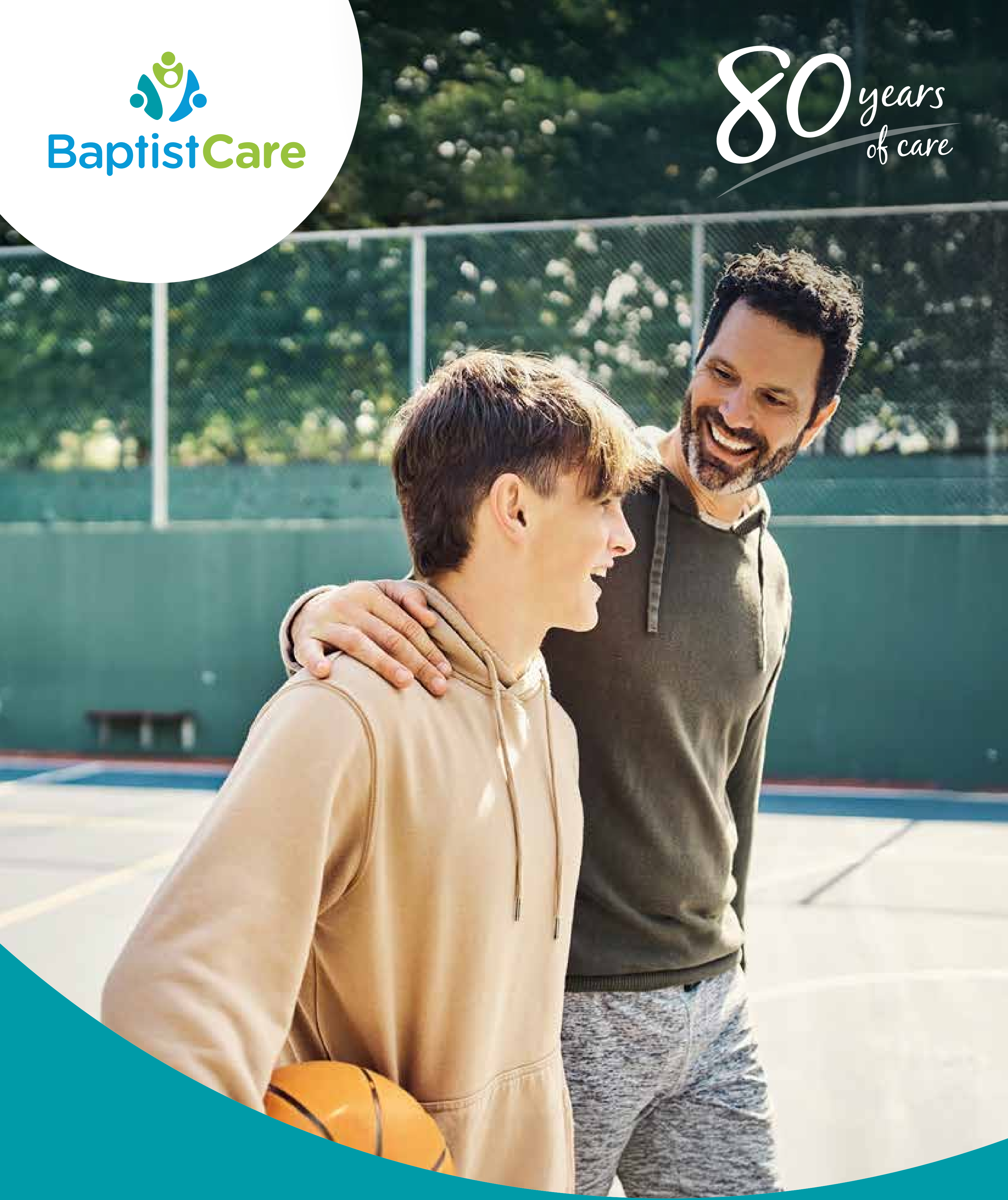



# FINANCIAL REPORT 2024

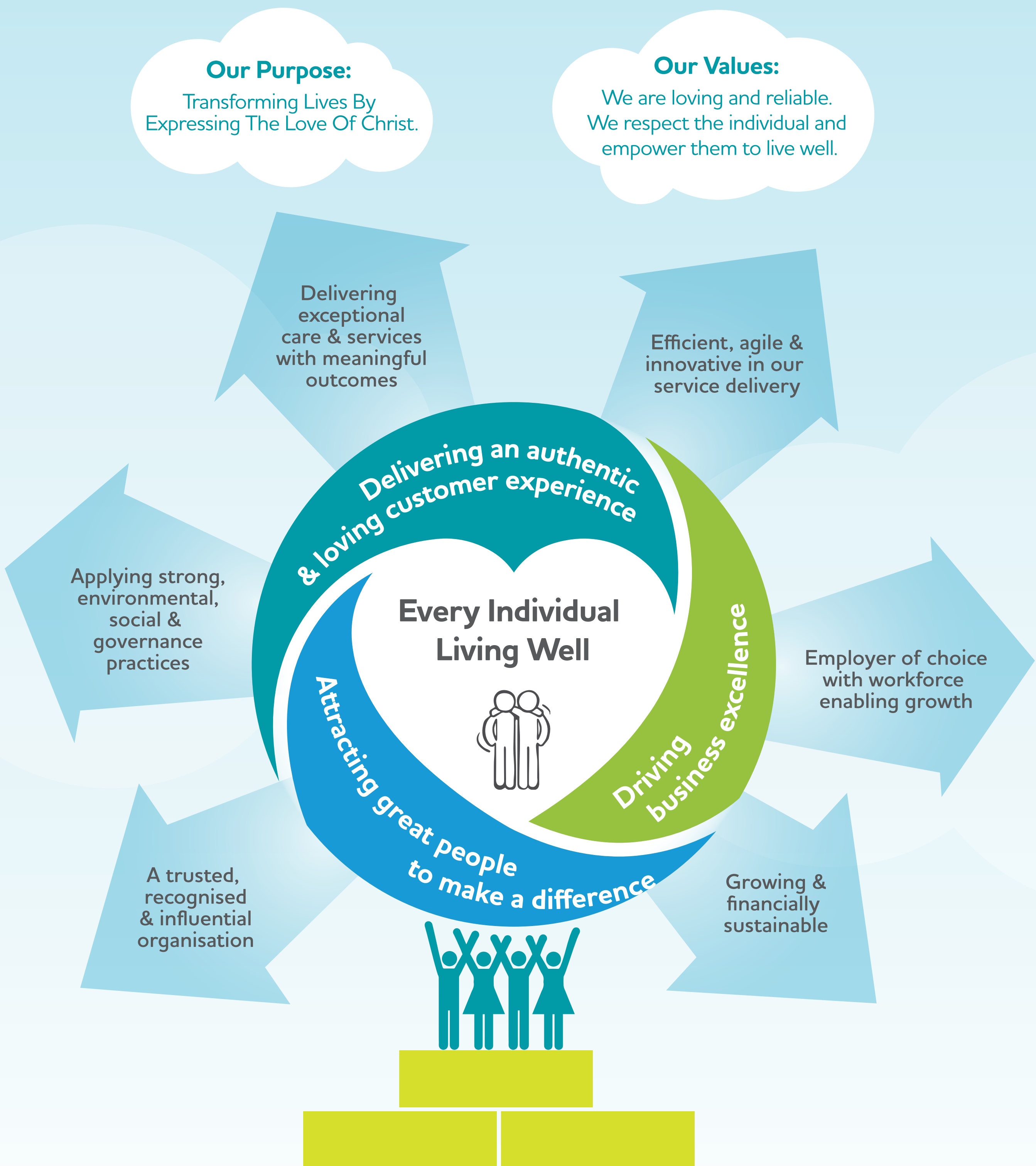
Because we care

# FINANCIAL REPORT 2024

BaptistCare NSW & ACT

ABN 90 000 049 525
Annual Financial Report
30 June 2024

## Contents








# Directors' report

The Directors present their report together with the financial statements of BaptistCare NSW & ACT (BaptistCare) for the financial year ended 30 June 2024 and the auditor's report thereon.

BaptistCare is a public company incorporated under the *Corporations Act 2001*, is limited by guarantee, is registered as a charity with the Australian Charities and Not-for-profits Commission, is endorsed as an Income Tax Exempt Charity by the Australian Taxation Office and recognised as a Public Benevolent Institution.

## 1. Objectives and Strategies

The purpose of BaptistCare is *'Transforming Lives by Expressing the Love of Christ'*.

BaptistCare's vision is to see 'Every Individual Living Well'. To achieve this vision, BaptistCare will continue to deepen, strengthen and grow its areas of service so that more people in more places can experience people centred loving care.

BaptistCare's 2025-2029 Strategic Plan captures the fundamental strategic approaches and high-level initiatives BaptistCare will undertake for this period as it strives to deliver on its purpose and vision. The focus is on having clarity about what matters most in order for BaptistCare to bring loving care into the lives of the individuals and communities it serves.

This strategy underlies BaptistCare's customer promise *'Because we care'* and supports BaptistCare's belief that when services are delivered with love and care, BaptistCare's customers will know that BaptistCare is providing that service, *because we care*.

Our approach to strategy is to be agile, re-evaluate and refine as needed. Our senior leadership group are active participants in ensuring our strategy is taking the organisation in the right direction.

The Strategic Plan for 2025-29 identifies six strategic outcomes that together deliver success. Each area is and will be supported by strategic milestones that drive the strategy over the five years as BaptistCare aspires to see 'every individual living well'. The six focus areas and strategic milestones are shown on page 4.

Further information is available in the Strategic Plan and Annual Report, which are available for public distribution and can be accessed on the website: www.baptistcare.org.au/publications

## 2. Principal activities

BaptistCare has three primary divisions which work together to achieve the objectives of BaptistCare. These divisions are as follows:

- Residential Services and Retirement Living – includes residential aged care homes and retirement communities
- BaptistCare at home – supporting seniors and their carers to live independently at home

- Community Services and Housing - includes Social and Affordable Housing, HopeStreet locations, Counselling and Family Services.

