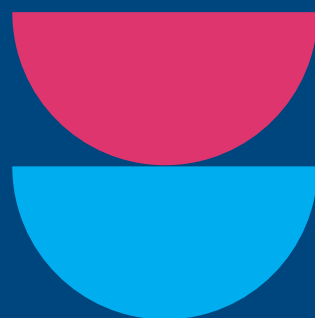


# Financial Report



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Harbison Memorial Retirement Village

ABN: 23 001 507 624



ABN 23 001 507 624

**Financial Report**  
**30 June 2024**

## **Directors' Report**

### **For the year ended 30 June 2024**

The directors present their report together with the financial report of Harbison Memorial Retirement Village ("the Company") for the financial year ended 30 June 2024, and the auditor's report thereon.

#### **1. Directors**

The directors of the Company at any time during or since the end of the financial year are:

**Katerina Constantinou JP**

Qualifications: BA, LLB, GDLP

Fellow of the Governance Institute of Australia

Graduate of the Australian Institute of Company Directors

Appointed: 27 June 2018

Chair of the Board of Directors (appointed on 25 November 2020)

Member of the Governance Committee

Member of the Built Environment and Development Committee

Member of the Finance & Audit Committee

Member of the Finance & Investment Committee

**David James Cummins OAM**

Qualifications: LLB (Sydney)

Appointed: 16 August 1989

Member of the Built Environment and Development Committee (appointed Chair on 22 June 2022)

Co-Chair of the Finance & Investment Committee (appointed on 22 February 2024)

**Dr Mark Andrew Gordon Wilson**

Qualifications: MBBS, MIPH (Honors), FRACGP, FARGP, PhD

Graduate of the Australian Institute of Company Directors

Appointed: 27 July 2011

Deputy Chair of the Board of Directors (appointed on 25 November 2020)

Chair of the Governance Committee (appointed on 16 December 2020)

**Jennifer Helen Elton**

Qualifications: BCom., CPA

Appointed: 26 August 2020

Chair of the Finance & Audit Committee (appointed on 28 April 2021)

Co-Chair of the Finance & Investment Committee (appointed on 22 February 2024)

## **Directors' Report**

### **For the year ended 30 June 2024**

#### **James Nethersole**

Qualifications: MA Hons Politics (Edin), FTIA (Fellow of the Tax Institute of Australia), International Affiliate of the Chartered Institute of Taxation UK ADIT (Advanced Diploma in International Tax), Registered Tax Agent, CAANZ Affiliate

Appointed: 22 September 2021

Resigned: 13 December 2023

Member of the Finance & Audit Committee

#### **Mark Kenneth Tutt**

Masters of Business Administration

Appointed: 18 April 2024

Member of the Finance & Investment Committee

#### **Tamara Gai Johnston**

Masters of Business Administration

Bachelor of Communication

Graduate of the Australian Institute of Company Directors

Appointed: 18 April 2024

Member of the Governance Committee

#### **Steven George Scarano**

Diploma of Accounting

Bachelor of Business (Financial Planning)

Appointed: 23 May 2024

Member of the Finance & Investment Committee

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

## Directors' Report

### For the year ended 30 June 2024

#### Meetings of Directors

During the financial year, 23 meetings of directors and committees were held. Attendance is set out in the following table:

	Board of Directors		Built Environment & Development Committee*		Finance & Audit Committee*		Finance & Investment Committee *		Governance Committee	
Director	A	B	A	B	A	B	A	B	A	B
Katerina Constantinou	11	11	2	2	3	3	4	4	3	3
David Cummins	11	10	2	2			4	3		
Dr Mark Wilson	11	11							3	3
Jennifer Elton	11	11			3	3	4	4		
James Nethersole	5	4			3	3				
Mark Kenneth Tutt	3	2					2	1		
Tamara Johnston	3	3								
Steven Scarano	2	2					1	1		

A = Eligible to attend. B = Attended

*\* The Built Environment & Development Committee and Finance & Audit Committee were merged on 13 December 2023, on a 12-month trial basis, to form the Finance & Investment Committee.*

## 2. Overview of the Company

Harbison is a not-for-profit organisation. The Company is limited by guarantee and at balance date had 23 (2023: 23) members.

In accordance with the Company's Constitution, every member has undertaken, in the event of a deficiency on winding up, during the time that they are a member or within one year afterwards, to contribute an amount not exceeding \$50. At balance date, the total value of these guarantees was \$1,150 (2023: \$1,150).

The company is a Public Benevolent Institution and a charity registered with the Australian Charities and Not-for-profits Commission.

## **Directors' Report**

**For the year ended 30 June 2024**

### **3. Objectives, Strategies and Activities**

#### **Principal Objective**

The principal objective of the Company is to provide, maintain, and manage residential and non-residential care or support services for aged or disabled persons.

