VMCH

Financial Statements

For the Year Ended 30 June 2022

Villa Maria Catholic Homes Limited

32 004 364 103

Contents

For the Year Ended 30 June, 2022

Directors' Report

The Directors

The names of the Directors in office throughout the year and at the date of this report are:

- Mr Julien O'Connell, AO
- Mr Vincent Arthur (appointed 21 February 2022)
- Ms Anna Clarke (term ended 30 June 2022)
- Ms Joanne Dawson
- Mr Brendan Donohoe
- Mr Michael Fisher
- Ms Sally Howe
- Mr Terry Janes (term ended 30 June 2022)
- Ms Kate McCormack (term ended 7 October 2022)
- Ms Mary Power
- Mr Bob Santamaria
- Ms Phoebe Shipp (parental leave from March 2021)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. Information concerning the Directors and their respective qualifications, experience, special responsibilities and declared interests in contracts with Villa Maria Catholic Homes ("VMCH") are detailed in this report. Non-Director Committee Members with specific knowledge and experience are appointed to assist Board sub committees.

Principal Activities of VMCH

The principal activities of the organisation are:

- Provision of residential aged care, community care services, respite care, retirement living and affordable housing options for the elderly.
- Shared supported accommodation for people with a disability.
- Education services for children with disabilities or developmental delays.
- Community support and respite services for older people and people with a disability, their families, and carers.
- Life skills enhancement and wellbeing programs including day therapy programs for older people and people with a disability.
- Social work, administrative and resource services to support all VMCH's programs.

There was no change in the nature of the principal activities during the financial year.

The Net Operating Deficit for the financial year ended 30 June 2022, prior to revaluations of investment properties and lease premiums, was $13,600,000 (2021 deficit of $383,000). No income tax is applicable.

The Net Deficit for the financial year ended 30 June 2022 was $20,523,000 (2021 deficit of $2,830,000), which included a net loss on fair value revaluation of investment properties and lease premiums to residents of $6,923,000 (2021 loss of $2,447,000).

Review of Operations

COVID-19

VMCH's business operations have continued during COVID-19. The pandemic has continued to present extreme challenges for VMCH and the broader aged care and disability sectors as the residents and clients that we care for are amongst the most vulnerable to the virus.

In the financial year 2020 VMCH developed and enacted a comprehensive COVID-19 response plan. This continued to be the basis of operational management for VMCH throughout the 2022 financial year.
Measures which were in place throughout FY22 included pre-entry health screening of all visitors and staff, the use of personal protective equipment, monitoring residents and clients for signs and symptoms of COVID-19, and additional cleaning of high touch-points. During COVID-19 outbreaks, visitor restrictions were introduced, and

isolation measures undertaken while having regard to the particular circumstances at that site.

A Critical Incident Team continues to oversee VMCH's COVID-19 response plan including during outbreaks.

COVID-19 has impacted VMCH's business during the year resulting in ceasing of some services for some periods and additional operating costs incurred. The Federal Government's COVID-19 assistance funding helped to offset the additional preparatory costs incurred. VMCH was able to apply for funding under specific financial assistance grants available for Residential Aged Care operators, to cover additional labour costs during particular lockdown windows as well as costs for Personal Protective Equipment and other costs related to lockdown measures imposed with components of these claims not finalised at 30 June 2022 and as a result not included within Statement of Financial Performance.

As a result of workplace restrictions due to COVID-19, the majority of VMCH's Melbourne support office workforce continued to work remotely throughout the year. This has not unduly affected VMCH's operations, or care and services to residents, given the remote and secure technology and communication platforms in place. It is expected that a flexible, hybrid working model will be the standard approach for office-based roles and management has adopted work practices and office space needs to suit this approach.

Other significant features of the year's operations have been:

- Total revenue up $19.9m to $219.8m (2021: $199.8m). COVID-19 resulted in an estimated loss of $6.6m in income due to closure of some services (2021: $7.0m).
- An increase in government funding to $165.7m; (2021: $151.3m). Included in 2022 were COVID-19 support payments of $4.5m (2021: $5.6m).
- Resident and client fees totalled $23.7m (2021: $22.2m).
- Management fees, service fees and other property income totalled $20.0m (2021: $15.8m).
- Income from fundraising and bequests totalled $1.1m (2021: $0.9m).
- Employee benefits expenses increased $18.3m to $149.9m (2021: $131.6m).
- Total other operating expenditure totalled $83.4m (2021: $68.6m) an increase of $14.8m.
- Employee benefits and other operating cost included COVID-19 related costs such as increased staffing, cleaning, and personal protection equipment, of $3.3m (2021 $3.0m).

The Net Deficit of $20.5m reflected:

- Lower than expected occupancy in our aged care facilities.
- Increases to aged care funding from Government which were lower than the rate of increase in wages and other costs.
- Lower income and increased costs due to COVID-19. This included closure of some of our NDIS funded disability respite and day care services, reduction, and cancellation of home care package services, standing down of staff and costs associated with equipping staff and sites with appropriate personal protection equipment.
- The partial and temporary closure of some beds in some of our aged care facilities as part of refurbishment activities throughout the year.
- Write-off of preliminary and planning costs relating to long standing development projects which have been assessed as no longer being viable and are not proceeding.

The statutory Net Operating Deficit recorded of $13.6m includes a number of non-core and non-recurring items as required by Australian Accounting Standard (AAS). Operating performance, excluding these items and their impacts, shows core (normalised) net operating result for FY22 is a deficit of $1.073m (FY21 $0.138m).

	2022 000's $	2021 000's $
Core Operating Revenue	**217,237**	194,274
Core Operating Expenses	**(218,310)**	(194,136)
Net Core Operating (Deficit)/Surplus	**(1,073)**	138
Imputed non cash RAD interest revenue under AASB 16	**5,820**	5,551
Imputed non cash RAD imputed interest expense under AASB 16	**(5,820)**	(5,551)
AASB 16 rent adjustment – non cash	**(302)**	(521)
Amortisation of bed licenses	**(8,924)**	-
Expected COVID related revenue grants for costs incurred in FY2022	**(3,301)**	-
Statutory Operating Deficit	**(13,600)**	(383)

The Net Core Operating Deficit reflects the financial impact of:

- The imputed interest revenue and expense of RADs under AASB16 which is a non cash charge (excluded)
- The non cash impact arising from the application of AASB 16 (excluded)
- Amortisation of Bed licences which is a non cash item (excluded)
- Expected COVID related grant revenue which will be recognised in 2023, where costs were incurred during FY22 (included)

Net Core Operating (Deficit)/Surplus is a non-GAAP measure which is used by the Directors to measure the financial performance of the Company. This measure provides useful information to understand the financial performance of the Company however should not be considered as an indication of, or substitution for, reported information. Net Core Operating (Deficit)/Surplus has not been audited or reviewed in accordance with Australian Auditing Standards.

Cashflow from Operations improved strongly during FY22 to deliver a net inflow of $4.39m (FY21 net outflow $0.4m). In addition, VMCH continued to invest in the portfolio of assets we manage. In FY22 we invested $19.9m in capital works across asset management, development projects and corporate projects, to ensure VMCH continues to provide functional, modern and competitive environments for our residents, clients, staff and other stakeholders.

Overall, Total Equity increased during the period from $415m to $417.6m

Likely Developments

After commencing in March 2020, COVID-19 continued to impact VMCH's business throughout the FY22 year and this is continuing into FY23. The pandemic required additional operational support to our services in a variety of components, including PPE, staff training, lock down and furlough protocols, to name a few. Over the course of FY20, FY21, and FY22, VMCH's response plan has been seen to be effective and has resulted in additional practices becoming ingrained as standard and it is expected that this will continue in FY23.

