

**Stirling Ethnic Aged Homes  
Association Inc.**

**ABN: 75 833 218 709**

**NAPS 1331**

**Financial Report**

**For the Year Ended 30 June 2022**

# **Stirling Ethnic Aged Homes Association Inc.**

**ABN: 75 833 218 709**

**Financial Report for the Year Ended on 30 June 2022**

## **C O N T E N T S**

	<b>PAGE No.</b>
Board of Management Report	1
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 44
Statement by Members of the Board of Management	45
Auditor's Independence Declaration	46
Independent Auditor's Report	47 - 49

# Stirling Ethnic Aged Homes Association Inc.

## Board of Management Report

Your Board of Management submit the financial report of the Stirling Ethnic Aged Homes Association Inc. for the year ended 30 June 2022.

### Board Members

The names of Board members throughout the year and at the date of this report are:

Mr. Tony Vallelonga (Chairman)  
Mr. Angelo Scatena (Vice Chairperson)  
Mr. Bernard Martinovich (Secretary)  
Mr. Rod Constantine (Treasurer)  
Mr. George Naoum  
Ms. Pamela Iseppi (resigned: 31 December 2021)  
Mr. Nick Catania  
Mr. Ray Paolucci

### Principal Activities

The principal activity of the association during the financial year was:

- Provision of aged care services in Residential, Retirement Village and Homecare Services.

### Operating Result

The operating loss of the Association for the financial year amounted to \$790,411 (2021 loss : \$3,190,502).

### Significant Changes in State of Affairs



During the financial year 2021-2022 MYVISTA Mirrabooka Residential Aged Care facility continued to operationally admit residents reaching 105 resident occupancy in early December 2021 and after this time maintained an occupancy rate between 96-97%. The Retirement Village apartments leased 6 apartments during the year to bring the total lease for life apartments to 11 at the end June 2022 and maintained 9 Short Term rentals to activate the complex. The commercial units commenced operations with the Medical Centre and Physio Gym and Hairdresser reaching a full year of operations during the period and the Pharmacy commenced operations during the reporting period. At the end of the reporting period the "café space" remained un-leased.

There were no other changes in the state of affairs of the association that occurred during the financial year under review not otherwise disclosed in this report.

### Significant Events After the Reporting Date

There has not been any matters that have arisen in the interval between the end of the financial year and the date of the financial report any item, transactions or events of a material and unusual nature that in the opinion of the Board is likely to substantially affect the operations of the Association, the results of those operations, or the association's state of affairs.

Signed in accordance with a resolution of the Members of the Board of Management.

Chairman   
Mr. Tony Vallelonga  
Treasurer   
Mr. Rod Constantine

Dated this 4<sup>th</sup> day of October 2022

## Stirling Ethnic Aged Homes Association Inc.

### Statement of Comprehensive Income For the Year Ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue	2	23,531,458	15,610,454
Employee benefits expenses		(15,881,130)	(11,240,073)
Depreciation and amortisation expenses	3	(1,949,568)	(1,942,708)
Finance costs		(826,152)	(1,064,732)
Other expenses		(5,665,019)	(4,553,444)
Net result from operations		<u>(790,411)</u>	<u>(3,190,502)</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total other comprehensive income for the year		-	-
<b>Total comprehensive loss attributable to members of the Association</b>		<b><u>(790,411)</u></b>	<b><u>(3,190,502)</u></b>

The accompanying notes form part of these financial statements

# Stirling Ethnic Aged Homes Association Inc.

## Statement of Financial Position

As at 30 June 2022

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4 (a)	15,456,116	11,119,377
Trade and other receivables	5	6,341,828	11,169,650
Financial assets	4 (b)	3,234,250	3,226,683
Other current assets	6	290,113	234,871
<b>TOTAL CURRENT ASSETS</b>		<b>25,322,307</b>	<b>25,750,581</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	7	63,502,459	64,338,525
Right of use assets	8	24,540	37,125
Investment property	9	38,121,223	38,512,293
Other receivables	10	3,361,612	4,114,785
<b>TOTAL NON-CURRENT ASSETS</b>		<b>105,009,834</b>	<b>107,002,727</b>
<b>TOTAL ASSETS</b>		<b>130,332,141</b>	<b>132,753,308</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	1,819,115	1,456,407
Capital grant liability	12	134,572	1,014,603
Provisions	15	2,322,957	1,883,899
Borrowings	14	3,500,000	5,600,000
Lease liabilities	13	15,317	14,676
Resident bonds and leaseholders	16	75,528,964	66,097,792
<b>TOTAL CURRENT LIABILITIES</b>		<b>83,320,925</b>	<b>76,067,377</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14	23,680,213	32,520,757
Lease liabilities	13	16,764	32,081
Provisions	15	72,851	125,492
Other liabilities	17	974,709	950,511
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>24,744,537</b>	<b>33,628,841</b>
<b>TOTAL LIABILITIES</b>		<b>108,065,462</b>	<b>109,696,218</b>
<b>NET ASSETS</b>		<b>22,266,679</b>	<b>23,057,090</b>
<b>EQUITY</b>			
Retained earnings		14,436,679	15,227,090
Revaluation surplus		7,830,000	7,830,000
<b>TOTAL EQUITY</b>		<b>22,266,679</b>	<b>23,057,090</b>

The accompanying notes form part of these financial statements

# Stirling Ethnic Aged Homes Association Inc.

## Statement of Changes in Equity

For the year ended 30 June 2022

	Retained Earnings	Revaluation Surplus	Total
	\$	\$	\$
<b>Balance at 1 July 2020</b>	<b>18,417,592</b>	<b>7,830,000</b>	<b>26,247,592</b>
Net result	(3,190,502)	-	(3,190,502)
<b>Balance at 30 June 2021</b>	<b>15,227,090</b>	<b>7,830,000</b>	<b>23,057,090</b>
<b>Balance at 1 July 2021</b>	<b>15,227,090</b>	<b>7,830,000</b>	<b>23,057,090</b>
Net result	(790,411)	-	(790,411)
<b>Balance at 30 June 2022</b>	<b>14,436,679</b>	<b>7,830,000</b>	<b>22,266,679</b>

The accompanying notes form part of these financial statements

## Stirling Ethnic Aged Homes Association Inc.

### Statement of Cash Flows For the Year Ended 30 June 2022

	Note	2022 \$	2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from resident fees		5,894,539	3,975,766
Payments to suppliers and employees		(17,025,089)	(16,839,497)
Interest received		35,546	60,733
Receipts from grants and subsidies		13,148,198	11,096,606
Other income		4,022,499	1,656,758
GST received		478,310	439,888
Net cash provided by (used in) operating activities	18(b)	6,554,003	390,254
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments to acquire property, plant and equipment and project development		(1,100,917)	(1,148,046)
Investments in term deposits		(7,567)	(22,974)
Net cash provided by (used in) investing activities		(1,108,484)	(1,171,020)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease payments		(14,676)	(11,204)
Proceeds from borrowings		-	1,994,244
Repayment of borrowings		(10,940,544)	(12,929,975)
(Repayment)/ Receipt of resident/ILU entry contributions		9,846,440	10,792,314
Net cash provided by (used in) financing activities		(1,108,780)	(154,621)
Net increase/ (decrease) in cash held		4,336,739	(935,387)
Cash and cash equivalents at the beginning of financial year		11,119,377	12,054,764
<b>Cash and cash equivalents at the end of financial year</b>	18(a)	<b>15,456,116</b>	<b>11,119,377</b>

# **Stirling Ethnic Aged Homes Association Inc.**

## **Notes to the Financial Report For the Year Ended 30 June 2022**

This financial report covers Stirling Ethnic Aged Homes Association Inc. as an individual entity [The Entity]. Stirling Ethnic Aged Homes Association Inc. is an Association incorporated and domiciled in Australia.

### **Note 1: Statement of Significant Accounting Policies**

#### **Basis of Preparations**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, the *Associations Incorporation Act 2015* of WA and the *Australian Charities and Not-for profits Commission Act 2012*.

The Association is a not-for-profit Entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless state otherwise.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted by the Association in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### **(a) Revenue**

##### **Operating Grants, Donations and Bequests**

When the Entity receives operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance to AASB 15.

When both these conditions are satisfied, the Entity:

- identifies each performance obligation relating to the grant
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Entity:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (eg AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer)
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Entity recognises income in profit or loss when or as it satisfies its obligations under the contract.