#### **Principal Strategies**

Strategies to achieve our objective include:

- maintaining accreditation as a Commonwealth Government-funded aged care provider;
- maintaining a charitable status;
- employing suitable people to provide high quality aged care services;
- developing and redeveloping suitable infrastructure and technology;
- demonstrating a commitment to achieving an excellent experience consistent with our vision, mission and values;
- maintaining suitable inventory and equipment;
- developing and maintaining strong working relationships with community organisations;
- providing a continuum of care to support choice by developing a range of services that may be delivered in a range of settings;
- prudent financial management focused on long-term sustainability; and
- reinvestment of surpluses in developing improvements and innovations.

#### **Principal Activities**

The principal activity of the Company during the financial year was the provision of Commonwealth Government-funded aged care services, including:

- Residential Aged Care at Burradoo (104 places) and Moss Vale (122 places) including dedicated residential dementia care at both locations;
- Short-term Restorative Care Programme;
- Commonwealth Home Support Programme; and
- NDIS funded services.

The Company also operates self-care accommodation at Burradoo (34 units).

## **Directors' Report**

**For the year ended 30 June 2024**

### **How Do Our Principal Activities Assist in Achieving Our Objectives?**

By providing accredited aged care services, the Company is permitted to charge fees and accept Refundable Accommodation Deposits ("RAD") with which it provides, maintains and manages residential aged care accommodation. The provision, maintenance and management of self-care accommodation is funded by fees charged to residents, donations and bequests.

### **How do we measure our performance?**

- Comparison to financial, clinical, safety and Key Performance Indicator (occupancy, Australian National Aged Care Classification Funding model (ANACC), supported resident ratio, RAD etc.) benchmarks
- Resident and employee satisfaction
- Financial outcomes

## **4. Review of Operations and Results**

Throughout the year, the company maintained and operated residential aged care facilities and independent living units. Ancillary services include Home Care, Home Support and Disability Support. The company serves the Southern Highlands and surrounding areas.

The gross revenue for the financial year was \$33,687,700 (2023: \$28,795,115). The operating result was a profit of \$127,360 (2023: operating loss \$2,824,295). The net cash from operations for the year was an inflow of \$2,708,723 (2023: inflow of \$138,527).

## **5. Events Subsequent to Reporting Date**

The Company expects to settle the acquisition of a block of land, located in Bowral centre, in September 2024. This acquisition is part of the Company's strategic plan and is expected to have material impact on the Company's financial position.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction, or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the result of those operations or the state of affairs of the Company, in future financial years.

## **Directors' Report**

### **For the year ended 30 June 2024**

#### **6. Significant Change in the State of Affairs**

During the financial year, the Company received a payment totalling \$1,179,399.29 from the COVID-19 Aged Care Support Program, as a reimbursement associated with additional costs related to COVID-19. This COVID-19 Aged Care Support Program has been closed since April 2024. There were no further applications pending in response to additional COVID-19 outbreaks.

#### **7. Likely Developments**

The Company is currently undertaking refurbishments of its Burradoo Nursing Home that are expected to be completed during the financial year ending 30 June 2025.

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

#### **8. Indemnification and Insurance of Officers**

##### **Indemnification**

The Company has agreed to indemnify directors of the Company for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position, except when the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including legal costs and expenses.

##### **Insurance Premiums**

During the financial year, the Company has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the year ended 30 June 2024 and, since the financial year, the Company has paid premiums in respect of such insurance contracts for the year ending 30 June 2024.

## **Directors' Report**

**For the year ended 30 June 2024**

### **8. Indemnification and Insurance of Officers (continued)**

#### **Insurance Premiums (continued)**

Such insurance contracts insure against certain liability (subject to specific exclusions) of persons who are or have been directors or executive officers of the Company.

The Directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

### **9 Directors' Benefits**

No Director of the Company has received or become entitled to receive, during or since the end of the financial year, a benefit by reason of a contract made by the Company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed at Note 15.

### **10. Auditor's Independence Declaration**

The auditor's independence declaration is set out on page 39 of this report and forms part of the directors' report for the financial year ended 30 June 2024.

Signed in accordance with a resolution of the directors, at Burradoo on 19 September 2024.