BaptistCare also delivers Chaplaincy Services across its divisions. These are managed centrally through Support Services.

## 3. Financial Position, Operational Highlights and Significant Changes in State of Affairs

The operating surplus of BaptistCare for the year ended 30 June 2024 was $32,880,000 (2023: was a surplus of $42,960,000).

Before noting a number of operational highlights for the 2023/2024 year, the Directors would like to note a number of important matters:

- The impact of COVID-19 on the aged care sector has remained substantial, with efforts primarily directed at navigating exposure and outbreak modes in care homes. With reduced visitor restrictions, the focus remains on preventing the virus from entering the homes, safeguarding residents, and maintaining staff levels. Vaccinations have been effective in protecting residents. Staffing challenges persist in aged care services due to factors like COVID-19, migration, funding, and wages, making it an ongoing concern.
- The third and final stage of the Fair Work Commission (FWC) Work Value Case for aged care workers was announced in March 2024. The final stage decided whether eligible employees who received an interim 15% wage increase in July 2023 (Stage Two) would receive any further increase and whether additional categories of employees should be defined and included in the decision to also receive a wage increase. In the final stage, the FWC decided that various wage increases would be awarded to current award rates, depending on the award and the classified role of each aged care worker. Increases of between 3% and 14% were awarded, in addition to Stage Two increases, and were funded by the Federal Government. For those employees where no increase was awarded, BaptistCare took additional steps to provide wage increases in recognition of the contribution employees make, regardless of the job they do in our aged care services.
- We have spent considerable time and energy integrating our WA, NSW, and ACT organisations into one this year. This has included how we deliver our services and the systems and processes that enable services and care to be delivered. To enable strong engagement with current and potential customers in all states, we have successfully merged our Contact Centres and teams, while we have also merged our websites (baptistcare.org.au) and social media presence. We have also been able to progress much-needed remediation works at key sites in WA, ensuring accommodation and facilities meet residents' needs. We are indebted to our Support Services and frontline teams, who have worked together tirelessly with a "can do" attitude through complex changes to ensure we are well-positioned as we look to the future.
- BaptistCare acquired Presbyterian Aged Care's (PAC) home care operations in June 2024, comprising 1000 clients, 70 employees and 40 volunteers. This acquisition saw BaptistCare expand its home care services in Sydney, the Illawarra and New England regions. This was the organisation's first home care acquisition.