The Entity discloses one reportable segment and has identified the following main categories of this segment being residential aged care and independent living accommodation services.



# Stirling Ethnic Aged Homes Association Inc.

## Notes to the Financial Report For the Year Ended 30 June 2022

### (a) Revenue (cont'd)

#### Residential Aged Care Services

##### *Government revenue - Grant and Subsidy*

Government revenue reflects the Entity's entitlement to revenue from the Australian Government based upon the specific care and accommodation needs of the individual residents. Government revenue comprises of basic subsidy amounts calculated in accordance with the Aged Care Funding Instrument ("ACFI"), accommodation supplements, funding for "respite" residents, and other Government revenue. Government revenue has enforceable and sufficiently specific obligations such that it falls under AASB 15. Revenue is recognised as the Entity satisfies the obligations under the funding agreement (ie. provides the care to the resident). Funding claims are submitted/updated daily and Government revenue is usually payable within approximately one month of services being performed. Government funding received in advance of services being performed (if any) is included as fees received in advance under trade and other payables.

##### *Resident basic daily fee revenue*

Residents are charged a basic daily fee as a contribution to the provision of their day-to-day services at the facility. The quantum of resident basic daily fees is regulated by the Government. Resident basic daily fee revenue has enforceable and sufficiently specific obligations such that it falls under AASB 15. Resident basic daily fee revenue is recognised as the Entity satisfies the obligations under the funding agreement (ie. provides the care to the resident). Residents are invoiced on a monthly basis as services are provided.

##### *Home care revenue*

The Entity recognises revenue from home care services over time as performance obligations are satisfied (ie. provision of care to the consumer), which is as the services are rendered, primarily on a daily or monthly basis. Revenue arises from discretionary and non-discretionary services, as stipulated in the agreement with the consumer. Home care revenue have enforceable and sufficiently specific obligations such that they fall under AASB 15.

##### *Other resident revenue*

Other resident revenue represents other fees charged to residents in respect of care and accommodation services provided by the Entity.

For residents who first entered care before 1 July 2014 a retention amount is deducted from each residents' bond balance on a monthly basis for a maximum of 5 years (the 5 years is cumulative so it is reduced by each month for which retention amounts are deducted). The amount of monthly deduction is capped pending on the amount of the bond. Retention amounts for those entering care prior to 1 July 2014 are recorded as revenue under AASB 15 when the Entity satisfies the obligations under that contract.

# **Stirling Ethnic Aged Homes Association Inc.**

## **Notes to the Financial Report For the Year Ended 30 June 2022**

### **(a) Revenue (cont'd)**

Residents entering aged care from 1 July 2014 onwards have the choice of paying a Refundable Accommodation Deposit (RAD) / Refundable Accommodation Contribution (RAC) or a Daily Accommodation Payment (DAP) / Daily Accommodation Contribution (DAC). RAD / RAC is an interest-free loan paid to the care facility to cover the cost of the price of the room. The amount determined for payment is means tested and is only refundable when the person being cared for dies or ceases to be provided with care in the facility. A RAD / RAC is recorded as a current liability at face value with no revenue implications under AASB 15.

DAPs and DACs are accounted for under AASB 15 as these revenue have enforceable and sufficiently specific obligations.

Other revenue also include means tested fees, additional services revenue and other income.

Residents are invoiced on a monthly basis as services are provided.

#### *Retirement Living Accommodation*

The Entity recognises revenue from retirement living services over time as performance obligations are satisfied (i.e as services are rendered).

Revenue arises from deferred management fees (DMF) and rentals, as agreed in a single contract with the resident. DMF revenue represents a fee that is contractually deducted from the ingoing contribution that is paid back to a resident upon exit from a retirement village. DMF revenue is recognised over the period of time specified within the respective resident agreement. DMF has a right of set off as determined by the contractual arrangement between the Entity and the resident, therefore the difference between the revenue recognised and contractual DMF earned is recognised as Deferred Revenue within Other Liabilities (Current).

#### *AASB 1058 Income of Not for Profits Entities*

AASB 1058 is applicable on such income streams as general purpose donations and bequests where the Entity has recognised such income when money is received during the financial year. These are fundraising income sources of which the donors or the funders have not express their specific intentions of how the Entity would be spending such money.

#### *Capital Grant*

When the Entity receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

The Entity recognises income in profit or loss when or as the Entity satisfies its obligations under terms of the grant.

# **Stirling Ethnic Aged Homes Association Inc.**

## **Notes to the Financial Report For the Year Ended 30 June 2022**

### **(a) Revenue (cont'd)**

#### Other income

Interest income is recognised on an accrual basis taking into account the interest rates applicable to the financial assets.

Gains or losses on disposal of all non-current assets is determined as the difference between the carrying amount of the asset at the time of the disposal and proceeds on disposal.

The Association receives non-reciprocal contributions of assets from the government and other parties for zero or nominal value. These assets are recognised at fair value on the date of acquisition in the Statement of Financial Position, with a corresponding amount of income recognised in the Statement of Comprehensive Income.

Donations and bequests are recognised as revenue when received.

All revenue is state net of the amount of goods and services tax (GST).

### **(b) Expenditure**

All expenditure is accounted for on an accruals basis and is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis consistent with use of the resources.

### **(c) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with maturities of three months or less and bank overdrafts.

### **(d) Trade and Other Receivables**

Trade and other receivables include amounts due for residents' fees, other amounts due from third parties for goods sold and services performed in the ordinary course of business and refundable accommodation bonds receivable by the Association.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(n) for further discussion on the determination of impairment losses.

# **Stirling Ethnic Aged Homes Association Inc.**

## **Notes to the Financial Report For the Year Ended 30 June 2022**

### **( e ) Fair Value of Assets and Liabilities**

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

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

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity of or the asset or liability). In the absence of such a market, information is extracted from the most advantageous market available to the Entity at the reporting date (ie the market that maximises the receipts from the sale of the asset or minimises the payment made to transfer the liability, after taking into account transaction costs and transport costs).

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

The fair value of liabilities and the Entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of an identical or similar financial instrument, by reference to observable market information where identical or similar instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

# Stirling Ethnic Aged Homes Association Inc.

## Notes to the Financial Report For the Year Ended 30 June 2022

### (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.

Freehold land is carried at 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 external independent valuers. Buildings are brought to account at cost.

Increases in the carrying amount arising on revaluation of land are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

### Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(q) for details of impairment).

The cost of fixed assets constructed by the Association includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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 Association and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land are depreciated on a straight-line basis or diminishing value method over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	
Buildings	2.5% Prime Cost
Motor Vehicles	18.5% Diminishing Value
Office Equipment	15.0% Diminishing Value
Furniture, Plant & Equipment	33.0% Diminishing Value

# **Stirling Ethnic Aged Homes Association Inc.**

## **Notes to the Financial Report For the Year Ended 30 June 2022**

### **(f) Property, Plant and Equipment (cont'd)**

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at each balance date. Gains and losses on disposals are determined by comparing net proceeds with the carrying amount. These gains and losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

### **(g) Investment Properties**

The Association provides retirement village units under the Western Australian Retirement Village Act. Retirement Village units are properties held to earn revenues. Therefore, they are treated as investment properties.

Investment properties are initially recorded at cost whilst being constructed or developed and are included in property, plant and equipment. On completion of a construction or development project, the individual units are leased at which time they are now included in investment properties at fair value. Investment properties are carried at fair value with any gains or losses arising from changes to fair value being included in the statement of comprehensive income in the period in which they arise.

### **Valuation of Investment Properties**

Investment properties are now carried at amounts which represent the fair value at the reporting date. The valuation is based on compound annual growth rates of the value of the underlying property based on evidence of the turnaround of old and new leases.

The Association obtains interim assessments from MYVISTA Real Estate, Seniors Own of the investment properties, or getting an independent professional valuer every third year. The latest assessment was carried out in September 2020 by Property Valuation & Advisory (WA). During the intervening periods, management assesses the value of the individual units every year to reaffirm the valuation of individual units to reflect the most current pricing and market conditions. The next independent valuation is expected to be carried out in the 2023 financial year.