**Katerina Constantinou**

*Director*



**Mark Wilson**

*Director*

Harbison Memorial Retirement Village

ABN: 23 001 507 624

**Statement of Profit or Loss and Other Comprehensive Income**  
For the year ended 30 June 2024

	<b>Note</b>	<b>2024</b> \$	<b>2023</b> \$
Revenue	3	31,067,162	26,870,324
Other Income	3	2,620,538	1,924,791
<b>Total revenue and other income</b>		<b>33,687,700</b>	<b>28,795,115</b>
<b>Expenses</b>			
Resident Care		(17,578,000)	(15,782,919)
Catering		(3,741,911)	(3,691,768)
Cleaning		(602,378)	(677,461)
Laundry		(333,911)	(331,679)
Maintenance		(1,012,554)	(1,109,030)
Utilities		(587,671)	(706,632)
Administration		(4,090,420)	(4,476,964)
Other expenses		(3,734,199)	(3,484,086)
<b>Total expenditure</b>		<b>(31,681,044)</b>	<b>(30,260,539)</b>
Financial income		459,332	277,808
Financial expense	5	(2,338,628)	(1,636,679)
<b>Net financing income</b>		<b>(1,879,296)</b>	<b>(1,358,871)</b>
<b>Surplus/(Deficit) before income tax</b>		<b>127,360</b>	<b>(2,824,295)</b>
Income tax expense	21(b)	-	-
<b>Surplus/(Deficit) for the year</b>		<b>127,360</b>	<b>(2,824,295)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>127,360</b>	<b>(2,824,295)</b>

*The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements numbered 1 to 21.*

Harbison Memorial Retirement Village

ABN: 23 001 507 624

**Statement of Financial Position**  
For the year ended 30 June 2024

	Note	2024 \$	2023 \$
<b>Assets</b>			
Cash and cash equivalents	13	9,603,418	8,965,859
Other financial assets	14	2,250,000	-
Trade and other receivables	6	1,172,948	1,308,042
Inventory		219,933	102,202
Investment property	7	11,456	16,472
Intangible assets	8	842	770,620
Property, plant and equipment	9	60,694,878	61,770,442
<b>Total assets</b>		<b>73,953,475</b>	<b>72,933,637</b>
<b>Liabilities</b>			
Trade and other payables	10	1,779,367	1,925,028
Resident liabilities	11	49,880,980	49,075,267
Employee benefits	12	3,078,927	2,846,501
<b>Total liabilities</b>		<b>54,739,274</b>	<b>53,846,796</b>
<b>Net assets</b>		<b>19,214,201</b>	<b>19,086,841</b>
<b>Equity</b>			
Asset revaluation reserve		13,144,998	13,144,998
Retained earnings		6,069,203	5,941,843
<b>Total equity</b>		<b>19,214,201</b>	<b>19,086,841</b>

*The Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements numbered 1 to 21.*

Harbison Memorial Retirement Village

ABN: 23 001 507 624

**Statement of Changes in Equity**  
For the year ended 30 June 2024

	<b>Asset Revaluation Reserve \$</b>	<b>Retained Earnings \$</b>	<b>Total \$</b>
<b>Balance at 1 July 2022</b>	<b>13,144,998</b>	<b>8,766,138</b>	<b>21,911,136</b>
Deficit for the year	-	(2,824,295)	(2,824,295)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(2,824,295)	(2,824,295)
<b>Balance at 30 June 2023</b>	<b>13,144,998</b>	<b>5,941,843</b>	<b>19,086,841</b>
<b>Balance at 1 July 2023</b>	<b>13,144,998</b>	<b>5,941,843</b>	<b>19,086,841</b>
Surplus for the year	-	127,360	127,360
Other comprehensive income	-	-	-
Total comprehensive income	-	127,360	127,360
<b>Balance at 30 June 2024</b>	<b>13,144,998</b>	<b>6,069,203</b>	<b>19,214,201</b>

*The Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements numbered 1 to 21.*

## Statement of Cash Flows

For the year ended 30 June 2024

	Note	2024 \$	2023 \$
<b>Cash flows from operating activities</b>			
Receipts from operating activities		31,608,528	27,414,685
Payments to suppliers and employees		(28,701,139)	(27,088,521)
Interest paid		(198,666)	(187,637)
<b>Net cash provided by operating activities</b>		<b>2,708,723</b>	<b>138,527</b>
<b>Cash flows from investing activities</b>			
Interest received – investments		459,332	277,808
Acquisition of other financial assets		(2,250,000)	-
Acquisition of property, plant and equipment, intangibles, and investment property		(1,086,209)	(1,824,720)
<b>Net cash used in investing activities</b>		<b>(2,876,877)</b>	<b>(1,546,912)</b>
<b>Cash flows from financing activities</b>			
Proceeds from residents' entry contributions		16,879,754	14,380,759
Repayment of residents' entry contributions		(16,074,041)	(11,610,504)
Net repayments of borrowings		-	(52,024)
<b>Net cash provided by financing activities</b>		<b>805,713</b>	<b>2,718,231</b>
Net increase in cash held		637,559	1,309,846
Cash and cash equivalents as at 1 July 2023		8,965,859	7,656,013
<b>Cash and cash equivalents at 30 June 2024</b>	13	<b>9,603,418</b>	<b>8,965,859</b>

*The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements numbered 1 to 21.*

## Notes to the Financial Statements

For the year ended 30 June 2024

### 1. Reporting Entity

Harbison Memorial Retirement Village (Harbison or the Company) is a not-for-profit Company limited by guarantee and domiciled in Australia. The address of the Company's registered office is 2 Charlotte Street, Burradoo NSW 2576. The Company is primarily involved in the provision of disability and aged care services through the operation of residential aged care facilities at Burradoo and Moss Vale, including secure dementia units at both locations, independent living units at Burradoo, and Short-term Restorative Care services in the Southern Highlands.