- The organisation began commemorating its 80th Anniversary in May 2024, including storytelling to celebrate the people and services who contributed to BaptistCare. It was the 1940s, post-war Australia when a group of Baptists in NSW began responding to social change under the Baptist Homes Trust. A kindred ministry – the Baptist Homes Board - was established on the West Coast in the early 1970s, in response to the need for suitable accommodation and nursing care for the elderly. BaptistCare's history is a rich tapestry of our people, their stories, and experiences, and the organisation bears witness to their heart for serving others in its anniversary year. Local and formal celebrations are planned for October and November 2024.

**Operational highlights for the 2023/2024 year are as follows:**

### June 2024:

- After significant work by BaptistCare's Community Housing and Property teams, the NSW State Government announced that BaptistCare was elevated from a Tier 2 Community Housing Provider (CHP) to a Tier 1 provider, effective 1 July 2024. Tier 1 status means that the Government recognises our experience, maturity and stability as a trusted housing provider under the National Regulatory System for Community Housing (NRSCH).
- We are expanding our retirement communities in Wagga Wagga, NSW (The Grange) and Elderslie, southwest Sydney (Angus Bristow Village), with the addition of new villas underway. Both developments have been supported by a successful sales program, seeing early stages receiving close to 100% deposits before completion.
- BaptistCare Orana Centre on the NSW Central Coast was selected to participate in the Maggie Beer Foundation Mentor Trainer program. Over the next year, Orana's kitchen teams will collaborate with Maggie Beer's accredited dietitians and nutritionists to enhance residents' dining experience. The program includes tailored guidance, professional development for employees, and innovative initiatives such as involving residents in meal preparation, ultimately enriching their sense of purpose and connection.

### May 2024:

- The redeveloped Caloola Centre aged care home in Wagga Wagga, NSW welcomed its first residents. The redevelopment of BaptistCare Caloola features 80 contemporary single-resident rooms with private bathrooms. The home is divided into five households of 16 rooms, with each household having its own family room, dining room, kitchen and multiple breakout spaces. The home also features a new café, extensive gardens, walkways and undercover outside areas for residents to enjoy.

### April 2024:

- HopeStreet Port Kembla unveiled a new, locally designed mural on their Wentworth Street building, commissioned in collaboration with the Illawarra Wingecarribee Alliance Aboriginal Corporation (IWACC) and created by local artist Jahynah Wiwerana-Donaczy. The mural is painted on five large sheets of metal, blending traditional and modern styles of Aboriginal art to feature five ocean animals often seen off the Port Kembla coast. This activity demonstrates the close working relationship HopeStreet locations have with local organisations, and their approach to collaborative community care.

- BaptistCare HopeStreet, along with our local Western Sydney partners, invited decision-makers from all levels of government, think tank groups, public policy experts, planners and academics to an advocacy event focused on the lack of access to safe, reliable or accessible public transport in the suburbs of postcode 2770, located in Western Sydney, NSW. The 2770 community shared their personal experiences as we called for change to improve opportunities around employment, education, health and housing.

March 2024:

- BaptistCare announced we had entered into an agreement to acquire home care services from Presbyterian Aged Care (PAC), with clients and employees based in Sydney, the Illawarra and New England regions. The acquisition was completed in June 2024.
- A new home care hub was opened in Busselton, WA, as part of the organisation's strategy to address changing customer demands and the growing ageing population across the southwest region of WA. The hub will be a space for the growing team of local employees, including administration, care facilitation and care workers.
- The BaptistCare at home team's Refresh Retreats respite program for people living at home with dementia and their carers celebrated six months of successfully delivering the important two-day retreats across NSW. The free retreats provide carers with information, support and a like-minded group of people who understand the complexities of what they are going through.

February 2024:

- BaptistCare was announced as the home care provider to pilot End-of-Life Care Coordination in Primary Care with the Hunter New England and Central Coast Primary Health Network in NSW. BaptistCare's team is committed to supporting older people to feel in control, providing practical support and access to services and expertise that enable them to have a meaningful and comfortable end-of-life.

December 2023:

- BaptistCare's annual Shine Awards event, which recognises employees and volunteers, was held in Sydney and Perth this year. It celebrated the outstanding achievements of 34 employees and volunteers. Awards were given across various categories, including leadership, innovation, and customer service, highlighting the dedication and commitment of BaptistCare employees who uphold our values to enhance the lives of those we serve.
- 17 of BaptistCare's aged care homes competed in an inaugural Christmas cake cooking competition, with each home's residents producing and baking their best 'family recipe' for Christmas cake. Representatives from BaptistCare's Executive Team were the judges, awarding BaptistCare Caloola Centre in Wagga Wagga, NSW with the title of Best Cake.

November 2023:

- The organisation signed a 10-year industry-leading Power Purchase Agreement (PPA), allowing BaptistCare to reduce the carbon footprint of its NSW and ACT operations by 70% (off a 2022 baseline of scope 1 and 2 emissions).

October 2023:

- The Aurum Catering business (a subsidiary of BaptistCare) expanded its services and now provides Catering to Coolibah Care in Mandurah, WA. To support the expansion of Aurum Catering we also refreshed their brand this year and look forward to further expanding our catering services.

September 2023:

- The Halo Ball, BaptistCare HopeStreet's annual fundraising event for our domestic and family violence services, was held in Sydney, NSW, raising just under $410,000. 530 guests joined us to raise vital funds and awareness to support BaptistCare HopeStreet's programs.

July 2023:

- The WA team continued to hold Demystifying Aged Care events throughout the year to help the community better understand how to access aged care. Many events were held at Baptist Churches, for which we continue to be thankful.
- The third and final stage of The Gracewood Community, Kellyville, NSW was shortlisted in the Urban Development Institute of Australia (UDIA) NSW Awards for Excellence, in the Retirement Living category.
- BaptistCare's largest social and affordable housing development, Gimbawali Place, was officially opened by Minister for Housing and Homelessness, the Hon Rose Jackson MLC, on the site of the organisation's birthplace in Carlingford, NSW. The new housing location offers 162 high-quality apartments and wrap-around support to seniors and single-parent families, providing much-needed housing as Australia battles an ongoing housing crisis.

More information is contained at baptistcare.org.au.

Allowing for the acquisition of Presbyterian Aged Care's home care operations in June 2024, there were no other significant changes in the state of affairs of BaptistCare during this financial year.