### **(h) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Association prior to the end of the financial year that are unpaid and arise when the Association becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

# **Stirling Ethnic Aged Homes Association Inc.**

## **Notes to the Financial Report For the Year Ended 30 June 2022**

### **(i) Borrowing Costs**

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

### **(j) Employee Benefits**

#### *(i) Short-term employee benefits*

Provision is made for the Association's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and personal leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Association's obligations for short-term employee benefits such as wages, salaries and personal leave are recognised as a part of current trade and other payables in the statement of financial position. The Association's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

#### *(ii) Other long-term employee benefits*

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Association's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Association does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

#### *(iii) Superannuation*

The Association offers employees a choice in certain superannuation matters. As such, superannuation contributions are made to a number of funds and are charged as expenses when incurred.

# Stirling Ethnic Aged Homes Association Inc.

## Notes to the Financial Report For the Year Ended 30 June 2022

### (k) Provisions

Provisions are recognised when the Association has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

### (l) Leases

#### *The Association as Lessee*

At inception of a contract, the Entity assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Entity where the Entity is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Entity uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options;  
and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.



# **Stirling Ethnic Aged Homes Association Inc.**

**Notes to the Financial Report For the Year Ended 30 June 2022**

## **(l) Leases (cont'd)**

*The Association as Lessor*

### **Lease for Life Arrangements**

Stirling Ethnic Aged Homes Association Inc. provides lease for life tenancies under the Western Australian Retirement Village Act "Lease for Life Agreement" to residents residing at the MYVISTA Balcatta retirement village and Mirrabooka retirement living apartment.

Lease for life arrangements contain contractual rights and obligations that will result in such arrangements falling within the AASB 16. Relevant contractual rights and obligations for such arrangements include:

- Contracts are executed in respect of a specific unit;
- The operator does not have a right to substitute the unit;
- The resident enjoys the exclusive use of the specific unit; and
- The resident has the right to determine within reason how the unit is used

Where these circumstances apply, the arrangement contains a lease within the scope of AASB 16 because:

- There is an identified asset because the unit is specifically identified in the contract;
- The Entity does not have a substantive right to substitute the unit throughout the period of use (i.e. the total period of use of the room under the contract); and
- The resident has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use by having exclusive use of the asset throughout the period.

### **Deferred Management Fees ('DMF')**

DMF on the lease loans related to the units in the retirement village at Balcatta until 30 June 2020 was earned and recognised as income on a percentage basis prescribed in each individual lease, from inception to each reporting date and calculated on the market value of each unit. From 1 July 2020 DMF related to lease loans earned and recognised as income on a percentage basis calculated on the entry price. A DMF of 3% (on all leases) over a maximum of 10 years is charged to the units in the retirement village at Balcatta and 2.5% to the retirement apartments at Mirrabooka. The Association has elected to earn this income as a percentage of market value of leases until 30 June 2020 and on entry price from 1 July 2020 onwards over a maximum period of 10 years and at time of 'exit' when the exact DMF is determined, to then recognise any excess or shortfall through profit or loss and comprehensive income for the year. The Association's methodology is based on fair value and avoids any possible over-estimation of DMF that would probably be caused if recognition was based on historical value of the leases. DMF income is not discounted to present value as the income is earned by reducing the existing loan obligation.

# **Stirling Ethnic Aged Homes Association Inc.**

## **Notes to the Financial Report For the Year Ended 30 June 2022**

### **(l) Leases (cont'd)**

#### **Maintenance Reserve Fund**

Maintenance reserve funds have been established (over a maximum of 10 years) to fund the costs of major repairs and renovations of common areas as specified in the Retirement Village resident agreements.

#### **Repayment of Lease Loan**

At the date of settling the loan of the departing resident, the Association deducts the following as covenanted, from the selling price of the lease loan:

- (i) The Reserve / Maintenance Fund contribution
- (ii) The Deferred Management Fee
- (iii) Any costs due and payable by the resident to the Association

#### **Lease Loans**

Amounts paid by residents for lease of units are measured at face value less accrued annual deductions for fees and contributions as set out in the note above through the "Lease for Life Arrangements". The difference between face value and market value is recognised in the Statement of Financial Position under Investment Properties at Fair Value and Lease Liability on Change in Movement.

These loans are non-interest bearing and settled from funds on the re-lease of the unit. The lease loans are classified as Non-Current liabilities. History has shown that residents stay for an average period of 6 years.

Any future increase in the value of the units that the residents may become entitled to and the Deferred Management Fees (DMF) payable to the Association out of such increases are only recognised to the extent of the latest market value. When any lease is surrendered, liability is recognised at the new lease value and any movements in the values would be matched by a corresponding movement in the asset (Investment Property) representing any increase in market value accruing to the resident.

#### **(m) Accommodation Bonds/Refundable Accommodation Deposits(RADs)-Residential Care**

Accommodation bonds are non-interest bearing deposits made by residents on admission to the Residential Care facility prior to 1 July 2014. The Association is entitled to draw down the retention from each Accommodation Bond for a maximum of 5 years. New resident admissions post 1 July 2014 will no longer have retentions applied to their agreed RAD.

These bonds are liabilities which fall due and payable when the resident leaves the facility. Accommodation bond liabilities are recorded at an amount equal to the proceeds received, net of retention (if any) and any other amounts deducted from the bond at the election of the resident.

Although, history has shown that residents stay for an average period of three to four years, the Association does not have an unconditional right to defer repayments. Repayment of these bonds in the next 12 months will be largely funded by contributions from incoming residents or from cash at bank held in operating account or cash management account available on call.

# Stirling Ethnic Aged Homes Association Inc.

## Notes to the Financial Report For the Year Ended 30 June 2022

### (n) Financial Instruments

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Association commits itself to either the purchase or the sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63

#### Classification and subsequent measurement

##### *Financial liabilities*

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit and loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3 : *Business Combinations* applies ;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liability is subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- it is part of a portfolio where there is an actual pattern of short-term profit taking; or
- it is a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships)

# **Stirling Ethnic Aged Homes Association Inc.**

## **Notes to the Financial Report For the Year Ended 30 June 2022**

### **(n) Financial Instruments (cont'd)**

- Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

### **Financial asset**

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit and loss

on the basis of the two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit and loss.

The Entity initially designates a financial instrument as measured at fair value through profit and loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;

# Stirling Ethnic Aged Homes Association Inc.

## Notes to the Financial Report For the Year Ended 30 June 2022

### (n) Financial Instruments (cont'd)

- it is in accordance to the documented risk management or investment strategy and information about the Association was documented appropriately, so as the performance of the financial liability that was part of an Entity's financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and

- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit and loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

#### *Equity instruments*

At initial recognition, as long as the equity instrument is not held for trading or not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Association made an irrevocable election to measure the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit and loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Association's accounting policy.

#### **Derecognition**

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

#### *Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### *Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Association no longer controls the asset (ie no practical ability to make unilateral decision to sell the asset to a third party).

# Stirling Ethnic Aged Homes Association Inc.

## Notes to the Financial Report For the Year Ended 30 June 2022

### (n) Financial Instruments (cont'd)

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.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

#### **Impairment**

The Entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Entity uses the following approach to impairment, as applicable under AASB 9 :

#### *General approach*

Under the general approach, at each reporting period, the Association assesses whether the financial instruments are credit impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Association measures the loss allowance of the financial instrument at an amount equal to the lifetime expected credit losses; and
- there is no significant increase in credit risk since initial recognition, the Association measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

#### *Recognition of expected credit losses in financial statements*

At each reporting date, the Association recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

# Stirling Ethnic Aged Homes Association Inc.

## Notes to the Financial Report For the Year Ended 30 June 2022

### (n) Financial Instruments (cont'd)

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial asset that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

### (o) Income Tax

The association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*. No provision for income tax has been raised.

### (p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST receivable or payable.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

### (q) Impairment of Assets

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

Where it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

### (r) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

# **Stirling Ethnic Aged Homes Association Inc.**

## **Notes to the Financial Report For the Year Ended 30 June 2022**

### **(s) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Association's operational cycle. In the case of liabilities where the Association does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave and resident bonds and leaseholders' liabilities, the liability is classified as current even if not expected to be settled within the next 12 months.

### **(t) Critical Accounting Estimates, Judgements and Assumptions**

The Board of Management evaluates estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

The Association has certain assets classified as Investment Properties for the purposes of AASB 140 *Investment Properties*, principally retirement villages and associated land held for development purposes. These assets are carried at amounts which represent fair value as at the reporting date. The Association considers information from a variety of sources including recent sales evidence and guidance from real estate agents when arriving at the carrying value.