### 2. Basis of Preparation

#### (a) Statement of Compliance

These financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards-Simplified Disclosure Requirements (AASBs), adopted by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements were approved by the Board of Directors on 19 September 2024.

#### (b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for land which is measured at fair value.

#### (c) Functional and Presentation Currency

The financial report is presented in Australian dollars, which is the Company's functional currency.

#### (d) Use of Estimates, Judgements and Assumptions

The preparation of financial statements requires judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the relevant notes.

## Notes to the Financial Statements

### For the year ended 30 June 2024

#### 2. Basis of Preparation (continued)

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 and in any future periods affected.

Information about significant estimates and underlying assumptions is included in the relevant notes.

#### (e) Fair Value

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses market observable data as far as possible.

An external, independent valuation company, having appropriately recognised professional qualifications and recent experience in the location and category of the property being valued, values the Company's freehold land every three years. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

## **Notes to the Financial Statements**

**For the year ended 30 June 2024**

### **2. Basis of Preparation (continued)**

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in Note 8 Property, Plant and Equipment.

Significant valuation issues are reported to the Board.

## Notes to the Financial Statements

For the year ended 30 June 2024

### 3. Revenue and Other Income

	2024 \$	2023 \$
<b>Revenue from Contracts with Customers</b>		
<b>Government Income</b>		
Government funding	22,965,172	19,463,648
<b>Total Government income</b>	<b>22,965,172</b>	<b>19,463,648</b>
<b>Customer income</b>		
Basic daily fees	4,634,581	4,738,604
Other customer fees	1,689,648	941,065
<b>Total customer income</b>	<b>6,324,229</b>	<b>5,679,669</b>
<b>Accommodation income</b>		
Accommodation income - Government	-	232,891
Accommodation income - resident	1,568,766	1,373,453
Rental income	208,995	120,663
<b>Total accommodation income</b>	<b>1,777,761</b>	<b>1,727,007</b>
<b>Total Revenue</b>	<b>31,067,162</b>	<b>26,870,324</b>
<b>Other income</b>		
Other income	480,576	475,749
Imputed revenue on RAD and bond balances per AASB 16 Leases	2,139,962	1,449,042
<b>Total other income</b>	<b>2,620,538</b>	<b>1,924,791</b>
<b>Total revenue and other income</b>	<b>33,687,700</b>	<b>28,795,115</b>

### 4. Expenses

Personnel expense	22,919,594	20,688,531
Depreciation and amortisation expense	2,936,567	3,073,751

## Notes to the Financial Statements

### For the year ended 30 June 2024

<b>5. Finance Expense</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Interest expense	198,666	187,637
Imputed expense on RAD and bond balances per AASB 16 Leases	2,139,962	1,449,042
	<b>2,338,628</b>	<b>1,636,679</b>

## 6. Trade and Other Receivables

Trade and other receivables	962,300	1,046,395
Provision for doubtful debts	(108,742)	(89,166)
	<b>853,558</b>	<b>957,229</b>
Prepayments	319,390	350,813
	<b>1,172,948</b>	<b>1,308,042</b>

Impairment losses on trade and other receivables recognised in profit and loss was Nil (2023: Nil).

## 7. Investment Property

Buildings and infrastructure – at cost	718,395	718,395
Accumulated depreciation	(706,939)	(701,923)
<b>Total Investment Property</b>	<b>11,456</b>	<b>16,472</b>

### Movements in carrying amounts

Movement in the carrying amounts for investment property between the beginning and the end of the current financial year.

	<b>2024</b>
	<b>\$</b>
Balance at 1 July 2023	<b>16,472</b>
Additions	-
Depreciation expense	(5,016)
Balance at 30 June 2024	<b>11,456</b>

## Notes to the Financial Statements

For the year ended 30 June 2024

### 8. Intangible Assets

	2024 \$	2023 \$
Bed licences	2,112,000	2,112,000
Accumulated amortisation	(2,112,000)	(1,343,399)
	<u>-</u>	<u>768,601</u>
Computer software – at cost	395,300	395,300
Accumulated amortisation	(394,458)	(393,281)
	<u>842</u>	<u>2,019</u>
<b>Balance at 30 June 2024</b>	<u><b>842</b></u>	<u><b>770,620</b></u>

The useful life of bed licences has been reassessed from indefinite to finite life from 1 October 2021 following the release of the Australian Government's discussion paper *Improving Choice in Residential Aged Care – ACAR Discontinuation* on 30 September 2021.

### Movements in carrying amounts

Movement in the carrying amounts for intangible assets between the beginning and the end of the current financial year.