## 4. Measurement of Performance & Compliance with Standards

BaptistCare measures its performance through the establishment and monitoring of indicators and benchmarks, which are regularly reviewed by the Board and Senior Management. These include:

- Customer satisfaction surveys
- Staff turnover
- Staff satisfaction survey
- Work, health and safety measurements

- A number of care and clinical indicators
- Fundraising metrics
- Occupancy rates
- Number of Home Care packages
- Progress on major capital projects
- Growth in Community Services
- Returns on financial investments
- Various financial indicators, including performance against the Board-approved budget for the year

BaptistCare also takes steps to ensure compliance with all relevant industry standards.

## 5. Board of Directors

In accordance with the Constitution of BaptistCare the Board is comprised of both Elected Directors and Appointed Directors. The Members of BaptistCare elect the Elected Directors of which there were 9 at the end of the financial year. The remaining 2 directors at the end of the financial year were Appointed Directors.

During the last financial year, Craig Collins stepped down from the Board in April. Doug Sotheren, who completes his first term as a director at the 2024 Annual General Meeting has also decided to retire from the Board effective from the AGM. We thank both Craig and Doug for their years of service.

We welcomed Graham Reed and Tim Woodall, both previously directors of Baptistcare WA Limited prior to its merger with BaptistCare, to the Board and note confirmation of their appointment at the 2023 Annual General Meeting.

The Board currently comprises 11 Directors (the maximum number is 12) who serve in accordance with BaptistCare's Constitution.

Details of the Directors of BaptistCare at any time during or since the end of the financial year are:

| Name | Qualifications & Experience | Appointed/ Retired | Special Responsibilities at Balance Date |
|---|---|---|---|
| **Robert Dunn** | BA (Hons) FAICD, CA (ANZ)<br>Company Director | Elected November 2018 | Chair from November 2019<br>Member of the Care & Clinical Governance Committee from January 2020 and Chair from April 2020 to November 2020<br>Member of Governance & Nominations Committee since November 2018<br>Member of the Audit & Risk Committee since March 2019<br>Member of Acquisitions Committee since 29 November 2021<br>Member of Castle Hill Baptist Church |
| **Corinne Glasby** | BEc FIAA<br>Actuary | Elected November 2019 | Vice-Chair from November 2019<br>Chair of the People and Culture Committee from January 2020<br>Member of Audit & Risk Committee from November 2019<br>Member of Acquisitions Committee since 29 November 2021<br>Member of Epping Baptist Church |
| **Owen Chew Lee** | BCA BSc FCA GAICD<br>Banker and Company Director | Elected June 2017 | Member of the Audit & Risk Committee from June 2017 and Committee Chair from March 2019<br>Member of the People & Culture Committee from June 2017<br>Trustee of BCS Foundation from November 2019<br>Director of B.C.S. Foundation Pty Limited from November 2019<br>Chair of the Acquisitions Committee from 29 November 2021<br>Member of Gordon Baptist Church |
| **Craig Collins** | BBus (Land Economics)<br>Chief Executive Officer, Hospitality Sector Company | Elected November 2012<br>Resigned April 2024 | Member of Property Committee from May 2017 to April 2024<br>Member of Acquisitions Committee from November 2021 to April 2024<br>Member of Epping Baptist Church |
| **Professor Clifford Hughes** | D.Sc, MBBS, Ad DipMgt, FRACS, FACS, FACC, FIACS (Hon), FCSANZ, FAAQHC, FISQua, FRACMA (Hon) | Elected November 2020 | Chair of Care & Clinical Governance Committee from November 2020<br>Member of Gordon Baptist Church |
| **Peter Murphy** | BBus MCom MA (Christian Studies) FCPA GAICD<br>Management Consultant | Elected April 2016 | Member of the Royal Commission Committee from January 2020 to June 2021<br>Member of the Property Committee since January 2020<br>Member of the Governance & Nominations Committee since January 2021<br>Member of Blakehurst Baptist Church |
| **Dr Joan O'Donnell** | PhD MSc (Med) BAppSc (OT) Occupational Therapist | Elected April 2023 | Member of Care & Clinical Governance Committee from 2018 (prior to her appointment as a Director Joan was an External Committee Member)<br>Member of Ashfield Baptist Church |

| Name | Qualifications & Experience | Appointed/ Retired | Special Responsibilities at Balance Date |
|---|---|---|---|
| **Anna Phan** | BA (Hons) GAICD<br>Management Consultant | Elected November 2018 | Member of People & Culture Committee since November 2018<br>Member of the Care & Clinical Governance Committee since March 2019<br>Member of the Governance & Nominations Committee since January 2020 and Chair from November 2021<br>Member of Erina Community Baptist Church |
| **Graham Reed** | BA (Planning), MPIA, GAICD, CPP | Appointed November 2023 | Member of Care & Clinical Governance Committee from November 2023<br>Member of Property Committee from June 2024<br>Previously a director of Baptistcare WA Limited, prior to its merger with BaptistCare in 2023<br>Member of Riverlife Baptist Church, Brisbane QLD |
| **Doug Sotheren** | M.Th., B.A., Dip.R.E., L.Th.,<br>Dip.Company Director | Elected November 2021 | Member of Governance & Nominations Committee from November 2021<br>Member of Erina Community Baptist Church |
| **Cameron Webb** | BBus (Retail Management), MBA GAICD<br>IT Executive, Retail | Elected November 2016 | Chair of Property Committee from May 2017<br>Member of the Audit & Risk Committee from March 2019 until November 2019 and since March 2023<br>Member of the Care & Clinical Governance Committee from January 2020 until November 2023<br>Member of the Acquisitions Committee since 29 November 2021<br>Member of Dural Baptist Church |
| **Tim Woodall** | B.Economics, FCPA GAICD | Appointed November 2023 | Member of Acquisitions Committee from November 2023<br>Member of Audit & Risk Committee from March 2024<br>Previously a director of Baptistcare WA Limited, prior to its merger with BaptistCare in 2023<br>Member of Dalkeith Anglican Church, Perth WA |