In turn, the fair value projections require certain assumptions which have the ability to influence the carrying value. These assumptions include, but are not limited to, discount rates, compound annual growth rates of the value of the underlying property, forecast period of occupancy of residents, estimates of future capital expenditure and contractual terms between Stirling Ethnic Aged Homes Association Inc. and the residents of the villages.



# Stirling Ethnic Aged Homes Association Inc.

## Notes to the Financial Report For the Year Ended 30 June 2022

	2022	2021
	\$	\$
<b><u>Note 2: Revenue</u></b>		
<b>Operating activities</b>		
Resident income	5,121,842	3,701,443
Subsidies	14,345,363	10,196,413
Other revenue	1,375,915	1,541,491
<b>Total operating revenue</b>	<b>20,843,120</b>	<b>15,439,347</b>
<b>Non-operating activities</b>		
Interest received	41,752	55,841
Deferred management fee	105,569	6,975
Other income	2,541,017	108,292
<b>Total revenue from operations</b>	<b>2,688,338</b>	<b>171,107</b>
<b>Total revenue</b>	<b>23,531,458</b>	<b>15,610,454</b>
<b><u>Note 3: Profit / (loss) for the year</u></b>		
<b>Expenses:</b>		
Depreciation of property, plant and equipment	1,936,983	1,923,924
Amortisation - right of use assets	12,585	18,784
Remuneration of auditor	19,000	19,000
<b><u>Note 4 (a) : Cash and Cash Equivalents</u></b>		
Cash at bank	15,456,116	11,119,377
Cash and cash equivalents	<b>15,456,116</b>	<b>11,119,377</b>
<b><u>Note 4 (b) : Financial Assets</u></b>		
Term deposits classified as financial assets at amortised cost	<b>3,234,250</b>	<b>3,226,683</b>

## Stirling Ethnic Aged Homes Association Inc.

Notes to the Financial Report For the Year Ended 30 June 2022

	2022	2021
	\$	\$
<b><u>Note 5: Trade and Other Receivables</u></b>		
<b>CURRENT</b>		
Trade receivables	157,308	145,594
Refundable accommodation deposits receivable	5,526,246	10,766,246
Other receivables	658,274	257,810
	<b>6,341,828</b>	<b>11,169,650</b>
<p>Current trade and other receivables are non-interest bearing and generally are receivable within 30 days. A provision for impairment is recognised against trade receivables where there is subjective evidence that an individual trade receivable is impaired. No provision for impairment was required at 30 June 2022 (2021:Nil)</p>		
<b><u>Note 6: Other Assets</u></b>		
Prepayments	<b>290,113</b>	<b>234,871</b>
<b><u>Note 7: Property Plant and Equipment</u></b>		
<b><u>LAND AND BUILDINGS</u></b>		
<b>Land:</b> At management valuation	12,830,000	12,830,000
<b>Buildings:</b> At cost	56,192,624	56,152,810
Less accumulated depreciation	(8,662,377)	(7,247,866)
	47,530,247	48,904,944
Total land and buildings	60,360,247	61,734,944
<b><u>PLANT AND EQUIPMENT</u></b>		
<b>Furniture, plant &amp; equipment</b>		
At cost	5,602,071	5,452,099
Less accumulated depreciation	(3,406,879)	(2,961,270)
Total furniture, plant& equipment	2,195,192	2,490,829
<b>Motor vehicles</b>		
At cost	138,742	138,742
Less accumulated depreciation	(126,792)	(124,034)
Total Motor Vehicles	11,950	14,708
<b>Office Equipment</b>		
At cost	1,429,692	561,402
Less accumulated depreciation	(537,461)	(463,357)
Total office equipment	892,231	98,044
	63,459,620	64,338,525
<b>Work in Progress - Furniture, plant &amp; equipment</b>	42,839	-
<b>Total Property, Plant &amp; Equipment</b>	<b>63,502,459</b>	<b>64,338,525</b>

## Stirling Ethnic Aged Homes Association Inc.

Notes to the Financial Report For the Year Ended 30 June 2022

### Note 7: Property Plant and Equipment (cont'd)

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

2022	Land	Buildings	Furniture, Plant & Equipment	Motor Vehicles	Office Equipment	Working in Progress	Total
	\$	\$	\$	\$	\$	\$	\$
Opening balance - 1 July 2021	12,830,000	48,904,944	2,490,829	14,708	98,044	-	64,338,525
Additions	-	39,814	149,972	-	868,291	42,839	1,100,916
Depreciation expense	-	(1,414,511)	(445,609)	(2,758)	(74,104)	-	(1,936,982)
<b>Closing balance - 30 June 2022</b>	<b>12,830,000</b>	<b>47,530,247</b>	<b>2,195,192</b>	<b>11,950</b>	<b>892,231</b>	<b>42,839</b>	<b>63,502,459</b>
2021							
	Land	Buildings	Furniture, Plant & Equipment	Motor Vehicles	Office Equipment	Working in Progress	Total
	\$	\$	\$	\$	\$	\$	\$
Opening balance - 1 July 2020	12,830,000	50,133,132	2,008,052	18,102	113,396	11,720	65,114,402
Additions	-	183,545	936,322	-	28,180	-	1,148,047
Transfers	-	-	11,720	-	-	(11,720)	-
Depreciation expense	-	(1,411,733)	(465,265)	(3,394)	(43,532)	-	(1,923,924)
<b>Closing balance - 30 June 2021</b>	<b>12,830,000</b>	<b>48,904,944</b>	<b>2,490,829</b>	<b>14,708</b>	<b>98,044</b>	<b>-</b>	<b>64,338,525</b>

## Stirling Ethnic Aged Homes Association Inc.

### Notes to the Financial Report For the Year Ended 30 June 2022

	2022	2021
<b><u>Note 8: Right of Use Assets</u></b>	\$	\$
Right of use asset -at cost	59,050	59,050
Less accumulated amortisation	(34,510)	(21,925)
	<b>24,540</b>	<b>37,125</b>
<b><u>Note 9: Investment Property</u></b>		
Retirement village units - at fair value	<b>38,121,223</b>	<b>38,512,293</b>
<b><u>Note 10: Other Receivables</u></b>		
Deferred management fees	2,863,298	3,508,555
Sinking fund receivable	498,314	606,230
	<b>3,361,612</b>	<b>4,114,785</b>
<b><u>Note 11: Trade and Other Payables</u></b>		
CURRENT		
Unsecured liabilities		
Trade creditors	692,224	465,057
Homecare subsidy liability	657,782	629,919
Sundry creditors and accruals	462,109	354,431
RV rental bond liability	7,000	7,000
	<b>1,819,115</b>	<b>1,456,407</b>
<b><u>Note 12: Capital Grant Liability</u></b>		
CURRENT		
Unspent capital grant money	<b>134,572</b>	<b>1,014,603</b>
Capital grant received from the Australian Government (Department of Health and Aged Care) as part of the Aged Care Support program. The purpose of the grant is to provide targeted support to eligible residential care providers to implement business improvement activities to improve the viability and sustainability of the provider's operations. Revenue recognition will be in accordance with Note 1 (a).		
<b><u>Note 13: Lease Liabilities</u></b>		
Current	15,317	14,676
Non-Current	16,764	32,081
	<b>32,081</b>	<b>46,757</b>
<b><u>Note 14: Financial Liabilities</u></b>		
CURRENT		
Zril loan from Department of Health and Aged Care	770,000	770,000
Bank loan from NAB	2,730,000	4,830,000
	<b>3,500,000</b>	<b>5,600,000</b>
NON-CURRENT		
Zril loan from Department of Health and Aged Care	9,130,000	9,130,000
Bank loan from NAB	14,550,213	23,390,757
	<b>23,680,213</b>	<b>32,520,757</b>

# Stirling Ethnic Aged Homes Association Inc.

## Notes to the Financial Report For the Year Ended 30 June 2022

	2022	2021
<b>Note 14: Financial Liabilities (cont'd)</b>	\$	\$
<b>Undrawn Borrowing Facilities</b>		
Loan facility from NAB (RAD liquidity line - Balcatta)	4,000,000	4,000,000
Loan facility from NAB (residential aged care)	319,130	5,297,230
Unused loan facilities at balance date	<u>4,319,130</u>	<u>9,297,230</u>

### Terms and Conditions of Zero Real Interest Loan Facility

As at 30 June 2022, the Association had a fully drawn down Zero Real Interest Loan (ZRIL) facility of \$9,900,000 with the Department of Health. This loan facility was provided to the Association for capital works at 3 Doncaster Road (Formerly 54 Mirrabooka Avenue), Mirrabooka, Western Australia (Project- extension of facilities to establish residential aged care). The prescribed interest rate on this loan facility (currently 5.10%) is equal to the current quarterly RBA rate. The prescribed interest rate will be revised on a quarterly basis on the last day of September, December, March and June in each year and will apply to the Entity from the first day of the month following publication of the RBA rate for the relevant quarter.