The Government released the Final Report of the Royal Commission into Aged Care Quality and Safety (Aged Care Royal Commission) on 1 March 2021. The seven volume Final Report, titled Care Dignity and Respect, includes 148 recommendations. The Government has committed to implementing the 148 recommendations over time. In FY22 changes were implemented in Home Care to payment in arrears for home care services. VMCH implemented changes to our processes and systems to align with this during the year.

Increases in regulation of the aged care sector continued in FY22, from the changes the Government plans to make arising out of the Aged Care Royal Commission, and this is expected to continue in future years.

The Government introduced the Aged Care and other Legislation (Royal Commission Response No 2) Bill 2021 (the Bill) in September 2021. The Bill was passed in August 2022 and will now result in the following changes:

- A new classification and funding model for residential aged care (AN-ACC) will be introduced to replace the current ACFI (this will be effective from 1 October 2022).
- There will be screening for aged care workers and governing persons of aged care providers.
- A Code of Conduct will be introduced to apply to approved providers and their aged care workers and governing persons.
- Extension of serious incident response scheme to home-based care.
- Changes to governance arrangements for approved providers.
- Information sharing between regulatory authorities.
- Strengthened regulation of Refundable Accommodation Deposits.
- An independent pricing and costing function for aged care services.

VMCH has been preparing for these changes by keeping abreast of developments through membership of sector representative bodies and been involved in government pilots where applicable and available.

VMCH continued to monitor the hearings of the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability (Disability Royal Commission) which continued in FY22. The Disability Royal Commission will deliver its final report by 29 September 2023.

Events Subsequent to Balance Date

The COVID-19 pandemic is continuing to impact VMCH's operations and financial performance subsequent to 30 June 2022.

At the date of signing this report, COVID-19 cases continue to circulate within the community and within the geographical areas of VMCH operations. The virus has, over the course of the last 3 financial years, significantly impacted the financial performance and position of VMCH. This risk is still prevalent and expected to continue in FY23.

The Commonwealth Government have in place a number of schemes to provide additional financial support assisting residential aged care providers to offset the impact of cost increases arising from responding to COVID-19. VMCH have and will continue to apply for such schemes where eligibility permits.

VMCH acquired a 90-bed residential aged care facility "Ashwood" from Cabrini on 19 September 2022 for $30.3m with a net payment in cash of $1.9m reflecting the value of the Residential Accommodation Deposits that were transferred to VMCH. Information to make further disclosures is not yet available. This acquisition is expected to be accretive to VMCH performance and position. Transition activities are underway, ensuring a positive and safe transition for all residents and staff.

Directors' Benefits

No Director of the company has, since the end of the previous financial year, received or become entitled to receive a benefit by reason of a contract made by VMCH or a related entity of VMCH with a Director or with a firm of which a Director is a member or with a company in which the Director has a substantial financial interest.

Meetings of Directors

Details of attendance by Directors of VMCH at meetings of the Board and Board Committees (of which they were members) held during the financial year are shown in the table below.

Non-Director Committee members with specific knowledge and experience are appointed to assist Board sub committees.

Director	Board Meetings		Finance & Audit Committee		Strategic Projects Committee		Quality Compliance & Risk Committee		People & Culture Committee	
	A	B	A	B	A	B	A	B	A	B
Julien O'Connell, AO (Chair)	7	7	-	-	-	-	-	-	-	-
Vincent Arthur	2	2	4	4	2	2	-	-	-	-
Anna Clarke	6	7	-	-	-	-	5	5	6	6
Joanne Dawson	7	7	11	11	-	-	-	-	-	-
Brendan Donohoe	7	7	11	11	5	5	-	-	-	-
Michael Fisher	7	7	-	-	5	5	-	-	6	6
Sally Howe	7	7	-	-	4	5	5	5	-	-
Terry Janes	7	7	10	11	-	-	-	-	-	-
Kate McCormack	5	7	-	-	-	-	5	5	5	5
Mary Power	7	7	-	-	5	5	-	-	-	-
Bob Santamaria	7	7	-	-	-	-	-	-	6	6
Phoebe Shipp[1]	-	-	-	-	-	-	-	-	-	-
Non-Director Members										
Vincent Arthur[2]	-	-	-	-	3	3	-	-	-	-
Claire Douglas[3]	-	-	-	-	-	-	4	4	-	-
Richard Mullaly[4]	-	-	-	-	-	-	4	5	-	-

1 Ms Phoebe Shipp (parental leave since March 2021)

2 Mr Vincent Arthur Non-Director member (appointed as a Director 20 February 2022)

3 Ms Claire Douglas Non-Director member (commenced 3 August 2021)

4 Mr Richard Mullaly Non-Director member (commenced 26 October 2020)

A – Number of Meetings attended while a Director
B – Reflects the number of meetings held during the time the Director was a member of the board/committee.

Directors also attended other ad hoc meetings, activities and functions undertaken by VMCH.

Indemnity and Insurance of Directors and Auditors

During the financial year, VMCH met all the costs of insuring all Directors against liabilities for potential costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a Director of the company.

During the financial year, VMCH has not paid a premium to insure the auditors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of auditors of the company.

Rounding of Amounts

The company has applied the relief available to it in ASIC Class Order 98/100 and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under the Australian Charities and Not-For-Profit Commissions Act 2012 is set out in this report.

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

J O'Connell AO, Chairman

V Arthur, Director

Melbourne, 27 October 2022

Villa Maria Catholic Homes Limited

ABN 32 004 364 103

The Directors in office at any time during, or since the end of the year were:

Director	Experience	Special Responsibilities
Mr Julien O'Connell AO	Julien was appointed to the VMCH Board of Directors in 2019. Julien brings significant senior board and management experience, together with a detailed knowledge of health and aged care. Previously Chair of the Board of Mercy Health, a position which he held from 2008-2018, he has recently completed his term as Pro-Chancellor of Australian Catholic University. He is a board member of Catholic Health Australia, Chairman of Mercy Health Foundation, Chair of PM Glynn Institute and is a member of a number of Archdiocese Committees and Councils.	Board Chair.
Mr Vincent Arthur (Commenced 21 February 2022)	Vincent was appointed to the Board in February 2022 and is the Chair of the Finance and Audit Committee and a member of the Strategic Projects Committee. Vincent has deep commercial knowledge from over 30 years executive experience. Vincent has been Managing Director of logistics business L. Arthur Pty Ltd since 2003 and prior to that held various commercial roles with Rio Tinto over 10 years. Vincent is also a member of the General Freight Committee of the Victorian Transport Association and a director of the Bethlehem Griffiths Research Foundation. Vincent holds a Bachelor of Science (Honours) from the University of Melbourne and a Master of Philosophy from the University of Cambridge. He has also completed post graduate studies in Business.	Chair, Finance & Audit Committee - current (from July 2022).
Ms Anna Clarke (Term ended 30 June 2022)	Anna joined the Board in 2014. Anna is currently the national Director of Human Resources, Private Hospitals Division, St Vincent's Health Australia. Initially qualifying as a nurse, she has had an extensive career in healthcare and held a number of roles in private and public health including Director of HR & Workforce Development, Director of Nursing, and Manager of Organisational Development. Anna completed post graduate studies in Critical Care Nursing, Adult Education and a Master of Health Administration, before moving into Human Resources. Anna is also a Graduate of the Australian Institute of Company Directors. She has a particular interest in the areas of workplace strategy, organisational development, and workplace safety.	Chair, People & Culture Committee - current (member since November 2014, Chair since January 2016). Member, Quality, Compliance & Risk Committee - current (from November 2014).