	Bed Licences	Computer software
Balance at 1 July 2023	768,601	2,019
Additions	-	-
Amortisation	(768,601)	(1,177)
<b>Balance at 30 June 2024</b>	<u><b>-</b></u>	<u><b>842</b></u>

## Notes to the Financial Statements

For the year ended 30 June 2024

### 9. Property, Plant & Equipment

#### Cost

Balance at 1 July 2023							
Additions	-	84,796	220,397	1,396	779,620	1,086,209	
Transfers from WIP	-	1,694,683	-	-	(1,694,683)	-	
<b>Balance at 30 June 2024</b>	<b>13,400,000</b>	<b>71,123,923</b>	<b>4,221,519</b>	<b>376,964</b>	<b>3,601,685</b>	<b>92,724,091</b>	
	<b>13,400,000</b>	<b>72,903,402</b>	<b>4,441,916</b>	<b>378,360</b>	<b>2,686,622</b>	<b>93,810,300</b>	

#### Accumulated Depreciation

Balance at 1 July 2023	-	27,485,923	3,173,870	293,856	-	30,953,649	
Depreciation for the year	-	1,722,344	408,747	30,682	-	2,161,773	
<b>Balance at 30 June 2024</b>	<b>-</b>	<b>29,208,267</b>	<b>3,582,617</b>	<b>324,538</b>	<b>-</b>	<b>33,115,422</b>	

#### Carrying Amount

Balance at 30 June 2023	13,400,000	43,638,000	1,047,649	83,108	3,601,685	61,770,442	
Balance at 30 June 2024	13,400,000	43,695,135	859,299	53,822	2,686,622	60,694,878	

## Notes to the Financial Statements

For the year ended 30 June 2024

### 9. Property, Plant & Equipment (continued)

#### Fair value hierarchy

A formal valuation of land at Burradoo and Moss Vale was obtained for the year ended 30 June 2022, dated 6 May 2022. The valuation was performed by M Bregozzo, Certified Practising Valuer, Australian Property Institute No. 68990. The valuer M Bregozzo, in arriving at the land value, had taken into consideration sales evidence of comparable properties within the Wingecarribee Shire. He had further given consideration to the size and location of the comparable sales and made appropriate adjustments prior to assessing a fair and reasonable value for the subject property. The adopted fair value based on the valuation obtained was \$13,400,000.

The fair value measurement of freehold land has been categorised as a Level 2 fair value based on the inputs to the valuation technique (see Note 2(e)).

### 10. Trade and Other Payables

	2024	2023
	\$	\$
<b>Unsecured</b>		
Trade creditors	803,923	1,197,862
Accrued expenses	899,920	628,335
Income received in advance	75,524	98,831
	<u>1,779,367</u>	<u>1,925,028</u>

## Notes to the Financial Statements

For the year ended 30 June 2024

### 11. Resident liabilities

#### *Unsecured*

Entry Contributions, Accommodation Bonds and Refundable Accommodation Deposits	<b>49,880,980</b>	<b>49,075,267</b>
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### 12. Employee Benefits

Annual leave	2,136,214	2,002,558
Long service leave	929,760	830,990
Accrued days off	12,953	12,953
<b>Total employee benefits</b>	<b>3,078,927</b>	<b>2,846,501</b>

The Company paid contributions of \$2,055,068 to defined contribution plans on behalf of employees for the year ended 30 June 2024 (2023: \$1,699,175).

### 13. Cash and cash equivalents

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Cash on hand and at bank	9,603,418	8,965,859
	<b>9,603,418</b>	<b>8,965,859</b>

#### **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments.

## Notes to the Financial Statements

For the year ended 30 June 2024

### 14. Other financial assets

Term Deposits	2,250,000	-
	<u>2,250,000</u>	<u>-</u>

### 15. Related Parties

Key management personnel comprise directors and senior executives of the Company.

#### Transactions with Key Management Personnel

Directors do not receive any remuneration. The Chair of the Board of Directors receives an honorarium of \$7,200 per annum for expenses related to the Company (2023: \$7,200).

#### Key Management Personnel Compensation

The total key management personnel compensation included in 'personnel expenses' is \$1,023,628 (2023: \$1,074,482).

### 16. Financing facilities

The Company had access to the following undrawn borrowing facilities:

	2024 \$	2023 \$
Bank loan facilities	5,000,000	5,000,000
	<u>5,000,000</u>	<u>5,000,000</u>

This facility is secured against the registered mortgage over property situated at 2-10 Charlotte Street Burradoo NSW 2576.

### 17. Commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is \$356,965 (2023: nil).

## Notes to the Financial Statements

For the year ended 30 June 2024

### 18. Contingencies

The directors are not aware of any significant contingent liabilities or contingent assets.

### 19. Events Subsequent to Reporting Date

Harbison expects to settle the acquisition of a block of land, located in Bowral centre, in September 2024.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction, or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the result of those operations or the state of affairs of the Company, in future financial years.