## 6. Directors' meetings

The number of meetings of the Board of Directors (including meetings of Committees of Directors) and the number of meetings attended by each of the Directors during the financial year is as follows:





| Director | Board | Audit & Risk Committee | People & Culture Committee | Governance & Nominations Committee | Care & Clinical Governance Committee | Property Committee | Acquisitions Committee |
|---|---|---|---|---|---|---|---|
| **Robert Dunn** | 7 | 4 | 1 | 4 | 3 | 2 | 8 |
| **Corinne Glasby** | 6 | 4 | 3 | | | 1 | 8 |
| **Owen Chew Lee** | 6 | 4 | 3 | | | 1 | 8 |
| **Craig Collins** (Resigned 26 April 2024) | 4 | | | | | 4 | 3 |
| **Clifford Hughes** | 5 | | | | 4 | 2 | |
| **Peter Murphy** | 5 | | | 3 | | 5 | |
| **Joan O'Donnell** | 7 | | 1 | | 4 | | |
| **Anna Phan** | 7 | | 3 | 4 | 2 | 1 | |
| **Graham Reed** (Appointed 30 November 2023) | 3 | | | | 3 | 3 | |
| **Doug Sotheren** | 7 | | | 4 | | 1 | |
| **Cameron Webb** | 5 | 4 | | | 1 | 6 | 8 |
| **Tim Woodall** (Appointed 30 November 2023) | 3 | 2 | | | | 1 | 5 |
| **Total number of meetings** | 7 | 4 | 3 | 4 | 4 | 6 | 8 |

## 7. Company Members

Membership of BaptistCare is available to all Members of Churches affiliated with The Association of Baptist Churches of NSW & ACT in the following ways:

- Each Church may nominate one person as their representative for Membership
- Individual Church Members may apply for Membership
- A member of the Assembly Council of The Association of Baptist Churches of NSW & ACT may apply for Membership (which would apply during the term of their respective office).

In addition, the Directors may appoint Honorary Life Members in recognition of their outstanding service to BaptistCare. At any time, there can be a maximum of 30 Honorary Life Members (unless otherwise approved by BaptistCare in a general meeting).

At the date of this report there are 101 Members (2023: 104 Members) including 14 Honorary Life Members (2023: 14 Honorary Life Members). Each Member has a liability in the case of a winding-up. The extent of the liability of any Member under the guarantee is $0.10. The total amount that Members of BaptistCare are liable to contribute as at 30 June 2024 is $10.10 (2023: $10.40).

## 8. BaptistCare subsidiaries

In the second half of the 2022/23 Financial Year, two subsidiary companies became a part of the group. Baptistcare WA Limited became a subsidiary when BaptistCare became its sole member effectively resulting in the merger of the WA entity with the Company. Secondly, BaptistCare Community Housing Limited was incorporated. It is envisaged that once this entity has obtained regulatory approval as a community housing provider that our community housing assets and operations will be transferred to it. This is expected to occur in the 2024/25 Financial Year.

## 9. Events subsequent to reporting date

There have been no events subsequent to the balance date which would have a material effect on BaptistCare's financial statements at 30 June 2024.

## 10. Government funding

BaptistCare would like to acknowledge the following Government Departments which fund programmes that BaptistCare operates or conducts:

- *Australian Government:* Department of Social Services and Department of Health and Aged Care.
- *New South Wales Government:* Department of Communities and Justice, NSW Health (through various Local Health Districts), Transport for NSW, Corrective Services NSW, NSW Fair Trading and NSW Department of Planning and Environment.
- *Australian Capital Territory Government:* ACT Government Health and ACT Government Community Services.
- *Western Australia Government:* Department of Communities.

## 11. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 15 and forms part of the Directors' report for the financial year ended 30 June 2024.

## 12. Rounding off

BaptistCare is of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This Directors' report is made out in accordance with a resolution of the Directors.

Robert Dunn
Chair
Dated at Sydney, this 30th day of September 2024





KPMG

# Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the Directors of BaptistCare NSW & ACT

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

i. no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Stephen Isaac
*Partner*

Sydney
30 September 2024

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# Consolidated statement of profit or loss and other comprehensive income

| *In thousands of AUD* | Note | 2024 | 2023 *Restated |
|---|---|---|---|
| Revenue | 4 | 646,271 | 392,418 |
| Other income | 4 | 35,469 | 103,206 |
| Fair value gain on investment properties | 10 | 7,761 | - |
| **Revenue and other income** | | 689,501 | 495,624 |
| Employee expenses | 5 | (454,044) | (283,015) |
| Property expenses | | (35,940) | (21,588) |
| Depreciation and amortisation expenses | 11, 12 | (35,294) | (37,802) |
| Impairment of assets | | (5) | (2,255) |
| Service delivery expenses | | (64,884) | (52,177) |
| Capital gain expense | 17 | (6,797) | (22,465) |
| Business support expenses | | (44,517) | (29,931) |
| **Expenses** | | (641,481) | (449,233) |
| **Surplus before net finance income** | | 48,020 | 46,391 |
| Finance income | | 17,158 | 13,094 |
| Finance costs | | (32,298) | (16,525) |
| **Net finance income/ (costs)** | 6 | (15,140) | (3,431) |
| **Surplus for the year** | | 32,880 | 42,960 |
| **Other comprehensive income** | | | |
| ***Items that are or may be reclassified subsequently to profit or loss:*** | | | |
| Investment portfolio at fair value through other comprehensive income – net change in fair value | | 2,755 | 402 |
| ***Items that will not be reclassified subsequently to profit or loss:*** | | | |
| Investment portfolio at fair value through other comprehensive income – net change in fair value | | 12,693 | 9,952 |
| **Total comprehensive income for the year** | | 48,328 | 53,314 |

* Restated due to the finalisation of acquisition accounting (refer note 20)

The notes on pages 21 to 44 are an integral part of these financial statements.

# Consolidated statement of financial position

| *In thousands of AUD* | Note | 2024 | 2023 *Restated |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 7 | 95,056 | 58,720 |
| Term deposits | | 30,000 | - |
| Receivables | 8 | 55,518 | 54,458 |
| Inventories | | 532 | 565 |
| **Total current assets** | | 181,106 | 113,743 |
| Investments | 9 | 236,048 | 224,794 |
| Investment properties | 10 | 908,289 | - |
| Property, plant and equipment | 11 | 788,810 | 1,397,377 |
| Intangible assets | 12 | 2,775 | 399 |
| **Total non-current assets** | | 1,935,922 | 1,622,570 |
| **Total assets** | | 2,117,028 | 1,736,313 |
| **Liabilities** | | | |
| Trade and other payables | 13 | 57,971 | 51,824 |
| Refundable loans | 14 | 1,170,833 | 1,141,888 |
| Loans and borrowings | 15 | 2,691 | 2,924 |
| Employee benefits | 16 | 67,933 | 57,700 |
| Provisions | 17 | 62,584 | 59,374 |
| Contract liabilities | 18 | 14,454 | 29,322 |
| **Total current liabilities** | | 1,376,466 | 1,343,032 |
| Loans and borrowings | 15 | 197,637 | 151,778 |
| Employee benefits | 16 | 5,484 | 4,342 |
| Contract liabilities | 18 | 21,751 | 14,017 |
| **Total non-current liabilities** | | 224,872 | 170,137 |
| **Total liabilities** | | 1,601,338 | 1,513,169 |
| **Net assets** | | 515,690 | 223,144 |
| **Accumulated funds** | | | |
| Reserves | | 263,938 | 4,272 |
| Retained earnings | | 251,752 | 218,872 |
| **Total accumulated funds** | | 515,690 | 223,144 |

* Restated due to the finalisation of acquisition accounting (refer note 20)

The notes on pages 21 to 44 are an integral part of these financial statements.