Ms Joanne Dawson	Jo was appointed to the Board of directors in June 2021. She is a Chartered Accountant and Fellow of the Australian Institute of Company Directors. Jo has deep experience in customer facing highly regulated service businesses. During her career with Deloitte, both in Australia and the US, and National Bank Australia, Jo has specialised in managing, acquiring, and building funds management, superannuation, and insurance businesses. Jo is a member of the Finance and Audit Committee. She is also a Non-Executive Director of PSC Insurance Group Ltd (PSI), Generation Life Ltd, Bank First Ltd, and Vision Super, and is Chair of the Finance Council of the Australian Catholic Bishops' Conference.	Member, Finance and Audit Committee - current (from June 2021).
Mr Brendan Donohoe	Brendan was appointed to the Board of Directors in 2019 and sits of the Finance and Audit Committee. He established Bank of Ireland Asset Management Australia in 1996, and subsequently a similar operation in Japan. Brendan went on to manage all of Bank of Ireland Asset Management's businesses outside of Ireland. During his 29-year tenure with Bank of Ireland Group, he held a number of senior executive and directorship positions in Ireland, Australia, Japan, the UK, U.S., and Canada. Brendan subsequently joined the leadership team at NAB Asset Management, responsible for its global distribution, client services and the management of Antares Equities, a boutique asset management firm based in Melbourne.	Member, Finance and Audit Committee - current (from September 2019). Chair, Strategic Projects Committee - current (from February 2020).
Mr Michael Fisher	Michael was appointed to the Board of Directors in November 2019. He has had significant experience in information technology and cyber security. Michael has run a successful business over the last 13 years that has provided a broad array of ICT services to Victorian Catholic institutions in the fields of education, digital media, social services, and health. Prior to running his own business Michael had a successful career in Human Resources with several publicly listed Australian organisations	Member, People & Culture Committee – current (from March 2020). Member Strategic projects Committee - current (from March 2020).
Ms Sally Howe	Sally was appointed to the Board of Directors in 2019. She is Chair of the Quality, Compliance & Risk Committee and a member of the Strategic Projects Committee.	Chair, Quality Compliance and Risk Committee - current (from November 2019).

	Sally has health qualifications and brings extensive health and senior leadership experience spanning 30 years in the not-for-profit contestable private health sector, and more recently hospital in the home, primary and community health. Currently Sally is a Board member of Swimming Australia Limited (SAL), Chair SAL Audit and Risk Committee and is a Board member of Connect Health and Community. Prior to that Sally held various governance roles including a State Ministerial Planning and Partnership Advisory Board, Chair of a Victorian Health Department Primary Care Partnership. She is a previous Trustee (VIC) of the Committee for Economic Development Australia. Having also previously held a School Council position, Sally has governance experience across diverse sectors. Sally is a Graduate of the Australian Institute of Company Directors and the AICD Board Mastery program.	Member, Strategic Projects Committee - current (from February 2020).
Mr Terry Janes (Term ended 30 June 2022)	Terry joined the Board in 2014. A former Chief Financial Officer and Executive Director of leading staffing services company Skilled Group Limited, Terry held these roles from 1998-2012. He has had over 20 years' experience in a range of senior finance roles, including Senior Divisional Finance Officer for major operating divisions in the minerals and steel businesses of BHP. Terry holds a Bachelor of Commerce from the University of Melbourne, is a Fellow of the AICD and a Fellow of the Australian Society of CPA's. He is also a graduate of the Wharton Advanced Management Program 2008.	Chair, Finance & Audit Committee - (from January 2016 until 30 June 2022).
Ms Kate McCormack (Term ended 7 October 2022)	Kate was appointed to the Board of Directors in 2021 and is the Chair of the People & Culture Committee and a member of the Quality Compliance & Risk Committee. Kate is the former Executive Director People, Culture & Learning for Mercy Health Australia (2001-2020) and is a Board Member of Catholic Care Victoria. She is passionate about workforce and in particular, Aged Care. Kate is also a Board Director of the Mercy Health Foundation and Caritas Australia People & Culture Committee. Kate holds a Graduate Certificate and Master of Business, Industrial Relations/HR Management RMIT/Grenoble Ecole de Management - France. She studied at the London Business School, and Harvard Business School and is a Fellow of the Australian Human Resources Institute.	Member Quality, Compliance & Risk Committee - (from June 2021 until 7 October 2022). Member People & Culture Committee - (from June 2021 until 7 October 2022).

Ms Mary Power	Mary was appointed to the Board of Directors in 2020 and has extensive experience in finance, superannuation and the property industry. Working for an Australian based investment advisor, Mary has advised a diverse client base on asset allocation, portfolio construction and property related matter. Mary has wide governance experience representing numerous property transactions in Australia. Mary sits on the Strategic Projects Committee at VMCH.	Member, Strategic Projects Committee - Current (from August 2020).
Mr Bob Santamaria	Bob was appointed to the Board of Directors in early 2020. Prior to this he was Group General Counsel of ANZ Bank for 12 years, responsible for the provision of legal services to ANZ globally. Pre-ANZ, Bob's career spanned more than 40 years across governance, securities, mergers and acquisitions, including numerous complex transactions in the resources, manufacturing, and finance sectors. Bob was also a Relationship Partner for Rio Tinto, ANZ, BHP Billiton, Goldman Sachs JBWere, Aviva Insurance Group and Bendigo Bank.	Member, People & Culture Committee – current (from June 2020).
Ms Phoebe Shipp (Parental leave from March 2021)	Phoebe was appointed to the Board of Directors in 2019 and is currently on parental leave. She has a background in technology with over ten years' experience in the ICT industry and has held roles across sales, business development, market enablement and management consulting. Phoebe currently works at Ernst and Young, one of the largest audit and consulting firms in the world, as a Director in the Asia Pacific Managed Services Group. She also holds the title of President of the Sales Enablement Society Melbourne Chapter. Phoebe has a Bachelor of Commerce (with Honours) from the University of Melbourne.	Member, Quality, Compliance & Risk Committee – current (from February 2020) but on parental leave from March 2021.

Deloitte.

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27 October 2022

The Board of Directors
Villa Maria Catholic Homes
486 Albert Street
EAST MELBOURNE VIC 3101

Dear Board Members

Auditor's Independence Declaration to Villa Maria Catholic Homes

In accordance with Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Villa Maria Catholic Homes.

As lead audit partner for the audit of the financial report of Villa Maria Catholic Homes for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Craig Bryan
Partner
Chartered Accountant

Villa Maria Catholic Homes Limited

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June, 2022

	Note	2022 000's $	2021 000's $
Revenue	6	**219,756**	199,825
Employee benefits expenses		**(149,949)**	(131,609)
Service delivery expenses		**(28,993)**	(26,322)
Depreciation, impairment and amortisation expenses		**(20,850)**	(11,348)
Repairs, maintenance and property expenses		**(9,402)**	(8,820)
General and administrative expenses		**(12,221)**	(10,138)
Lease payments - operating		**(149)**	(235)
Development project costs expensed		**(465)**	(928)
Utilities expenses		**(4,568)**	(4,308)
Gain on disposal of property, plant and equipment		**137**	109
Finance costs	7	**(6,896)**	(6,609)
Net Operating Deficit for the year		**(13,600)**	(383)
Gain/(loss) on fair value revaluations of investment properties	13	**22,635**	(1,290)
Loss on fair value revaluations of lease premiums		**(29,558)**	(1,157)
Net Deficit for the year		**(20,523)**	(2,830)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Fair value revaluation of land and buildings		**23,145**	15,004
Other comprehensive income for the year		**23,145**	15,004
Total Comprehensive Surplus for the year		**2,622**	12,174

The accompanying notes form part of these financial statements.