The capital amount owed is to be repaid in monthly instalments of \$110,000 commencing 21 December 2022 in accord with the repayment requirements set out in the ZRIL agreement.

### Terms and Conditions of Bank Loan facilities from National Australia Bank (NAB)

As at 30 June 2022, the Entity had an aggregate borrowing facility of \$17,599,343 made up as follows:

\$17,599,343 for the Mirrabooka Retirement Village Development (excluding \$17,280,213) drawn down as at the balance date.

The Mirrabooka Aged Care Development loan facility was fully repaid as at the balance date from full refundable accommodation deposit (RADs) proceeds received from incoming residents to the aged care development.

The above facility is secured by a general security arrangement between NAB and the Entity and by a registered mortgage over the following properties in Western Australia:

- a) Lot 601 on deposited plan 76322 (Land Title Reference: 2810-943)
- b) Lot 26 on deposited plan 189959 (Land Title Reference: 2573-856)

## **Stirling Ethnic Aged Homes Association Inc.**

**Notes to the Financial Report For the Year Ended 30 June 2022**

### **Note 14: Financial Liabilities (cont'd)**

#### **Terms and Conditions of Bank Loan facilities from National Australia Bank (NAB) (cont'd)**

Repayments of the above facilities will be by way of full sale proceeds received from sale of retirement apartment units in the new retirement apartment development. As proceeds from sale retirement apartments are received at the time of settlement, it is not possible to ascertain future proceeds. Based on the adopted cashflow forecast for the 2022/23 year, the Entity believes that \$2,730,000 will be the current portion and the remaining balance \$14,550,213 will be the non current portion of the retirement apartment development loan facility.

	2022	2021
	\$	\$

### **Note 15: Provisions**

#### **CURRENT**

##### **Employee benefits:**

Provision for annual leave	1,431,034	1,148,737
Provision for sick leave	336,543	338,959
Provision for long service leave	555,380	396,203
	<u>2,322,957</u>	<u>1,883,899</u>

#### **NON-CURRENT**

Provision for long service leave	72,851	125,492
----------------------------------	--------	---------

## Stirling Ethnic Aged Homes Association Inc.

Notes to the Financial Report For the Year Ended 30 June 2022

<b><u>Note 16: Resident Bonds and Leaseholders</u></b>	<b>2022</b>	<b>2021</b>
CURRENT	\$	\$
Expected to be payable within 12 months		
Accommodation bonds payable	335,086	706,677
Refundable accommodation deposits(RADs) payable	21,944,929	18,650,698
	<u>22,280,015</u>	<u>19,357,375</u>
Expected to be payable after 12 months		
Accommodation bonds payable	502,629	1,060,015
Refundable accommodation deposits(RADs) payable	32,917,395	27,976,047
	<u>33,420,024</u>	<u>29,036,062</u>
ILU lease loans liability - at fair value	21,438,068	20,016,931
Lease liability on change in market value	(1,609,143)	(2,312,576)
	<u>19,828,925</u>	<u>17,704,355</u>
<b>Total Resident Bonds and Leaseholders</b>	<b><u>75,528,964</u></b>	<b><u>66,097,792</u></b>

### Terms and conditions relating to refundable accommodation deposits (RADs)

RADs are paid by residents upon their admission to facilities and are settled after a resident vacates the premises in accordance with the *Aged Care Act 1997*. Providers must pay a base interest rate on all refunds on RADs within legislated time frames and must pay a penalty on refunds made outside legislated time frames. RAD balances held prior to 1 July 2014 are reduced by annual retention fees charged in accordance with the *Aged Care Act 1997*.

RAD refunds are guaranteed by the Government under the prudential standards legislation. Providers are required to have sufficient liquidity to ensure that they can refund bond balances as they fall due in the following twelve months. Providers are also required to implement and maintain a liquidity management strategy. This is updated on an annual basis.

While refundable accommodation deposits are classified as a current liability given the possible timeframe for repayment of an individual RAD, it is unlikely that the RAD liability will be significantly reduced over the next twelve months. However, as the Association does not have an unconditional right to defer settlement for at least twelve months after the reporting date, it is classified as a current liability in accordance with the Accounting Standard AASB 101 *Presentation of Financial Statements*.

The RAD liability is spread across a large portion of the Association's resident population and therefore the repayment of individual balances that make up the current balance will be dependent upon the actual tenure of individual residents.

# **Stirling Ethnic Aged Homes Association Inc.**

## **Notes to the Financial Report For the Year Ended 30 June 2022**

### **Note 16: Resident Bonds and Leaseholders (cont'd)**

#### Terms and conditions relating to refundable accommodation deposits (RADs) (cont'd)

Tenure can be more than ten years but averages approximately 2.5 years. Usually, but not always, when an existing refundable accommodation deposit is repaid it is replaced by a new RAD paid by the new incoming resident.

Since the introduction of RADs (previously known as accommodation bonds) in 1997 the trend within the Association and the aged care industry has been that the cash received in relation to the new RAD has been greater than the cash paid out in relation to the previous deposit.

	<b>2022</b>	<b>2021</b>
--	-------------	-------------

\$

\$

### **Note 17: Other Liabilities**

NON-CURRENT

ILU Maintenance Reserve Fund

**974,709**

**950,511**

### **Note 18: Cash Flow Information**

(a) Reconciliation of cash

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash at bank

**15,456,116**

**11,119,377**



# Stirling Ethnic Aged Homes Association Inc.

Notes to the Financial Report For the Year Ended 30 June 2022

## Note 18: Cash Flow Information (cont'd)

(b) Reconciliation of cash flow from operating activities with net result from operation:

	2022	2021
	\$	\$
Net results (profit/loss) from operations	(790,411)	(3,190,502)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit from ordinary activities		
Depreciation	1,949,568	1,942,708
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	4,839,061	1,150,677
(Increase)/decrease in GST receivable	(11,236)	87,294
(Increase)/decrease in other assets	697,930	169,986
Increase/(decrease) in trade payables and accruals	(517,326)	160,026
Increase/(decrease) in provisions	386,417	70,065
	<u>6,554,003</u>	<u>390,254</u>

## Note 19 : Financial Risk Management

The Association's financial instruments consist mainly of deposits with banks, accounts receivable and payable. The Association does not engage in transaction expressed in foreign currencies and is therefore not subject to foreign currency risk. Financial risk management is carried out by the Board of Management.

The totals for each category of financial instruments, measured in accordance with AASB 9 : *Financial Instruments* as detailed in the accounting policies, are as follows:

### **Financial assets**

*Financial assets at amortised cost:*

Cash & cash equivalents	15,456,116	11,119,377
Financial assets	3,234,250	3,226,683
Trade & other receivables	6,341,828	11,169,650
<b>Total financial assets</b>	<u>25,032,194</u>	<u>25,515,710</u>

### **Financial liabilities**

*Financial liabilities at amortised cost:*

Trade & other payables	1,819,115	1,456,408
Resident bonds and leaseholders	75,528,964	66,097,792
Lease liabilities	32,081	46,757
Borrowings	27,180,213	38,120,757
<b>Total financial liabilities</b>	<u>104,560,373</u>	<u>105,721,714</u>

# Stirling Ethnic Aged Homes Association Inc.

Notes to the Financial Report For the Year Ended 30 June 2022

## Note 19 : Financial Risk Management (cont'd)

### **Financial Risk Management Policies**

The Board's overall risk management strategy seeks to assist the Association in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis. These include the credit risk policies and future cash flow requirements.

The Board of Management meet on a regular basis to analyse financial risk exposure in the context of the most recent economic conditions and forecasts.