# Consolidated statement of changes in funds

| *In thousands of AUD* | Fair value reserve | Revaluation reserve | Retained earnings | Total funds |
|---|---|---|---|---|
| **Balance as at 1 July 2022** | (6,082) | - | 175,912 | 169,830 |
| Surplus for the year (restated)* | - | - | 42,960 | 42,960 |
| *Other comprehensive income* | | | | |
| Investment portfolio at fair value through other comprehensive income – net change in fair value | 10,354 | - | - | 10,354 |
| **Total comprehensive income for the year** | 10,354 | - | 42,960 | 53,314 |
| **Balance as at 30 June 2023** | 4,272 | - | 218,872 | 223,144 |
| Change in accounting policy (Refer Note 10) | - | 244,218 | - | 244,218 |
| **Adjusted balance at 1 July 2023** | 4,272 | 244,218 | 218,872 | 467,362 |
| Surplus for the year | - | - | 32,880 | 32,880 |
| *Other comprehensive income* | | | | |
| Investment portfolio at fair value through other comprehensive income – net change in fair value | 15,448 | - | - | 15,448 |
| **Total comprehensive income for the year** | 15,448 | - | 32,880 | 48,328 |
| **Balance as at 30 June 2024** | 19,720 | 244,218 | 251,752 | 515,690 |

* Restated due to the finalisation of acquisition accounting (refer note 20)

The notes on pages 21 to 44 are an integral part of these financial statements.

# Consolidated statement of cash flows

| *In thousands of AUD* | **Note** | **2024** | **2023** |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash receipts from residents, clients, government subsidies and other income | | 637,920 | 369,144 |
| Cash paid to suppliers, residents and employees | | (587,710) | (323,184) |
| Cash generated from operations | | 50,210 | 45,960 |
| Dividends received | | 8,836 | 9,605 |
| Interest received | | 6,045 | 3,782 |
| Interest paid | | (4,844) | (3,046) |
| **Net cash from operating activities** | | 60,247 | 56,301 |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | | (74,249) | (77,948) |
| Acquisition of investment properties | | (8,147) | - |
| Withdrawal/(Investment in) interest-bearing deposits | | (30,000) | 19,000 |
| Withdrawal of investment portfolio | | 4,618 | 29,311 |
| Payments for acquisition of business (net of cash acquired) | | (1,792) | (37,080) |
| Proceeds from disposal of property, plant and equipment | | 6,820 | 3,640 |
| **Net cash used in investing activities** | | (102,750) | (63,077) |
| **Cash flows from financing activities** | | | |
| Net cash inflow/(outflow) from residential aged care accommodation bonds | | 44,784 | (17,872) |
| Net cash (outflow)/inflow from retirement village ingoing contributions | | (7,275) | 5,576 |
| Net cash inflow from drawdown of loan facility | | 45,000 | - |
| Payment of lease liabilities | | (3,670) | (2,817) |
| **Net cash from/(used in) financing activities** | | 78,839 | (15,113) |
| **Net increase/(decrease) in cash and cash equivalents** | | 36,336 | (21,889) |
| Cash and cash equivalents at beginning of year | | 58,720 | 80,609 |
| **Cash and cash equivalents at end of year** | 7 | 95,056 | 58,720 |

The notes on pages 21 to 44 are an integral part of these financial statements.



# Notes to the consolidated financial statements

## 1. Reporting entity

BaptistCare NSW & ACT ("BaptistCare") is a public company limited by guarantee and is recognised as a Public Benevolent Institution domiciled in Australia. The address of BaptistCare's registered office is 22 Brookhollow Avenue, Norwest, NSW 2153. The financial statements are as at and for the year ended 30 June 2024.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group'). BaptistCare acquired Baptistcare WA on 31 May 2023, and as such these financial statements consolidate the results of Baptistcare WA for 12 months (2023: 1 month).

The Group is a not-for-profit entity and is primarily involved in the provision of aged and community care services.

## 2. Basis of preparation

### (a) Statement of compliance

In the opinion of the Directors, BaptistCare is not publicly accountable. These consolidated financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures adopted by the Australian Accounting Standards Board and the Australian Charities and Not-for-profit Commission Act 2012.

These consolidated financial statements were approved by the Board of Directors on 30 September 2024.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for equity securities, debt securities and managed funds, which are measured at fair value.

### (c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is BaptistCare's functional currency.

Amounts in the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

### (d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

*(i) Assumption and estimation uncertainties*

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- Notes 3(j), 17 and 22: recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 3(c) and 10: fair valuation of investment properties.

**(e) Going concern basis of preparation**

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

At 30 June 2024 the Group has net assets of $515.7m but a net deficiency in working capital (current liabilities exceed current assets) of $1,195.4m.

Included in current liabilities in an amount of $1,170.8m related to refundable loan arrangements. The deficiency in working capital arises because Australian Accounting Standards require the Group to classify obligations under the refundable loan agreements as current liabilities as the Group does not have the right to unconditionally defer payment beyond 12 months. However consistent with experience the Group expects repayment of refundable loans to be replaced by new residents.

Further, the Group has sufficient capital to draw down from within the managed investment portfolio totalling $236.0m million as disclosed in Note 9, to meet its financial obligations as they fall due and payable for the 12-month period from the date of the signed Directors' declaration.

During the year, net cash inflow from residential aged care accommodation bonds amounted to $44.8m and net cash outflow from retirement village amounted to $7.3m as presented in the statement of cash flow.