Villa Maria Catholic Homes Limited

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Statement of Financial Position
As At 30 June, 2022

	Note	2022 000's $	2021 000's $
ASSETS			
CURRENT ASSETS			
Cash assets	8	**50,856**	21,949
Trade and other receivables	9	**15,505**	20,291
Other financial assets	10	**1,248**	282
Assets held for sale	11	**-**	30,080
TOTAL CURRENT ASSETS		**67,609**	72,602
NON-CURRENT ASSETS			
Trade and other receivables	9	**374**	-
Other financial assets	10	**9,071**	12,229
Property, plant and equipment	11	**471,015**	438,181
Investment properties	13	**363,091**	340,456
Intangible assets	12	**24,335**	33,712
Right-of-use assets	14	**15,397**	16,156
TOTAL NON-CURRENT ASSETS		**883,283**	840,734
TOTAL ASSETS		**950,892**	913,336
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	**21,618**	16,160
Accommodation bonds and refundable accommodation deposits		**151,928**	141,133
Lease premiums		**293,997**	272,935
Lease liabilities	14	**1,458**	991
Employee benefits	17	**21,892**	20,384
Other financial liabilities	16	**21,188**	24,533
Non interest-bearing loans	16	**1,260**	-
TOTAL CURRENT LIABILITIES		**513,341**	476,136
NON-CURRENT LIABILITIES			
Lease liabilities	14	**17,246**	18,170
Employee benefits	17	**2,726**	2,843
Non interest-bearing loans	16	**-**	1,230
TOTAL NON-CURRENT LIABILITIES		**19,972**	22,243
TOTAL LIABILITIES		**533,313**	498,379
NET ASSETS		**417,579**	414,957
EQUITY			
Reserves		**249,830**	235,736
Retained earnings		**167,749**	179,221
TOTAL EQUITY		**417,579**	414,957

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 30 June, 2022

	Retained Earnings 000's $	Asset Revaluation Reserve 000's $	Building and Development Reserve 000's $	Long Term Maintenance Fund Reserve 000's $	Total 000's $
Balance at 1 July 2021	179,221	225,855	3,750	6,131	**414,957**
Deficit attributable to members of the parent entity	(20,523)	-	-	-	**(20,523)**
Other comprehensive income	-	23,145	-	-	**23,145**
Total comprehensive income	**(20,523)**	**23,145**	-	-	**2,622**
Transactions with owners in their capacity as owners					
Transfers between retained earnings and other reserves	9,051	(10,283)	471	761	-
Balance at 30 June 2022	167,749	238,717	4,221	6,892	**417,579**

	Retained Earnings 000's $	Asset Revaluation Reserve 000's $	Building and Development Reserve 000's $	Long Term Maintenance Fund Reserve 000's $	Total 000's $
Balance at 1 July 2020	183,314	211,228	2,983	5,258	402,783
Deficit attributable to members of the parent entity	(2,830)	-	-	-	(2,830)
Other comprehensive income	-	15,004	-	-	15,004
Total comprehensive income	**(2,830)**	**15,004**	-	-	**12,174**
Transactions with owners in their capacity as owners					
Transfers between retained earnings and other reserves	(1,263)	(377)	767	873	-
Balance at 30 June 2021	179,221	225,855	3,750	6,131	414,957

The accompanying notes form part of these financial statements.

Villa Maria Catholic Homes Limited

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Statement of Cash Flows

For the Year Ended 30 June, 2022

	Note	2022 000's $	2021 000's $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from government funding		**156,834**	146,280
Payments to suppliers and employees		**(193,549)**	(177,166)
Proceeds from fundraising and bequests		**1,108**	660
Investment income		**1,830**	1,854
Interest paid on lease liability		**(710)**	(765)
Interest paid		**(224)**	(183)
Receipts from residents and client fees		**39,097**	28,876
Net cash provided by/(used in) operating activities		**4,386**	(444)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment		**30,268**	562
Payment for intangible assets		**(82)**	(1,000)
Purchase of property, plant and equipment		**(19,852)**	(28,448)
Purchase of investments		**(63)**	(727)
Net cash provided by/(used in) investing activities		**10,271**	(29,613)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from residents' lease premiums		**25,119**	23,752
Proceeds from residents' refundable accommodation deposits		**51,439**	46,615
Repayment of residents' lease premiums		**(20,386)**	(16,010)
Repayment of residents' accommodation bonds and refundable accommodation deposits		**(40,155)**	(42,299)
Payment of lease liabilities		**(1,767)**	(917)
Net cash provided by financing activities		**14,250**	11,141
Net increase/(decrease) in cash and cash equivalents held		**28,907**	(18,916)
Cash and cash equivalents at beginning of year		**21,949**	40,865
Cash and cash equivalents at end of financial year	8	**50,856**	21,949

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June, 2022

The financial report covers Villa Maria Catholic Homes Limited ("VMCH") as an individual entity. Villa Maria Catholic Homes Limited is a not-for-profit Company, registered and domiciled in Australia.

The functional and presentation currency of Villa Maria Catholic Homes Limited is Australian dollars.

The financial report was authorised for issue by those charged with governance on 27 October 2022.

Comparatives are consistent with prior years, unless otherwise stated.

The Company is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies and, accordingly amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards – Simplified Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012.*

2 Statement of Compliance

The Company does not have 'public accountability' as defined in AASB 1053 Application of Tiers of Australian Accounting Standards and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (AASB 1060) and the disclosure requirements in AASB1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

3 Change in Accounting Policy

Explanation of the transition to Australian Accounting Standards – Simplified Disclosures

AASB 1060 applies to annual reporting periods beginning on or after 1 July 2021. AASB 1060 introduces a new stand-alone disclosure standard (Tier 2 'Simplified Disclosure' Standard) which replaces the previous Reduced Disclosure Requirements (commonly known as RDR). AASB 1060 is mandatory for Tier 2 For-Profit and Not-for Profit entities. The transition from Tier 2 RDR general purpose financial statements (GPFS) to Tier 2 Simplified Disclosures GPFS generally results in fewer disclosures and has had minimal impact on this report.

Changes to Bed Licences

Following the Australian Government announcement to deregulate allocated places (bed licences), and subsequent discussion paper confirming its intention to abolish the Aged Care Approvals round and associated supply restrictions on bed licences, the Directors consider that the fair value less cost to dispose of bed licences is nil. However, in accordance with Australian Accounting Standards, the licences are deemed to have a remaining value in use which requires the carrying value to be amortised over the period until formal abolition of licences on 30 June 2024. VMCH has determined that bed licences are a finite life intangible asset which will be amortised. Aspects of this new accounting policy have been included in Note 4 (i) Intangibles.

There have been no other changes in accounting policy during the year.

4 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue recognition

The core principle of income recognition is that, where there is an enforceable contract with a customer with sufficiently specific performance obligations, income is recognised when performance obligations are satisfied under AASB 15 Revenue from Contracts with Customers. If these conditions are not met, AASB 1058 Income of Not-For-Profit Entities applies and income is recognised almost always immediately under AASB 1058.

AASB 1058 applies when a Not-For-Profit ('NFP") entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset, principally to enable the entity to further its objectives. The entity will recognise and measure the asset at fair value in accordance with other applicable Australian Accounting Standards.

Government funding received is recognised when VMCH has control of the funds as a result of providing services. When funding includes terms that specified services are delivered or conditions are fulfilled (performance obligations), these are recognised as unearned income until the services are performed or conditions fulfilled.

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to VMCH and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts, and rebates.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably, then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated, then revenue is recognised to the extent of related expenses recognised that are recoverable.

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration VMCH expects to receive in exchange for those goods or services.