The Association does not have any derivative instruments at 30 June 2022.

### **Specific financial risk exposures and management**

The main risks the Association is exposed to through its financial instruments are credit risk, liquidity risk and interest rate risk. There have been no substantive changes in the types of risks the Association is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

#### **(a) Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Association. The Association's objective in managing credit risk is to minimise the credit losses incurred on trade and other receivables. The Association manages credit risk by monitoring outstanding debt and employing appropriate debt recovery procedures. There is no significant credit risk exposure on held-to-maturity investments.

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness and their financial stability is monitored and assessed on a regular basis. Such monitoring is used in assessing receivables for impairment.

#### *Credit risk exposures*

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the statement of financial position.

The Association has no significant concentrations of credit risk with any single counterparty or group of counterparties under financial instruments entered into by the Association.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 5.

All cash and cash equivalents are held with large reputable financial institutions within Australia and therefore credit risk is considered minimal.

	<b>2022</b>	<b>2021</b>
	\$	\$
Cash and cash equivalents:		
A+ rated	15,456,116	11,119,377

## **Stirling Ethnic Aged Homes Association Inc.**

**Notes to the Financial Report For the Year Ended 30 June 2022**

### **Note 19 : Financial Risk Management (cont'd)**

#### **(b) Liquidity risk**

Liquidity risk arises from the possibility that the Association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Association manages liquidity risk by monitoring forecast cash flows and ensuring that adequate funds are always available to meet operations.

As at 30 June 2022, the financial report includes:

\*Accommodation bonds and refundable accommodation deposits of \$55,700,039 being the contributions made to the Association by residents upon entry. When residents leave the Association, those monies are repayable to the estate of the resident within 14 days of sighting the certificate of probate or a letter of administration.

\* ILU Lease loan liability of \$19,828,925 being the liability payable when residents leave.

The committee and management believe that adequate funding will be available to support the continuing operations of the Association for the following reasons:

(i) Given that there is a waiting list of applicants seeking residence, it is expected that incoming contributions will assist in funding the deficit created by resident departures and in a timely manner.

(ii) The Association has a sufficient funds placed with its bank to assist with any refund contributions payable on residents departures.

## Stirling Ethnic Aged Homes Association Inc.

Notes to the Financial Report For the Year Ended 30 June 2022

### Note 19 : Financial Risk Management (cont'd)

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial instruments.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed.

#### *Financial liability and financial asset maturity analysis*

Note	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial liabilities due</b>								
Trade and other payables	1,819,115	1,456,408	-	-	-	-	1,819,115	1,456,408
Lease liabilities	15,317	14,676	16,764	32,081	-	-	32,081	46,757
Borrowings	3,500,000	5,600,000	20,800,000	30,750,000	2,880,213	1,770,757	27,180,213	38,120,757
Resident bonds and leaseholders	42,108,940	37,061,730	33,420,024	29,036,062	-	-	75,528,964	66,097,792
Total expected outflows	<b>47,443,372</b>	<b>44,132,814</b>	<b>54,236,788</b>	<b>59,818,143</b>	<b>2,880,213</b>	<b>1,770,757</b>	<b>104,560,373</b>	<b>105,721,714</b>
<b>Financial assets realisable</b>								
Cash and cash equivalents	15,456,116	11,119,377	-	-	-	-	15,456,116	11,119,377
Financial assets	3,234,250	3,226,683	-	-	-	-	3,234,250	3,226,683
Trade and other receivables	6,341,828	11,169,650	-	-	-	-	6,341,828	11,169,650
Total anticipated inflows	<b>25,032,194</b>	<b>25,515,710</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,032,194</b>	<b>25,515,710</b>
<b>Net inflow/(outflow)</b>	<b>(22,411,178)</b>	<b>(18,617,104)</b>	<b>(54,236,788)</b>	<b>(59,818,143)</b>	<b>(2,880,213)</b>	<b>(1,770,757)</b>	<b>(79,528,179)</b>	<b>(80,206,004)</b>

# Stirling Ethnic Aged Homes Association Inc.

Notes to the Financial Report For the Year Ended 30 June 2022

## Note 19 : Financial Risk Management (cont'd)

### ( c ) Interest rate risk

Exposure to interest rate risk arises on interest-bearing financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect either the future cash flows (in the case of variable interest instruments) or the fair value financial instruments (in the case of fixed rate instruments).

The Association's objective is to maximise its return on cash and cash equivalent instruments whilst maintaining an adequate level of liquidity and preserving capital. The Association manages its risks by diversifying its portfolio and only purchasing cash and other investments with high credit ratings or capital guarantees.

The Association also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

The weighted average interest rates of the Association's interest-bearing financial assets are as follows:

	2022	2021
<b>Financial assets</b>		
Cash and cash equivalents	0.85%	0.10%
Other financial assets at amortised cost	0.45%	0.86%

### *Sensitivity analysis*

The following table illustrates sensitivities to the Association's exposures to changes in interest rates and equity prices. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$	Equity \$
<b>Year ended 30 June 2022</b>		
+/- 1% in interest rates (interest income)	151,396	151,396
<b>Year ended 30 June 2021</b>		
+/- 1% in interest rates (interest income)	108,490	108,490

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

# Stirling Ethnic Aged Homes Association Inc.

Notes to the Financial Report For the Year Ended 30 June 2022

## Note 19 : Financial Risk Management (cont'd)

### Fair Values

#### Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Refer to Note 20 for detailed disclosures regarding the fair value measurement of the Association's financial assets and financial liabilities.

	Note	Carrying Value		Fair Value	
		2022	2021	2022	2021
		\$	\$	\$	\$
<b>Financial assets</b>					
<i>Financial assets at amortised cost:</i>					
Cash and cash equivalents	4 (a)	15,456,116	11,119,377	15,456,116	11,119,377
Financial assets	4 (b)	3,234,250	3,226,683	3,234,250	3,226,683
Trade and other receivables	5	6,341,828	11,169,650	6,384,666	11,169,650
<b>Total financial assets</b>		<b>25,032,194</b>	<b>25,515,710</b>	<b>25,075,032</b>	<b>25,515,710</b>
<b>Financial liabilities</b>					
<i>Financial liabilities at amortised cost:</i>					
Trade and other payables	11	1,819,115	1,456,408	1,819,115	1,456,408
Lease liabilities	13	32,081	46,757	31,872	46,235
Borrowings	14	27,180,213	38,120,757	26,436,893	37,124,859
Resident Bonds and Leaseholders	16	75,528,964	66,097,792	75,528,963	66,097,792
<b>Total financial liabilities</b>		<b>104,560,373</b>	<b>105,721,714</b>	<b>103,816,843</b>	<b>104,725,294</b>

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments whose carrying amounts approximate their fair values. Trade and other payables exclude amounts relating to the provision of annual leave and contract liabilities, which are outside the scope of AASB 139 .

# Stirling Ethnic Aged Homes Association Inc.

Notes to the Financial Report For the Year Ended 30 June 2022

## Note 20: Fair Value Measurements

The Association measures and recognizes the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Freehold Land;
- Investment properties;
- ILU lease entry liability;
- ILU lease liability on charge in market value

### **Fair Value Hierarchy**

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

### **Valuation techniques**

The Association selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Association is consistent with one or more of the following valuation approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Association gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

## Stirling Ethnic Aged Homes Association Inc.

Notes to the Financial Report For the Year Ended 30 June 2022

### Note 20: Fair Value Measurements (cont'd)

The following tables provide the fair values of the Association's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	30-Jun-22			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
<b>Recurring fair value measurements</b>				
<i>Non-financial assets</i>				
Freehold land	-	12,830,000	-	12,830,000
Investment properties	-	38,121,223	-	38,121,223
<b>Total non-financial assets recognised at fair value on a recurring basis</b>	-	50,951,223	-	50,951,223
				<b>Total \$</b>
<b>Liabilities</b>				
<i>Liabilities at amortised cost:</i>				
ILU Lease Entry Liability				21,438,068
Lease liability on change in market value				(1,609,143)
<b>Total liabilities recognised at fair value on a recurring basis</b>				<b>19,828,925</b>

(i) Freehold land includes certain plots of prime land located along Wanneroo Road. The property is currently being used for residential aged care facility and ILU units.