### 20. Auditors Remuneration

	2024	2023
	\$	\$
<b>Audit and assurance services - KPMG</b>		
Financial statement audit	53,556	51,487
Other assurance services	6,740	6,510
	<b>60,296</b>	<b>57,997</b>
 Compilation of financial statements - KPMG	 <b>9,353</b>	 <b>8,987</b>
	<b>69,649</b>	<b>66,984</b>

## Notes to the Financial Statements

For the year ended 30 June 2024

### 21. Material Accounting Policies

#### Changes to material accounting policies

The Company adopted Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards (Amendments to AASB 1049, 1054 and 1060) from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 21 Material accounting policies (2023: Note 21 Statement of significant accounting policies) in certain instances in line with the amendments. A number of other new accounting standards are also effective from 1 July 2023 but they do not have a material effect on the Company's financial statements.

This note provides a list of the material accounting policies adopted in the preparation of these financial statements to the extent that they have not already been disclosed in other notes above. These policies have been consistently applied to the years presented, unless otherwise stated.

#### (a) Presentation of Statement of Financial Position on liquidity basis

The Directors have chosen to present the Statement of Financial Position under a liquidity presentation method (AASB 101 – *Presentation of Financial Statements*) on the basis that it presents a reliable and more relevant view.

## Notes to the Financial Statements

For the year ended 30 June 2024

### 21. Material Accounting Policies (continued)

#### (b) Income Tax

The Company is exempt from income tax under Section 50-5 of the *Income Tax Assessment Act 1997*, being a non-profit charitable organisation, not carried on for the purpose of profit or gain to its members. Accordingly, no provision for income tax has been made in these financial statements.

#### (c) Property, Plant and Equipment

##### (i) Recognition and Measurement

With the exception of land, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Land is recognised initially at cost, then subsequently measured at fair value.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

##### (i) Subsequent Expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company.

##### (ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current period are as follows:

Buildings – Moss Vale & Burradoo Nursing Home	40 years
Plant and Equipment	3-7 years
Motor Vehicles	3-7 years

## Notes to the Financial Statements

For the year ended 30 June 2024

### 21. Material Accounting Policies (continued)

#### (c) Property, Plant and Equipment (continued)

##### (ii) Depreciation (continued)

The useful life, residual value and the depreciation method applied to an asset are reviewed at each financial year end and adjusted if appropriate.

#### (d) Intangible Assets

##### (i) Recognition and Measurement

Intangible assets are only recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company, and the costs of the assets are reliably measurable.

Intangible assets are initially measured at cost. Where an intangible asset is acquired at no cost or for a nominal cost, the cost is the fair value as at the date of acquisition.

##### (ii) Bed Licences

The Company has been granted or otherwise acquired bed licences over an extended period of time, commencing many years ago. It has been determined that the fair value of bed licences at grant or acquisition date, prior to transition to Australian equivalents to International Financial Reporting Standards (AIFRS) is unable to be reliably measured and therefore no bed licences granted or acquired prior to 1 July 2004 have been recognised.

Licences granted after this date were recognised at their fair value as at the date they were put to use. The Company measured bed licences acquired through business combinations at fair value using valuations from an independent external valuer.

The useful life of bed licences has been reassessed from indefinite to finite life from 1 October 2021 following the release of the Australian Government's discussion paper *Improving Choice in Residential Aged Care – ACAR Discontinuation* on 30 September 2021.

## Notes to the Financial Statements

For the year ended 30 June 2024

### 21. Material Accounting Policies (continued)

#### (d) Intangible Assets (continued)

##### (iii) Software

Software acquired by the Company that is not integral to the function of computer hardware, is stated at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three to five years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### (e) Investment Property

##### (i) Recognition and Measurement

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost less accumulated depreciation and any accumulated impairment losses. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

##### (ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over its estimated useful life.

## Notes to the Financial Statements

For the year ended 30 June 2024

### 21. Material Accounting Policies (continued)

#### (e) Investment Property (continued)

The estimated useful life for the current and comparative periods is as follows:

Self Care Accommodation at Burradoo	10 years
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The useful life, residual values and the depreciation method applied to investment property is reviewed at each financial year-end and adjusted if appropriate.

#### (f) Financial Instruments

##### (i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liability are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### (ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

## Notes to the Financial Statements

For the year ended 30 June 2024

### 21. Material Accounting Policies (continued)

#### (f) Financial Instruments (continued)

##### (ii) Classification and subsequent measurement (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL.

On initial measurement, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### *Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment losses are recognised in profit and loss.