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable.

The revenue recognition policies for the principal revenue streams of VMCH are:

Fees and other income for rendering of services

In residential aged care, the basic daily fee is a living expense paid by all residents as a contribution towards the provision of care and accommodation in accordance with the Aged Care Act 1997. The fee is calculated daily in accordance with the rates set by the Federal Government and invoiced on a monthly basis.

4 Summary of Significant Accounting Policies

(a) Revenue and other income

In addition to the basic daily fee, other fees are charged to some residents in respect of care and accommodation services provided by VMCH in Residential Aged Care Facilities and can include means tested care fees ("MTCF"), daily accommodation payment ("DAP"), daily accommodation contribution ("DAC") and additional services revenue. This other resident revenue is recognised over time in the accounting period that services are rendered, based on contracted rates. Residents are invoiced monthly.

Fees and other income from the rendering of a service is recognised in the financial year in which the service to the client is delivered.

A receivable in relation to these services is recognised when a bill has been invoiced, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Australian Government funding

VMCH's main source of funding for its business operations remains the Australian Government, through funding of aged care places, home care packages and disability services. The Australian Government funds VMCH for the provision of care and accommodation through subsidies and supplements, capital grants for residential aged care, and program funding.

VMCH, as an Approved Provider, receives subsidies on behalf of each resident or client entitled to government subsidised residential aged care, residential respite, home care packages ("HCP"), and flexible care (transitional care and short-term restorative care). Supplements assist with the cost of meeting specific care needs for eligible care recipients.

Funding is received monthly in advance from the Federal Government. Revenue is recognised over time as services are provided.

Funding is also received from the National Disability Insurance Agency ("NDIA") based on approved claims made by VMCH for services provided to clients of the agency an in line with their individual support plans. This funding is received in arrears from the agency and is recognised at the time the services are provided.

State Government funding

VMCH receives State Government funding through the Department of Families, Fairness and Housing ("DFFH") for home and community care and some disability services (not covered by the NDIA) which is aimed at providing home-based and community-based care to older people and people with disabilities.

The vesting of these funds is dependent on the performance of various milestones and/or goals. Where objective evidence exists that these milestones and/or goals have not or will not be met, VMCH has deferred the recognition of these funds as revenue until further objective evidence is available.

4 Summary of Significant Accounting Policies

(a) Revenue and other income

Capital grants

Capital grants are provided by the Australian Government for building and maintaining aged care homes. They are allocated based on successful application on a project by project basis. Grants received for successful applications are recognised as income on completion of the project. No capital grants were received in FY22.

Deferred management fees

Deferred Management Fees ("DMF") are applied to retirement village units occupied by residents (the client) under residence agreements and are deducted from the ingoing contribution that is paid back to a resident upon exit from a retirement village. A typical DMF contract provides for an annual retainer for a fixed period (e.g. 3% per annum of the resale price for a period up to 10 years or 30% in total). The DMF is calculated based on the gross sale price of the unit (before deducting any refurbishment or selling costs) and therefore includes a share of any capital gain or loss realised on turnover. DMF income is recognised on an annual accrual basis based upon the period of occupancy of the resident under the residence agreement and estimates of the movement in market value of the unit since the resident first occupied the unit. This income stream also includes long-term maintenance fees.

Service fees and other property income

This includes client fee income from retirement living and community and disability services as well as rental income.

Fundraising revenue

Fundraising revenue comprises donations, appeal contributions, bequests, trust distributions, membership subscriptions and proceeds from special projects and functions and is recognised in the year in which it is received.

Investment and interest Income

Investment income comprises dividends and interest and is recognised in the financial year in which it is earned.

Imputed revenue on RAD and bond balances

For residential aged care accommodation arrangements where the resident has elected to pay a Refundable Accommodation Deposit (RAD) or Accommodation Bond (Bond), VMCH receives a financing benefit in the form of an interest free loan. AASB 16 requires recognition of imputed revenue reflecting the benefit received from the interest free loan. Correspondingly, there is recognition of an interest expense (to impute an interest charge on RADs and Bonds). The latter is reflected in Finance Costs. These are non-cash amounts and there is no net impact on profit or loss.

The imputed non-cash charge is calculated based on applying the average annual Maximum Permissible Interest Rate ("MPIR"), which is a government set interest rate used to calculate the Daily Accommodation Payment applicable to residents, as at the date the RAD or accommodation bond was received up to the date the balance was refunded. If the balance remained outstanding at 30 June, then the calculation is based up to this date. VMCH applies this average MPIR to the average annual RAD or accommodation bond balance. This results in the Profit or Loss and Other Comprehensive Income presenting an additional amount of Finance Costs and Income respectively, with nil impact to the Net Profit or Loss for the period.

4 Summary of Significant Accounting Policies

(a) Revenue and other income

Other revenue

This revenue stream includes realised gain on disposal of investments, unrealised gain on investments held, administration and management fees for retirement villages and sundry revenue.

Other income is recognised on an accrual basis when VMCH is entitled to it.

(b) Income Tax and other taxes

VMCH is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

As VMCH is a public benevolent institution ("PBI") it is exempt from income tax, capital gains tax and payroll tax.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of GST.

Cash flows in the Statement of Cash Flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Volunteer services

No amounts are included in the financial statements for the value of services donated by volunteers.

(e) 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.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Land and buildings

Land and buildings are measured using the revaluation model. Independent valuations are performed regularly to ensure that the carrying amounts of land and buildings do not differ materially from the fair value at balance date.

Independent valuations of all freehold properties are performed on a rolling basis with the expectation that all properties are valued every three years. The last independent valuation of all freehold properties was performed in 2018. Financial year 2021 was the first of a 3-year cycle where approximately 1/3 of properties are valued each year. In the current period, independent valuations of certain freehold properties have been performed to assist the Directors in reviewing their carrying value for impairment or revaluation. The freehold properties valued in the current period included those where significant development work is underway and certain properties acquired during the year.

Notes to the Financial Statements

For the Year Ended 30 June, 2022

4 Summary of Significant Accounting Policies

(e) Property, plant and equipment

Within VMCH's property portfolio are a number of purpose-built properties that provide specific features that qualify them for treatment as a specialised asset. The revaluation of these properties reflects the additional cost of these special purpose features.

Any revaluation surplus arising upon revaluation of land and buildings is recognised in other comprehensive Income and credited to the asset revaluation reserve.

To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

Any accumulated depreciation as at the revaluation date is offset against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Plant and equipment

Plant and equipment are measured using the cost model. They are measured on the historical cost basis less accumulated depreciation and any accumulated impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed with reference to the latest valuation of the property or on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. Where used, the expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of plant and equipment constructed within VMCH includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to VMCH, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

4 Summary of Significant Accounting Policies

(e) Property, plant and equipment

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

Fixed asset class	Depreciation rate
Buildings	2.50%-10.00%
Plant and Equipment	10.00%-33.33%
Leasehold improvements	4.00%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(f) Assets held for sale

Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale in their current condition and rather than through continuing use. Such assets are generally measured at the lower of their carrying value and fair value less costs to sell. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on re-measurement are recognised in profit or loss.

(g) Right of Use Assets

Under AASB 16 all leases which meet the definition of a lease are recognised on the Statement of Financial Position as a right-of-use (ROU) asset and a corresponding lease liability.

VMCH has elected to use the exception to lease accounting for short-term leases and leases of low value assets and the lease expense relating to these leases is recognised in the Statement of Profit or Loss and Other Comprehensive Income on a straight line basis.

VMCH recognises ROU assets in the Statement of Financial Position, at the commencement date of the lease (i.e. the date the underlying asset is available for use by the lessee). ROU assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of ROU assets comprises the amount of the lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date. Any lease incentives received are recognised as a deduction to the ROU asset.