	30-Jun-21			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
<b>Recurring fair value measurements</b>				
<i>Non-financial assets</i>				
Freehold land	-	12,830,000	-	12,830,000
Investment property	-	38,512,293	-	38,512,293
<b>Total non-financial assets recognised at fair value on a recurring basis</b>	-	51,342,293	-	51,342,293
				<b>Total \$</b>
<b>Liabilities</b>				
<i>Liabilities at amortised cost:</i>				
ILU Lease Entry Liability				20,016,931
Lease liability on change in market value				(2,312,576)
<b>Total liabilities recognised at fair value on a recurring basis</b>				<b>17,704,355</b>



## Stirling Ethnic Aged Homes Association Inc.

Notes to the Financial Report For the Year Ended 30 June 2022

### Note 20: Fair Value Measurements (cont'd)

#### Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Description	Fair Value at	Valuation Technique(s)	Inputs Used
	30-Jun-22		
	\$		
<i>Non-financial assets</i>			
<i>Freehold land</i>	12,830,000	Market approach using observable market data for similar properties.	Price per square metre
Investment properties	38,121,223	Market approach using observable market data	Price per square metre
	<hr/>		
	50,951,223		
	<hr/>		

(i) The fair value of freehold land is determined based on valuations (independent or management). At the end of each intervening period, the board review the independent valuations and, where appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data.

(ii) The fair value of investment properties is obtained via independent valuation. The latest assessment was carried out in September 2020 by independent valuer- Property Valuation & Advisory (WA). Management assesses the value of the individual units at the end of the year to reaffirm the valuation of individual units to reflect the most current pricing and market conditions.

There were no changes during the period in the valuation techniques used by the Association to determine Level 2 fair values.

## Stirling Ethnic Aged Homes Association Inc.

Notes to the Financial Report For the Year Ended 30 June 2022

### Note 21: Related Party Transactions

#### (a) Key Management Personnel (KMP) Compensation

	2022	2021
	\$	\$
Short-term Employee Benefits	736,554	659,599
Post-Employment Benefits	59,810	55,616
Other Long Term benefits	11,954	2,140
Termination Benefits	-	14,599
	<u>808,318</u>	<u>731,954</u>

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the association, directly or indirectly, including its committee members, is considered key management personnel.

#### **Short term employee benefits**

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP.

#### **Post employment benefits**

These amounts are the current year's estimated cost of providing for the KMPs' superannuation contributions made during the year.

#### **Other long term benefits**

These amounts represent long service leave benefits accrued during the year.

#### **Termination benefits**

These amounts represent termination benefits paid to KMP (note: may or may not be applicable in any given year)

(b) Other related Parties	2022	2021
Transactions with related Parties	Nil	Nil

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family member.

## **Stirling Ethnic Aged Homes Association Inc.**

### **Notes to the Financial Report For the Year Ended 30 June 2022**

#### **Note 22: Significant Change in State of Affairs**

During the financial year 2021-2022 MYVISTA Mirrabooka Residential Aged Care facility continued to operationally admit residents reaching 105 resident occupancy in early December 2021 and after this time maintained an occupancy rate between 96-97%. The Retirement Village apartments leased 6 apartments during the year to bring the total lease for life apartments to 11 at the end June 2022 and maintained 9 Short Term rentals to activate the complex. The commercial units commenced operations with the Medical Centre and Physio Gym and Hairdresser reaching a full year of operations during the period and the Pharmacy commenced operations during the reporting period. At the end of the reporting period the “café space” remained un-leased.

There were no other changes in the state of affairs of the association that occurred during the financial year under review not otherwise disclosed in this report.

#### **Note 23: Capital and Leasing Commitments**

The Association had no leasing commitments other than stated in note 13 for the year ended 30 June 2022 (2021: \$46,757)

#### **Note 24: Contingent Liabilities**

There were no contingent liabilities at the reporting date.

## Stirling Ethnic Aged Homes Association Inc.

Notes to the Financial Report For the Year Ended 30 June 2022

### Note 25: Segment Report (cont'd)

30-Jun-22

	Total	Centrally Held	Residential	Homecare	Retirement	Other
<b>Balance Sheet</b>						
<b>Assets</b>						
◦ Cash and Cash Equivalents	\$15,456,116	\$15,456,116	-	-	-	-
◦ Financial Assets	\$3,234,250	\$3,234,250	-	-	-	-
◦ Refundable Loans Receivable	\$5,526,246	-	\$5,526,246	-	-	-
◦ Capital Work in Progress	\$42,839	-	\$42,839	-	-	-
◦ Property, Plant and Equipment	\$63,459,621	-	\$58,133,266	-	\$4,617,127	\$709,228
◦ Right-of-use Assets	\$24,540	-	\$24,540	-	-	-
◦ Investment Properties	\$41,482,836	-	-	-	\$41,482,836	-
◦ Other Assets	\$1,105,694	-	\$786,297	\$308,934	\$22,602	(\$12,138)
<b>Total Assets</b>	<b>\$130,332,141</b>	<b>\$18,690,366</b>	<b>\$64,513,187</b>	<b>\$308,934</b>	<b>\$46,122,564</b>	<b>\$697,090</b>
<b>Liabilities</b>						
◦ Refundable Loans Payable	\$55,700,039	-	\$55,700,039	-	-	-
◦ External Borrowings						
- Non-related parties	\$27,180,213	-	\$9,900,000	-	\$17,280,213	-
- Related parties	-	-	-	-	-	-
◦ Employee Benefits/Provisions	\$2,395,808	-	\$2,235,754	\$59,874	\$44,588	\$55,592
◦ Unspent Home Care Package Funds	\$657,782	-	-	\$657,782	-	-
◦ Lease Liabilities	\$32,081	-	\$32,081	-	-	-
◦ Other Liabilities	\$22,099,539	-	\$1,091,572	\$61,388	\$20,874,982	\$71,597
<b>Total Liabilities</b>	<b>\$108,065,462</b>	<b>-</b>	<b>\$68,959,446</b>	<b>\$779,044</b>	<b>\$38,199,783</b>	<b>\$127,190</b>
<b>Net Assets</b>	<b>\$22,266,679</b>					
<b>Equity</b>						
◦ Reserves	\$7,830,000	\$7,830,000	-	-	-	-
◦ Retained Earnings (Losses)	\$14,436,679	\$14,436,679	-	-	-	-
<b>Total Equity</b>	<b>\$22,266,679</b>	<b>\$22,266,679</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income &amp; Expenditure Statement</b>						
<b>Income</b>						
◦ Operating Income	\$21,027,517	-	\$19,088,356	\$1,183,378	\$397,629	\$184,674
◦ Investment Income	\$41,751	-	\$38,570	-	\$3,181	-
◦ Other Income	\$2,462,190	-	\$204,626	-	\$176,440	\$2,254,604
<b>Total Income</b>	<b>\$23,531,458</b>	<b>-</b>	<b>\$19,331,552</b>	<b>\$1,183,378</b>	<b>\$577,250</b>	<b>\$2,439,278</b>
<b>Expenses</b>						
◦ Employee Benefits Expense	\$15,754,826	-	\$14,795,118	\$301,914	\$209,882	\$447,912
◦ Management Fees	-	-	-	-	-	-
◦ Depreciation and Amortisation	\$1,949,568	-	\$1,743,187	\$276	\$18,953	\$187,152
◦ Finance Expenses	\$766,027	-	\$416,912	-	\$349,115	-
◦ Fair Value Losses (including Impairment)	\$319,070	-	-	-	\$319,070	-
◦ Other Expenses	\$5,532,378	-	\$4,008,688	\$806,627	\$408,772	\$308,291
<b>Total Expenses</b>	<b>\$24,321,869</b>	<b>-</b>	<b>\$20,963,905</b>	<b>\$1,108,817</b>	<b>\$1,305,792</b>	<b>\$943,355</b>
<b>Net result from operations</b>	<b>(\$790,411)</b>	<b>-</b>	<b>(\$1,632,353)</b>	<b>\$74,561</b>	<b>(\$728,542)</b>	<b>\$1,495,923</b>
◦ Other Comprehensive Income	-	-	-	-	-	-
<b>Total Comprehensive Income / (Loss) for the Year</b>	<b>(\$790,411)</b>	<b>-</b>	<b>(\$1,632,353)</b>	<b>\$74,561</b>	<b>(\$728,542)</b>	<b>\$1,495,923</b>

