinion of the Board, the Entity did not have any significant contingent liabilities as at 30 June 2023 (2022:\$nil).

Note 27: 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.