## 3. Summary of material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**(a) Revenue recognition policy**

**Aged care, home care and other service revenue**

The Group recognises revenue from aged care, home care and other services over time as performance obligations are satisfied, which is as the services are rendered, primarily on a daily or monthly basis. Revenue arises from discretionary and non-discretionary services as agreed in contractual agreements with residents and clients. Fees received in advance of services performed are recognised as contract liabilities which are included within Trade and other payables.



**Recurrent grants**

Where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is recognised over time as the performance obligations to the grant agreement are fulfilled.

**Nature of revenue and cash flows**

Further detail on the nature of revenue and cash flows is included in the table below.

| Type of revenue | Description |
|---|---|
| Government revenue – aged care and home care | Government revenue reflects the Group's entitlement to revenue from the Australian Government under the Aged Care Act 1997 based upon the specific care needs of residents and clients. Revenue is recognised over time as services are provided. Funding claims are submitted to the Government and are usually payable within one month of services being performed. |
| Government revenue – recurrent grants | Recurrent grants are received from the State and Federal Government to deliver outcome-based services on a range of programs to provide support to those most vulnerable in the community. Revenue is recognised over time as performance obligations are met. Funding is usually received in advance with a contract liability recorded for unspent funds. |
| Resident and client income | Residents and clients are charged a basic daily fee as a contribution to the provision of care. The quantum of resident and client fees is regulated by the Government. Basic daily fees are invoiced on a monthly basis and revenue is usually payable within 30 days. |

**Income of not-for-profit entities (AASB 1058)**

**Grants – capital**

Capital grants received under an enforceable agreement to enable the Group to acquire or construct an item of property, plant and equipment to identified specifications which will be controlled by BaptistCare are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred.

For acquisition of assets, the revenue is recognised when the asset is acquired and controlled by the Group.

**COVID-19 Aged Care Support Program (GO4863) Grant Income**

Grant income in relation to the COVID-19 Aged Care Support Program is recognised when the grant application is approved by the Department of Health and Aged Care, at which point the right to payment arises.

**(b) Financial instruments**

*(i) Recognition and initial measurement*

Receivables are initially recognised when they originate. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

*(ii) Classification and subsequent measurement*

*Financial assets*

On initial recognition, a financial asset is classified as measured at amortised cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if in the period the Group changes its business model for managing financial assets.

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

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

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

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income (OCI). This election is made on an investment-by-investment basis.

*Subsequent measurement and gains and losses*

| | |
|---|---|
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in the surplus for the year. |
| Equity instruments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.<br>For equity instruments other net gains and losses are recognised in OCI and are never reclassified to the surplus for the year. |
| Debt instruments at FVOCI | These assets are subsequently measured at fair value. Interest income calculated under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |



**(c) Investment properties**

*(i) Recognition and measurement*

Investment properties comprise Independent Living Units of the Group. Independent Living Units are held to earn rent or for capital appreciation rather than service delivery obligations.

Investment properties are initially recognised at cost including any acquisition costs, and are held to generate income from deferred management fees and the Group's share of the change in the market value of the investment. Subsequent to initial recognition, investment properties are stated at fair value at each balance date. Changes in fair value are presented in the consolidated statement of profit or loss and other comprehensive income as a part of change in fair value of investment properties.

If any investment property is disposed, the gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal and is recognised in the consolidated statement of profit or loss and other comprehensive income in the year of disposal.

*(ii) Change in accounting policy*

From 1 July 2023 it was identified that there was a change in use of the majority of the Group's Independent Living Units which were considered to be held to earn rent or for capital appreciation rather than service delivery obligations. This change in accounting policy resulted in a transfer between property, plant and equipment and investment properties. The difference at the date of change between carrying value and fair value has been recognised in accumulated funds and created the properties revaluation reserve.

Two independent unit villages remain considered to be held for service delivery obligations and are classified within Property, Plant and Equipment.

**(d) Property, plant and equipment**

*(i) Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within the statement of profit or loss and other comprehensive income.

*(ii) Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

The costs of the day-to-day servicing of property, plant and equipment are recognised as property expenses in the statement of profit or loss and other comprehensive income as incurred.

*(iii) Depreciation*

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|---|---|
| • Buildings | 25 – 50 years |
| • Leasehold improvements | 3 – 40 years |
| • Plant, furniture and equipment | 3 – 10 years |
| • Computer equipment | 3 – 5 years |
| • Motor Vehicles | 5 – 10 years |
| • Leased land | Lease term |

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

## (e) Intangible assets

*(i) Computer software*

Computer software is recognised as an intangible asset unless the software is integral to the operation of the related property, plant and equipment. Computer software treated as an intangible asset is initially recognised at cost and subsequently measured at cost less accumulated amortisation and any accumulated impairment loss (see note 12).

*(ii) Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in property expenses in the statement of profit or loss and other comprehensive income as incurred.

*(iii) Amortisation*

Amortisation is calculated over the cost of the asset less its residual value. Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.



The estimated useful lives for the current and comparative periods are as follows:

| | |
|---|---|
| Computer software | 3 - 5 years |

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

*(iv) Software-as-a-Service (SaaS) arrangement*

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such, the Group does not receive a software intangible asset at the contract commencement date. A right to receive future access to the supplier's software does not, at the contract commencement date, give the customer the power to obtain the future economic benefits flowing from the software itself and to restrict other's access to those benefits.

Cost incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premises systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.

## (f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

## (g) Impairment

*(i) Financial assets*

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets (e.g., bid costs).

<u>Credit impaired financial assets</u>

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

<u>Presentation of allowance for expected credit losses in the statement of financial position</u>

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

<u>Write off</u>

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

*(ii) Non-financial assets*

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

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs of disposal and value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the cash-generating unit to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in impairment loss in the statement of profit or loss and other comprehensive income.

**(h) Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**As a lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

*Short term leases and leases of low value assets*

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

*Peppercorn or concessionary leases*

The Group is a party to 9 arrangements which would meet the definition of a peppercorn or concessionary lease. As allowed by AASB 16, the Group has elected to record these leases at cost rather than fair value.

**As a lessor**

*Residential aged care*

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

The interest rate adopted by the Group for determining the finance costs is the basic daily rate.

The Group discloses Daily Accommodation Payment (DAP), Daily Accommodation Contribution (DAC) and accommodation supplement revenue under lease income, separate from revenue from contracts with customers (refer Note 4).