##### **Non-derivative financial liabilities**

All financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

## Notes to the Financial Statements

For the year ended 30 June 2024

### 21. Material Accounting Policies (continued)

#### (f) Financial Instruments (continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Company has the following non-derivative financial liabilities: trade and other payables, refundable accommodation deposits, entry contributions and accommodation bonds.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

#### (g) Impairment

##### Financial Assets

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

## Notes to the Financial Statements

For the year ended 30 June 2024

### 21. Material Accounting Policies (continued)

#### (g) Impairment (continued)

##### Financial Assets (continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

##### *Measurement of ECLs*

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

##### *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

##### Non-Financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

## Notes to the Financial Statements

For the year ended 30 June 2024

### 21. Material Accounting Policies (continued)

#### (g) Impairment (continued)

##### Non-Financial Assets (continued)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### (h) Employee Benefits

##### (i) Defined Contribution Plans

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

##### (ii) Long-Term Employee Benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

##### (iii) Short-Term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (i) Revenue

##### (i) Revenue from Contracts with Customers and Income of Not-for-Profit Entities

The Company first considers whether AASB 15 *Revenue from Contracts with Customers* applies to a transaction or part of a transaction.

## Notes to the Financial Statements

For the year ended 30 June 2024

### 21. Material Accounting Policies (continued)

#### (i) Revenue (continued)

##### (i) Revenue from Contracts with Customers and Income of Not-for-Profit Entities (continued)

In order for AASB 15 to apply, the following two criteria must be met:

- the agreement between the Company and the customer must create enforceable rights and obligations, and;
- the Company's promise to transfer a good or service needs to be sufficiently specific.

The Company uses judgement in determining whether the performance obligation is enforceable and sufficiently specific having regard to the particular facts and circumstances. The Company regards its contracts with residents and customers as an agreement between two or more parties that create enforceable rights and obligations.

Judgement is necessary in assessing whether a promise is sufficiently specific, taking into account any conditions specified in the contracts regarding the promised goods or services.

When AASB 15 *Revenue from Contracts with Customers* does not apply, the Company considers whether AASB 1058 *Income of Not-for-Profit Entities* applies. AASB 1058 will apply when the Company enters into a transaction where the consideration to acquire an asset is significantly less than the fair value principally to enable the Company to further its objectives.

Under AASB 1058, the timing of income recognition will depend on whether the transaction gives rise to performance obligations, liability, or contribution. Where the Company receives an asset for significantly less than its fair value principally to enable the Company to further its objectives, it recognises the asset in accordance with the relevant standard. The Company then considers the relevant accounting standard that applies to the related amounts.

The difference between the consideration transferred for the asset and the fair value of the asset received after recording any related amounts is recognised as income.

## Notes to the Financial Statements

For the year ended 30 June 2024

### 21. Material Accounting Policies (continued)

#### (i) Revenue (continued)

#### (ii) Government funding

##### *Aged Care*

The Company's entitlement to government funding is assessed in accordance with the provisions of the *Aged Care Act 1997*. The funding recovered is based on the Australian National Aged Care Classification (AN-ACC) Funding Model. The Federal Government also assesses other accommodation supplements and other supplements on a per resident per day basis.

The amount of funding received is determined by the Federal Government rather than the Company's contract with the resident.

Funding is determined by a range of factors including: the resident's care needs; whether the facility has been significantly refurbished; the level of supported resident ratios at the facility and the financial means of the resident.

For each resident, a single performance obligation is the ongoing daily delivery of care to the resident. This reflects a series of distinct services that are substantially the same and have the same pattern of transfer. Funding is received monthly in advance from the Federal Government.

##### *Other Government funding*

Government grants may be received for a range of purposes to assist the Company with its objectives. Performance obligations may be specified in each individual grant and can include such obligations as the completion of capital works or the delivery of services to a local community. Under such grants, revenue is recognised when the performance obligation is met. Where a grant has no performance obligations, the revenue is recognised when funds are received.

## Notes to the Financial Statements

For the year ended 30 June 2024

### 21. Material Accounting Policies (continued)

#### (i) Revenue (continued)

##### (iii) Basic daily fees

###### *Aged Care*

The basic daily fee is a daily living expense paid by all residents of residential aged care facilities in accordance with the *Aged Care Act 1997*. This is a contribution to the provision of care and accommodation per day and in accordance with the rates set by the Federal Government.

In addition to the basic daily fee, if the resident has been assessed by the Federal Government as having the financial means, an additional means-tested care fee is payable by the resident. This is calculated on a daily basis and invoiced along with the basic daily fee.

For each resident, a single performance obligation is the ongoing daily delivery of care to the resident. This reflects a series of distinct services that are substantially the same and have the same pattern of transfer. The Company recognises revenue on a daily basis in line with the care given to residents.

##### (iv) Donations

Donations received from the general public are taken into account as other income on receipt, in the absence of any specific performance obligations being attached to the donation.

##### (v) Accommodation Charges

Persons entering a high-care aged care facility prior to 1 July 2014 were asset tested and have been required to pay an accommodation charge. Accommodation charges are recognised as revenue as they become due and receivable from residents.

##### (vi) Accommodation Bonds/Refundable Accommodation Deposits

Persons entering a low-care aged care facility prior to 1 July 2014 who were assessed as "non-supported residents" were required to pay an accommodation bond.