Unless VMCH is reasonably certain to obtain ownership of the leased asset at the end of the lease term the recognised ROU assets are depreciated on a straight line basis over the shorter of the estimated useful life of the lease term. ROU assets are subject to impairment.

(h) Financial instruments

Financial instruments are recognised initially on the date that VMCH becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

4 Summary of Significant Accounting Policies

(h) Financial Instruments

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

Classification
On initial recognition, VMCH classifies its financial assets into the following categories, those measured at:

- amortised cost.
- fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless VMCH changes its business model for managing financial assets.

Amortised cost
Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows which are solely payments of principal and interest on the principal amount outstanding.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial assets through profit or loss
All financial assets not classified as measured at amortised cost are measured at FVTPL.
Net gains or losses, including any interest or dividend income are recognised in profit or loss.

VMCH's financial assets measured at FVTPL comprise derivatives in the form of secured notes, shares, property trusts and managed investments in the Statement of Financial Position.

Impairment of financial assets
Impairment of financial assets is recognised on an expected credit loss ("ECL") basis for the following assets:

- financial assets measured at amortised cost

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

VMCH uses the presumption that an asset which is more than 45 days past due has seen an increase in credit risk.

Credit losses are measured as the present value of the difference between the cash flows due to VMCH in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

4 Summary of Significant Accounting Policies

(h) Financial Instruments

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if the events or changes in circumstances indicate that they might be impaired.

At each reporting date, carrying values of tangible and other intangible assets are reviewed 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 to sell and value in use, is compared to the asset's carrying value. Any excess of an intangible asset's carrying value over its recoverable amount is expensed to the profit or loss.

Trade and Other Receivables
All receivables are categorised as trade and other receivables and are recognised initially at fair value and subsequently at amortised cost. All trade and other receivables are current.

Impairment of trade receivables has been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. VMCH has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account (provision for expected credit losses) with the losses being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

VMCH has a policy of providing for doubtful debts by taking 50% of the balance considered at risk when 45 days past due and 100% when the balance considered at risk is 75 days past due.

Other financial assets measured at amortised cost
Impairment of other financial assets measured at amortised cost is determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities
VMCH measures all financial liabilities initially at fair value less transaction costs. Subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of VMCH comprise trade and other payables, accommodation bonds and refundable accommodation deposits (RADs), independent living unit ("ILU") resident loan liabilities (lease premiums), consumer direct care unspent client funds, bank and other loans and lease liabilities.

(i) Intangibles

Software
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years.

4 Summary of Significant Accounting Policies

(i) Intangibles

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. The following useful lives are applied:
Software 33.33%

Amortisation has been included within depreciation and amortisation.

Bed Licences
Bed licences (allocated places) are initially capitalised as intangible assets at cost, with cost being fair value at the date of acquisition.

In accordance with the requirements of AASB 136 Impairment of Assets ("AASB 136"), the recoverable amount is assessed each year to ensure there are no reasonable grounds to believe impairment conditions exist at the reporting date for bed licences, requiring a write-down to the profit or loss.

Bed licences were previously considered to have an indefinite useful life and therefore were not amortised.

In the May 2021 Federal Budget, the Australian Government announced its intention to deregulate allocated places (bed licences) by 1 July 2024 with the current system remaining in place until 30 June 2024. The subsequent discussion paper Improving Choice in Residential Aged Care – ACAR Discontinuation on 30 September 2021 confirmed its intention to abolish the Aged Care Approvals Round (ACAR) and associated supply restrictions on bed licences.

Accordingly bed licences are regarded as a finite life intangible asset which will be amortised on a straight line basis over the period 1 October 2021 to 30 June 2024.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term investments with an original maturity of three months or less which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(k) Employee benefits

Provision is made for the VMCH liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus any on-costs.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. The cash flows are discounted using the G100 discount rates (a standardised set of discount rates for discounting employee benefit liabilities under AASB 119), with terms to maturity that match the expected timing of cash flows. Changes in the measurement of the liability are recognised in profit or loss.

4 Summary of Significant Accounting Policies

(k) Employee Benefits

Employee benefits related to a Portable Long Service Scheme are recognised as a receivable rather than an expense when incurred as any future payment obligations will be claimed from the Scheme.

VMCH contributes to complying superannuation funds at the required rate of the employees' wages and salaries. Superannuation contributions are recognised as an expense when incurred.

VMCH administered and disbursed COVID-19 aged care retention bonuses of $951k for the year ended 30 June 2022 (2021: $576k) on behalf of the Australian Government during the financial year and considered that it acted as an agent in making these payments which were accounted for as a pass-through with no impact on the financial results.

(l) Rounding of amounts

VMCH has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars.

(m) Accommodation Bonds, refundable Accommodation deposits and Lease Premiums

Accommodation bonds and refundable accommodation deposits are non-interest bearing deposits made by an aged care facility resident to VMCH upon their admission to an aged care facility. The liability for accommodation bonds and refundable accommodation deposits is carried at the amount that would be payable on exit of the resident from the aged care facility. This is the amount received on entry of the resident less deductions for fees and retentions pursuant to the Aged Care Act 1997. Accommodation bonds and refundable accommodation deposits are classified as current liabilities, as VMCH does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The obligation to settle could occur at any time.

Lease premiums are non-interest bearing entry contributions made by a resident upon lease of an independent living unit. The lease premium is carried at the amount that would be payable on exit of the resident from the independent living unit. In most instances, this is the amount equal to the market price of the unit at reporting date as determined by an independent valuation each year less deductions for deferred management fees and other fees pursuant to the residence agreement. Lease premiums are classified as current liabilities as VMCH does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The obligation to settle could occur at any time.

It is not expected that the accommodation bonds, refundable accommodation deposits and lease premiums balance of VMCH will reduce significantly on an annual basis, as the liabilities relating to residents who depart the facility or unit are generally supplanted by refundable accommodation deposits or lease premiums received from new residents. The accommodation bonds, refundable accommodation deposits and lease premiums are therefore considered to form part of the long term funding of VMCH.

4 Summary of Significant Accounting Policies

(n) Finance costs

Finance costs includes interest on un-refunded accommodation bonds and refundable accommodation deposits while refunds for departed residents are finalised, as well as imputed interest charge on RAD and bond balances under AASB 16 (refer Note 7).

Following the adoption of AASB 16 from 1 July 2019, for residential aged care accommodation arrangements where the resident has elected to pay a RAD or Bond to receive residential aged care services, VMCH has recognised an imputed non-cash interest cost on the outstanding RAD and Bond liability. Correspondingly, there is recognition of imputed revenue reflecting the benefit received by VMCH from the interest free loan. The latter is reflected in revenue. These are non-cash amounts and there is no net impact on profit or loss.

(o) Working Capital Considerations

The Statement of Financial Position for VMCH highlights a significant working capital shortfall as a result of accommodation bonds, refundable accommodation deposits, and lease premiums being included in current liabilities.

These items total $445.9m (2021: $414.1m) and are presented as current liabilities, as the contractual obligations require these bonds, refundable accommodation deposits and lease premiums, to be payable at call or short-term notice. Despite this classification, it is the Directors' opinion that it is highly unlikely that the total amount of bonds, deposits, and lease premiums will be required to be paid in the coming 12 months.

This opinion is supported by the historical performance of turnover of this balance. This includes the analysis of the profile of residents and annual turnover activity. The average tenure of residents is 2-2.5 years and an outgoing payment is generally replaced by an incoming payment for the new, incoming resident.