## Stirling Ethnic Aged Homes Association Inc.

Notes to the Financial Report For the Year Ended 30 June 2022

### Note 25: Segment Report

30-Jun-21

	Total	Centrally Held	Residential	Homecare	Retirement	Other
<b>Balance Sheet</b>						
<b>Assets</b>						
◦ Cash and Cash Equivalents	\$11,119,377	\$11,119,377	-	-	-	-
◦ Financial Assets	\$3,226,683	\$3,226,683	-	-	-	-
◦ Refundable Loans Receivable	\$10,766,246	-	\$10,766,246	-	-	-
◦ Capital Work in Progress	-	-	-	-	-	-
◦ Property, Plant and Equipment	\$64,338,525	-	\$58,956,015	\$276	\$4,625,273	\$756,961
◦ Right-of-use Assets	\$37,125	-	\$37,125	-	-	-
◦ Investment Properties	\$38,512,293	-	-	-	\$38,512,293	-
◦ Other Assets	\$4,753,060	-	\$469,090	\$110,504	\$4,173,466	-
<b>Total Assets</b>	<b>\$132,753,309</b>	<b>\$14,346,060</b>	<b>\$70,228,476</b>	<b>\$110,780</b>	<b>\$47,311,032</b>	<b>\$756,961</b>
<b>Liabilities</b>						
◦ Refundable Loans Payable	\$48,393,437	-	\$48,393,437	-	-	-
◦ External Borrowings						
- Non-related parties	\$38,120,757	-	\$18,936,444	-	\$19,184,313	-
- Related parties	-	-	-	-	-	-
◦ Employee Benefits/Provisions	\$2,009,391	-	\$1,749,802	\$69,675	\$52,191	\$137,723
◦ Unspent Home Care Package Funds	\$629,919	-	-	\$629,919	-	-
◦ Lease Liabilities	\$46,757	-	\$46,757	-	-	-
◦ Other Liabilities	\$20,495,958	-	\$1,689,183	67,573-	\$18,730,754	\$8,448
<b>Total Liabilities</b>	<b>\$109,696,219</b>	<b>-</b>	<b>\$70,815,623</b>	<b>\$767,167</b>	<b>\$37,967,258</b>	<b>\$146,171</b>
<b>Net Assets</b>	<b>\$23,057,090</b>					
<b>Equity</b>						
◦ Reserves	\$7,830,000	\$7,830,000	-	-	-	-
◦ Retained Earnings (Losses)	\$15,227,090	\$15,227,090	-	-	-	-
<b>Total Equity</b>	<b>\$23,057,090</b>	<b>\$23,057,090</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income &amp; Expenditure Statement</b>						
<b>Income</b>						
◦ Operating Income	\$15,393,349	-	\$14,024,261	\$1,148,060	\$221,028	-
◦ Investment Income	\$55,840	-	\$54,687	-	\$1,153	-
◦ Other Income	\$161,265	-	\$24,376	\$200	\$47,442	\$89,247
<b>Total Income</b>	<b>\$15,610,454</b>	<b>-</b>	<b>\$14,103,324</b>	<b>\$1,148,260</b>	<b>\$269,623</b>	<b>\$89,247</b>
<b>Expenses</b>						
◦ Employee Benefits Expense	\$11,240,073	-	\$10,454,584	\$266,723	\$197,854	\$320,912
◦ Management Fees	-	-	-	-	-	-
◦ Depreciation and Amortisation	\$1,942,708	-	\$1,808,354	\$136	\$23,742	\$110,476
◦ Finance Expenses	\$1,064,732	-	\$558,086	-	\$506,627	\$19
◦ Fair Value Losses (including Impairment)	-	-	-	-	-	-
◦ Other Expenses	\$4,553,443	-	\$3,044,804	\$769,979	\$646,244	\$92,416
<b>Total Expenses</b>	<b>\$18,800,956</b>	<b>-</b>	<b>\$15,865,828</b>	<b>\$1,036,838</b>	<b>\$1,374,467</b>	<b>\$523,823</b>
<b>Net result from operations</b>	<b>(\$3,190,502)</b>	<b>-</b>	<b>(\$1,762,504)</b>	<b>\$111,422</b>	<b>(\$1,104,844)</b>	<b>(\$434,576)</b>
◦ Other Comprehensive Income	-	-	-	-	-	-
<b>Total Comprehensive Income / (Loss) for the Year:</b>	<b>(\$3,190,502)</b>	<b>-</b>	<b>(\$1,762,504)</b>	<b>\$111,422</b>	<b>(\$1,104,844)</b>	<b>(\$434,576)</b>

# **Stirling Ethnic Aged Homes Association Inc.**

## **Notes to the Financial Report For the Year Ended 30 June 2022**

### **Note 26: Events after the Reporting Period**

The Board of Management is not aware of any matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations or the state of affairs of the Association in subsequent financial years.

The Board of Management cannot estimate with accuracy the potential impact on the operating results and near and long term financial results in light of changing trends, the overall economic outlook including the impact of COVID-19 pandemic between the end of the financial year and the date of the financial report. The Board continues to monitor on an ongoing basis, among other aspects, the impact on the Association's financial resources, overall liquidity position, impact on assets including significant changes in judgements in determining the fair value of assets and business continuity plans of the Association.

### **Note 27: Association Details**

The registered office of the Association is:

Stirling Ethnic Aged Homes Association Inc.  
3 Doncaster Road  
MIRRABOOKA, WA 6061

# Stirling Ethnic Aged Homes Association Inc.

## Statement by Members of the Board Management

In accordance with a resolution of the Board of Management of Stirling Ethnic Aged Homes Association Inc., the Board of Management of Stirling Ethnic Aged Homes Association Inc. declare that, in th Board of Management's opinion:

1. The financial statements and notes, as set out on pages 2 to 44, satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and:
  - a. comply with the Australian Accounting Standards applicable to the Association; and
  - b. give a true and fair view of the financial position of the Association as at 30 June 2022 and of its performance for the year ended on that date.
2. There are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

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

Chairman



Mr. Tony Vallelonga

Treasurer



Mr. Rod Constantine

Perth

Dated this 4<sup>th</sup> day of October 2022





**AUDITOR'S INDEPENDENCE DECLARATION UNDER ACNC  
ACT SECTION 60-40**

**TO: THE BOARD OF MANAGEMENT OF STIRLING ETHNIC AGED HOMES  
ASSOCIATION INC.**

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 Board of Management of Stirling Ethnic Aged Homes Association Inc. As the lead audit partner for the audit of the financial report of Stirling Ethnic Aged Homes Association Inc. for the year ended **30 June 2022**, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

  
**MACRI PARTNERS  
CHARTERED ACCOUNTANTS  
SUITE 2, 137 BURSOOD ROAD  
BURSWOOD WA 6100**

  
**A MACRI  
PARTNER**

**PERTH  
DATED 4<sup>TH</sup> DAY OF OCTOBER 2022**



## INDEPENDENT AUDITOR'S REPORT

**TO: THE MEMBERS OF STIRLING ETHNIC AGED HOMES ASSOCIATION INC.**

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of **Stirling Ethnic Aged Homes Association Inc.** (the "association"), which comprises the statement of financial position as at **30 June 2022**, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Statement by Members of the Board of Management.

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

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

#### Basis of 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 association in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and, the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial 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.



## INDEPENDENT AUDITOR'S REPORT (CONT'D)

### Information Other than the Financial Report and Auditor's Report Thereon

The Board of Management of the association is responsible for the other information. The other information comprises the information included in the association's annual report for the year ended **30 June 2022**, 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 accordingly we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Management for the Financial Report

The Board of Management of the association is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *ACNC Act* and for such internal control as the Board of Management 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 Board of Management is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the association or to cease operations, or have 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:



## INDEPENDENT AUDITOR'S REPORT (CONT'D)

- 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 association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management.
- Conclude on the appropriateness of the Board of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association'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 association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Management 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.

  
\_\_\_\_\_  
**MACRI PARTNERS  
CHARTERED ACCOUNTANTS  
SUITE 2, 137 BURSWOOD ROAD  
BURSWOOD WA 6100**

  
\_\_\_\_\_  
**A MACRI  
PARTNER**

**PERTH  
DATED THIS 4<sup>TH</sup> DAY OF OCTOBER 2022**