## Notes to the Financial Statements

For the year ended 30 June 2024

### 21. Material Accounting Policies (continued)

#### (i) Revenue (continued)

##### (vi) Accommodation Bonds/Refundable Accommodation Deposits (continued)

All persons entering an aged care facility after 1 July 2014 who were assessed as "non-supported residents" are required to pay a refundable accommodation deposit (RAD).

Accommodation bonds and RADs are held by the Company in the form of interest-free loans from residents.

Accommodation bonds and RADs paid by residents are repayable by the Company when the resident leaves the facility (refund event).

Once a refunding event occurs, the accommodation bond or RAD becomes interest-bearing. The interest rate varies according to the rates specified by the Commonwealth Department of Health at the time the refunding event occurs. Interest expense is recognised in the profit or loss when incurred.

##### (vii) Self Care Entry Contribution

Persons entering independent living units, subject to financial means, may be required to pay an Entry Contribution in the form of an interest-free loan to the Company, repayable upon vacation of the unit. The original loan made by a resident is reduced to an agreed residual value over a specified period as set out in the Self Care Residence Loan Licence Agreement, and in accordance with the *Retirement Villages Act 1999* (NSW).

For each resident, the loan reduction (retention) is taken to profit on a straight-line basis. The total retention is amortised over the life of the tenancy.

## Notes to the Financial Statements

For the year ended 30 June 2024

### 21. Material Accounting Policies (continued)

#### (i) Revenue (continued)

##### (vii) Self Care Entry Contribution (continued)

When a resident vacates a unit, any variation between the amortised retention and the retention under the contract terms is recognised in the period in which the unit is vacated.

On the basis of historical information, the Company has determined that the average term of residency is less than the maximum retention period of five years. The average term of residency is reviewed annually.

##### (viii) Rental Income

Rental income from independent living units is recognised in profit or loss on a straight-line basis over the term of the lease. Rental income is billed in advance. Where income for a future period has been billed, this amount is recognised as a liability called income received in advance.

#### (j) Leases

##### *Residential Accommodation Deposits (RADs)*

Residential accommodation agreements in which residents who choose to pay a RAD or a bond for their accommodation services are considered to be a lease under AASB 16. The Company has recognised as lease income an imputed non-cash charge representing the resident's right to occupy a room under the arrangement.

The Company has concluded that the lease term for these arrangements is no longer than 7 days (being the notice period required from a resident before departure) resulting in an imputed discount rate being akin to the maximum permissible interest rate (MPIR).

## **Notes to the Financial Statements**

### **For the year ended 30 June 2024**

#### **21. Material Accounting Policies (continued)**

##### **(k) Reserves**

The asset revaluation reserve relates to the revaluation of freehold land. This reserve would normally remain constant for the period between revaluations. The exception would be disposal of land.

##### **(l) Donated Services**

Various services are donated to the Company. No assessment of the value of those services is included in the accounts.

## **Directors' Declaration**

**For the year ended 30 June 2024**

In the opinion of the directors of Harbison Memorial Retirement Village (the Company):

- (a) the financial statements and notes that are set out on pages 8 to 37 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
  - i. giving a true and fair view of the Company's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
  - ii. complying with Australian Accounting Standards – Simplified Disclosure Framework and the *Australian Charities and Not-for-profits Commission Regulation 2022*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors, at Burradoo on 19 September 2024.



**Katerina Constantinou**

*Director*



**Mark Wilson**

*Director*



# Lead Auditor's Independence Declaration subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2021

To the Directors of Harbison Memorial Retirement Village

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2021 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Warwick Shanks

*Partner*

Wollongong

19 September 2024



# Independent Auditor's Report

To the members of Harbison Memorial Retirement Village

## Opinion

We have audited the **Financial Report** of Harbison Memorial Retirement Village (the Company).

In our opinion the accompanying Financial Report of the Company is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission (ACNC) Act 2012, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2024, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with Australian Accounting Standards – Simplified Disclosures Framework and Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2022 (ACNCR).

The **Financial Report** comprises:

- i. Statement of financial position as at 30 June 2024.
- ii. Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- iii. Notes, including material accounting policies.
- iv. Declaration by the Board of Directors of the Company.

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Company in accordance with the 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 fulfilled our other ethical responsibilities in accordance with these requirements.

## Other Information

Other Information is financial and non-financial information in Harbison Memorial Retirement Village's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors Report.



Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

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

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures Framework and the ACNC and ACNCR.
- ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iii. Assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the Financial Report**

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- i. 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.
- ii. Obtain an understanding of internal control relevant to the Audit in order to design audit



procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Company's internal control.

- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Company to cease to continue as a going concern.
- v. 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 of the registered Company 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.

*KPMG*

KPMG

Warwick Shanks

*Partner*

Wollongong

19 September 2024