(p) Investment properties

Investment properties, principally comprising independent living units, are held for long-term rental and capital yields and are not occupied by VMCH. Investment properties are carried at fair value, which is based on the aggregate of the current unit prices and the value of VMCH's interest in the future deferred management fees. Changes in fair values are recorded in the profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June, 2022

5 Critical accounting estimates and judgments

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known, then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates – impairment of property, plant and equipment

VMCH assesses impairment at the end of each reporting period by evaluating conditions specific to it that may be considered indicators of impairment. Where impairment indicators are identified the recoverable amounts of relevant assets are assessed using value-in-use calculations which incorporate various key assumptions.

Key estimates – fair value of financial instruments

VMCH has certain financial assets and liabilities which are measured at fair value.

Key estimates – receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An expected credit loss is included for any receivable where the entire balance is not considered collectible. The expected credit loss is based on the information as disclosed in Note 4(h) and Note 9.

Key estimates – valuation of freehold and investment properties

Independent valuations of investment properties have been performed this year. Refer Note 4(e) and Notes 11 and 13 for details.

Independent valuations of all freehold properties are performed on a rolling basis with the expectation that all properties are valued every three years. The last independent valuation of all freehold properties was performed in 2018. Financial year 2021 was the first year of a 3-year cycle where approximately 1/3 of properties are valued each year.

Notes to the Financial Statements

For the Year Ended 30 June, 2022

6 Revenue and Other Income

	2022 000's $	2021 000's $
Services transferred over time		
Fees and other income for rendering of services	**23,703**	22,204
Australian Government funding	**155,346**	142,357
State Government funding	**10,250**	8,943
Deferred management fees	**13,228**	9,084
Service fees and other property income	**6,795**	6,763
Fundraising and bequests	**1,108**	876
Investment and interest income	**589**	680
Imputed revenue on RAD and bond balances under AASB 16	**5,820**	5,551
Other revenue	**2,917**	3,367
Total Revenue	**219,756**	199,825

7 Finance Costs

	2022 000's $	2021 000's $
Imputed interest charge on RADs and bond balances under AASB 16	**5,820**	5,551
Interest expense on RADs and bonds for departed residents, and interest on loans	**366**	293
Interest expense on lease liabilities under AASB 16	**710**	765
Total Finance Expenses	**6,896**	**6,609**

8 Cash and Cash Equivalents

	2022 000's $	2021 000's $
Cash at bank and on hand	**35,856**	21,949
Short-term deposits	**15,000**	-
	50,856	21,949

9 Trade and other receivables

	2022 000's $	2021 000's $
CURRENT		
Trade receivables	**14,448**	18,904
Provision for expected credit losses	**(872)**	(428)
	13,576	18,476
Accommodation bonds receivable	**286**	326
Other receivables	**541**	108
Prepayments	**1,102**	1,381
Total current trade and other receivables	**15,505**	20,291

Notes to the Financial Statements

For the Year Ended 30 June, 2022

9 Trade and other receivables

	2022 000's $	2021 000's $
NON-CURRENT		
Other receivables	**374**	-
Total Non-current trade and other receivables	**15,879**	20,291

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

The average credit period on trade receivables is 36 days. No interest is charged on outstanding trade receivables.

Reconciliation of changes in the provision for expected credit losses is as follows:

	2022 000's $	2021 000's $
Balance at start of the year	**428**	296
Amounts written off as uncollectable		
Impairment provision recognised during the year	**592**	328
Bad debts written off	**(148)**	(196)
Balance at end of the year	**872**	428

VMCH measures the provision for expected credit losses for trade receivables at an amount equal to lifetime expected credit loss ("ECL"). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

VMCH writes off a trade receivable as a bad debt when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

None of the receivables that have been written off is subject to enforcement activity.

Notes to the Financial Statements

For the Year Ended 30 June, 2022

10 Other Financial Assets

Financial assets designated at fair value through profit or loss (FVTPL)

	2022 000's $	2021 000's $
CURRENT		
Secured notes	**1,248**	282
	1,248	282
NON-CURRENT		
Shares - Australian Listed	**2,386**	2,052
Shares - International Unlisted equity funds	**1,308**	1,444
Property Trusts - Australian Listed	**349**	413
Managed Investments - Unlisted equity funds	**5,028**	6,030
Secured notes	**-**	2,290
	9,071	12,229
Total	**10,319**	12,511

Notes to the Financial Statements

For the Year Ended 30 June, 2022

11 Property, plant and equipment

	2022 000's $	2021 000's $
LAND AND BUILDINGS:		
Freehold land and buildings		
At fair value	**390,488**	366,397
	390,488	366,997
Leasehold improvements		
At cost	**62,451**	60,737
Accumulated depreciation	**(9,726)**	(7,668)
	52,725	53,069
Total Land and Buildings	**443,213**	420,066
CAPITAL WORKS IN PROGRESS	**17,353**	7,989
PLANT AND EQUIPMENT		
At cost	**33,628**	30,866
Accumulated depreciation	**(23,179)**	(20,740)
	10,449	10,126
Total property, plant and equipment	**471,015**	438,181

Notes to the Financial Statements

For the Year Ended 30 June, 2022

(a) Movements in Carrying Amounts

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

	Capital Works in Progress	Land and Buildings	Plant and Equipment	Leasehold Improvements	Total
	000's	000's	000's	000's	000's
	$	$	$	$	$
Carrying amount at beginning of year	7,989	366,997	10,126	53,069	**438,181**
Additions	20,030	150	8	-	**20,188**
Disposals	-	-	(67)	(2)	**(69)**
Transfers in/(out) from WIP	(10,267)	5,488	3,063	1,716	**-**
Depreciation expense	-	(5,292)	(2,681)	(2,058)	**(10,031)**
Revaluation of portfolio	-	23,145	-	-	**23,145**
Expensed to profit and loss	(400)	-	-	-	**(400)**
Closing value at 30 June 2022	**17,353**	**390,488**	**10,449**	**52,725**	**471,015**

(b) Assets held for sale

The sale of 62 – 94 Jacksons Road Mulgrave was settled on 20 June 2022. At 30 June 2021, the contract was unconditional and due to settle within 12 months. The asset was held at fair value and classified as an Asset held for sale at 30 June 2021.

12 Intangible Assets

	2022	2021
	000's	**000's**
	$	**$**
Software	**539**	992
Bed Licences	**23,796**	32,720
Total Intangibles	**24,335**	33,712

Notes to the Financial Statements
For the Year Ended 30 June, 2022

(a) Movements in Carrying Amounts

	Software 000's $	Bed Licences 000's $	Total 000's $
Balance at the beginning of the year	**992**	**32,720**	**33,712**
Additions	**83**	**-**	**83**
Amortisation expense	**(536)**	**(8,924)**	**(9,460)**
Closing value at 30 June 2022	**539**	**23,796**	**24,335**

13 Investment Properties

	2022 000's $	**2021 000's $**
At fair value		
Balance at beginning of year	**340,456**	341,746
Additions	**-**	-
Gain/(Loss) on fair value of investment properties	**22,635**	(1,290)
Balance at end of year	**363,091**	340,456

14 Leases

(a) Right-of-use assets

The carrying amounts of VMCH's ROU assets, and the movements during the period are presented below:

	Property Leases 000's $	Other Equipment 000's $	**Total 000's $**
Year ended 30 June 2022			
Balance at beginning of year	15,696	460	**16,156**
Additions	814	-	**814**
Depreciation charge	(1,230)	(129)	**(1,359)**
Re-measurements of leases	(214)	-	**(214)**
Balance at end of year	15,066	331	**15,397**

Notes to the Financial Statements
For the Year Ended 30 June, 2022

(b) Lease Liabilities

	2022 000's $	2021 000's $
Balance at beginning of year	**19,161**	19,119
Additions	**814**	826
Cancelled Leases	**-**	(144)
Interest expense	**710**	764
Lease payments	**(1,767)**	(1,680)
Re-measurement of leases	**(214)**	276
Total	**18,704**	19,161

Current	**1,458**	991
Non-current	**17,246**	18,170
	18,704	19,161

Future minimum lease payments

	2022 000's $	2021 000's $
Not later than one year	**1,987**	1,712
Later than one year and not later than five years	**8,403**	8,198
Later than five years	**26,514**	28,633
	36,904	38,543

Notes to the Financial Statements

For the Year Ended 30 June, 2022

15 Trade and Other Payables

	2022 000's $	2021 000's $
CURRENT		
Trade and sundry creditors	**13,103**	4,298
Accrued expenses	**8,515**	11,862
	21,618	16,160

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Notes to the Financial Statements

For the Year Ended 30 June, 2022

16 Other Financial Liabilities

	2022 000's $	2021 000's $
CURRENT		
Amounts received in advance	**5,358**	7,075
Consumer Direct Care unspent client funds	**15,830**	17,458
Non interest-bearing loans (a)	**1,260**	-
	22,448	24,533
NON-CURRENT		
Non interest-bearing loans	**-**	1,230
	-	1,230

(a) The loan facility provided by Common Equity Housing Ltd is an unsecured non-interest bearing loan. This loan facility expired and was repaid on 10 July 2022.

17 Employee Benefits

	2022 000's $	2021 000's $
Current liabilities		
Provision for Annual leave	**12,327**	10,843
Provision for Long service leave	**9,565**	9,541
	21,892	20,384
Non-current liabilities		
Provision for Long service leave	**2,726**	2,843
	2,726	2,843

18 Reserves

(a) Asset revaluation reserve
The asset revaluation reserve records movements in the fair value of land and buildings. The movement in this reserve in 2022 reflects the increase in the value of Freehold Land and Buildings as a result of a revaluation undertaken as at 30 June 2022.

(b) Building and development reserve
The building and development reserve contains amounts of retained surplus from donations and bequests that have been set aside for the purpose of funding future projects.

(c) Long term maintenance fund reserve
This reserve contains amounts of retained surplus which have been set aside for the purpose of any future major maintenance requirements for retirement villages.

Notes to the Financial Statements

For the Year Ended 30 June, 2022

19 Financial Risk Management

Inherent within VMCH's activities are the risks that arise from holding financial instruments. These are managed through a process of ongoing identification, assessing and if necessary, mitigating these financial risks in order to minimise potential adverse effects on VMCH's financial performance.

The accommodation bonds, refundable accommodation deposits and lease premiums are classified as current liabilities, as VMCH does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The obligation to settle could occur at any time.

It is not expected that the accommodation bonds, refundable accommodation deposits and lease premiums balance of VMCH will reduce significantly on an annual basis, as the liabilities relating to residents who depart the facility or unit are generally supplanted by refundable accommodation deposits or lease premiums received from new residents. The accommodation bonds, refundable accommodation deposits and lease premiums are therefore considered to form part of the long term funding of VMCH.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

	2022 000's $	2021 000's $
Financial assets		
Held at amortised cost		
Cash Assets	**50,856**	22,231
Trade and other receivables	**14,777**	18,910
Other Financial Assets	**10,319**	12,229
Total financial assets	**75,952**	53,370
Financial liabilities		
Accommodation Bonds and Refundable Accommodation Deposits	**151,928**	141,133
Lease Premiums	**293,997**	272,935
Payables	**21,618**	16,160
Non interest-bearing loans	**1,260**	1,230
Total financial liabilities	**468,803**	431,458

20 Members' Guarantee

VMCH is incorporated under the Australian Charities and Not-for-profits Commission Act 2012 and is a Company limited by guarantee. If VMCH is wound up, the constitution states that each member is required to contribute a maximum of $10 towards meeting any outstanding's and obligations of VMCH. At 30 June 2022, the number of members was 1 (2021:1).

Notes to the Financial Statements

For the Year Ended 30 June, 2022

21 Commitments

Property, plant and equipment commitments

	2022 000's $	2021 000's $
Commitments contracted for at reporting date but not recognised as liabilities		
Property, plant and equipment		
Completion of operating facilities within one year	**3,528**	8,965
After one year but not more than five years	**-**	1,935
Total minimum commitments	**3,528**	10,900

22 Key Management Personnel Remuneration

Total of remuneration paid to the key management personnel (including Board of Directors) of Villa Maria Catholic Homes Limited during the year are as follows:

	2022 000's $	2021 000's $
Key management personnel compensation	**3,307**	3,073

23 Contingent Liabilities

In the opinion of the Directors, VMCH did not have any material contingent liabilities at 30 June, 2022 (30 June 2021: None).

24 Related Parties

The following persons were Directors of Villa Maria Catholic Homes Limited during the financial year:

Mr Julien O'Connell, AO, Mr Vincent Arthur, Ms Anna Clarke, Ms Jo Dawson, Mr Brendan Donohoe, Mr Michael Fisher, Ms Sally Howe, Mr Terry Janes, Ms Kate McCormack, Ms Mary Power, Mr Bob Santamaria, and Ms Phoebe Shipp.

Remuneration paid to the Board of Directors is included within Key Management Personnel Note 22. During the year there were no material transactions between VMCH and any key management personnel.

Notes to the Financial Statements

For the Year Ended 30 June, 2022

25 Remuneration of Auditor

	2022 000's $	2021 000's $
Audit of financial report	**104**	104
Other services	**150**	-
	254	104

The auditor of Villa Maria Catholic Homes is Deloitte Touche Tohmatsu.

26 Events after the end of the Reporting Period

The financial report was authorised for issue on 27 October 2022 by the Directors.

COVID-19

The COVID-19 pandemic is continuing to impact VMCH's operations and financial performance subsequent to 30 June 2022.

At the date of signing this report, COVID-19 cases continue to circulate within the community and within the geographical areas of VMCH operations. The virus has, over the course of the last 3 financial years, significantly impacted the financial performance and position of VMCH. This risk is still prevalent and expected to continue in FY23.

The Commonwealth Government have in place a number of schemes to provide additional financial support assisting residential aged care providers to offset the impact of cost increases arising from responding to COVID-19. VMCH have and will continue to apply for such schemes where eligibility permits.

Other Events

VMCH acquired a 90-bed residential aged care facility "Ashwood" from Cabrini on 19 September 2022 for $30.3m with a net payment in cash of $1.9m reflecting the value of the Residential Accommodation Deposits that were transferred to VMCH. Information to make further disclosures is not yet available. This acquisition is expected to be accretive to VMCH performance and position. Transition activities are underway, ensuring a positive and safe transition for all residents and staff.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of VMCH, the results of those operations or the state of affairs of VMCH in future financial years.

27 Statutory Information

The registered office and principal place of business of the company is:

Villa Maria Catholic Homes Limited
486 Albert Street,
East Melbourne, Victoria, 3002
Australia

Villa Maria Catholic Homes Limited

32 004 364 103

Directors' Declaration

The Directors declare that:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the Australian Charities and Not-for-profits Commission Act 2012.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013.

Chairman .... Director ....

Dated Melbourne, 27 October 2022

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Member of Villa Maria Catholic Homes

Opinion

We have audited the financial report of Villa Maria Catholic Homes (the "Entity") which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

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

Basis for Opinion

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

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

Other Information

The Directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the Directors' 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 we do not express any form of assurance conclusion thereon.

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Deloitte.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Craig Bryan
Partner
Chartered Accountants
Melbourne, 27 October 2022