*Retirement villages*

Deferred management fee (DMF) revenue represents the 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 expected length of stay of the resident. The Group discloses this revenue under lease income, separately from revenue from contracts with customers (refer Note 4).

**(i) Employee benefits**

*(i) Defined contributions plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as employee expenses in the statement of profit or loss and other comprehensive income in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

*(ii) Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value and the fair value of any related assets is deducted.

The provision for employee benefits for long service is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national corporate bonds at reporting date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

*(iii) Short-term employee benefits*

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

**(j) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

*(i) Make good*

A make good provision is recognised when the Group enters into a lease contract that requires the property to be returned to the lessor in its original condition. The provision is based on the expected future cost of the refurbishment discounted to reflect current market assessments.

*(ii) Restructuring – redundancies*

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided.

*(iii) Capital gain sharing provision*

Capital gain sharing provision is recognised for the Group's contractual obligation to share capital gains on retirement village units with residents.

**(k) Retirement villages income and expenditure**

The Group maintains separate resident statements of income and expenditure in accordance with the NSW Retirement Villages Act 1999 , ACT Retirement Villages Act 2012, and WA Fair Trading (Retirement Villages Code) Regulations 2022. The resident income and expenditure is controlled by the residents' committees. The Group records the net surplus on the income and expenditure statement as a liability to the individual village. The Group is required to make good any deficit of a retirement village in accordance with the Acts.

**(l) Finance income and finance costs**

Finance income comprises interest income on funds invested, and dividend income. Interest income is recognised as it accrues in finance income in the statement of profit or loss and other comprehensive income, using the effective interest method. Dividend income is recognised in finance income in the statement of profit or loss and other comprehensive income on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise the unwinding of the discount on finance leases and interest expense on the loan which is recognised using the effective interest method.

**(m) Income tax**

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

**(n) Business of consolidation**

*(i) Business Combination*

The Group accounts for business combinations using the acquisition method when the acquired set of activities and asset meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities includes, at a minimum, an input and substantive process and whether the acquired set the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identified net assets acquired. Any goodwill that arises is a tested annually. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

**(o) Change in material accounting policies**

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

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

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments.

## 4. Revenue and other income

| *In thousands of AUD* | 2024 | 2023 Restated |
|---|---|---|
| **Revenue from contracts with customers** | | |
| **Government Income** | | |
| Department of Health & Aged Care funding | 441,929 | 269,936 |
| Other government funding | 43,857 | 19,184 |
| Total government income | 485,786 | 289,120 |
| **Resident income** | | |
| Basic daily care fee | 82,916 | 58,753 |
| Other resident fee income | 5,758 | 4,227 |
| Total resident income | 88,674 | 62,980 |
| **Total revenue from contracts with customers** | 574,460 | 352,100 |
| **Lease income** | | |
| Accommodation income – Resident | 34,685 | 20,704 |
| Rental income | 10,037 | 6,439 |
| Imputed interest on refundable accommodation bond | 27,089 | 13,175 |
| | 71,811 | 40,318 |
| **Total revenue** | 646,271 | 392,418 |
| **Other income** | | |
| COVID grants | 10,881 | 1,951 |
| Insurance claim income | 9,149 | 1,117 |
| Donations and bequests | 2,541 | 2,441 |
| Net gain on sale of investments | 1,192 | 2,581 |
| Net gain on disposal of assets | 497 | 2,993 |
| Gain on bargain purchase (Note 20) | - | 88,792 |
| Other income | 11,209 | 3,331 |
| **Total other income** | 35,469 | 103,206 |
| **Fair value gain on investment properties** | 7,761 | - |
| **Total revenue and other income** | 689,501 | 495,624 |

The Group discloses income received under AASB 16 separately from revenue from contracts with customers. These amounts relate to income received in relation to the provision of accommodation to residents.

## 5. Employee expenses

| *In thousands of AUD* | 2024 | 2023 |
|---|---|---|
| Wages and salaries | 333,765 | 203,349 |
| Other associated personnel expenses | 65,724 | 41,654 |
| Workers' compensation | 16,592 | 15,859 |
| Contributions to defined contribution plans | 37,963 | 22,153 |
| | 454,044 | 283,015 |

## 6. Finance income and finance costs

| *In thousands of AUD* | 2024 | 2023 |
|---|---|---|
| Interest income | 6,374 | 2,840 |
| Dividend income on equity securities | 10,784 | 10,254 |
| Finance income | 17,158 | 13,094 |
| Imputed interest cost on refundable accommodation bonds | (27,089) | (13,175) |
| Interest on lease liability | (365) | (304) |
| Interest on borrowings | (4,844) | (3,046) |
| Finance costs | (32,298) | (16,525) |
| **Net finance costs** | (15,140) | (3,431) |

## 7. Cash and cash equivalents

| *In thousands of AUD* | 2024 | 2023 |
|---|---|---|
| Cash at bank and on hand | 8,295 | 2,934 |
| Bank deposits at call | 86,761 | 55,786 |
| | 95,056 | 58,720 |

## 8. Receivables

| *In thousands of AUD* | **2024** | **2023** |
|---|---|---|
| **Current** | | |
| Trade receivables | 19,990 | 14,981 |
| Deposits receivable | 8,878 | 18,592 |
| Other receivables and prepayments | 27,686 | 21,618 |
| Provision for impairment losses | (1,036) | (733) |
| | 55,518 | 54,458 |

The movement in the allowance for impairment in respect of receivables during the year was as follows:

| *In thousands of AUD* | **2024** | **2023** |
|---|---|---|
| Balance at beginning of the year | 733 | 1,024 |
| Impairment loss recognised | 549 | 374 |
| Amounts written off | (246) | (665) |
| Balance at end of the year | 1,036 | 733 |

## 9. Investments

| *In thousands of AUD* | **2024** | **2023** |
|---|---|---|
| **Non-current** | | |
| Investment portfolio classified at fair value through other comprehensive income | 236,048 | 224,794 |
| | 236,048 | 224,794 |

The carrying value of the investment portfolio is equal to its fair value at 30 June 2024 and 30 June 2023.

## 10. Investment properties

| *In thousands of AUD* | **2024** |
|---|---|
| Independent Living Units | 908,289 |

Investment properties comprise Independent Living Units ('ILU') in Retirement Villages located throughout New South Wales, Australian Capital Territory and Western Australia. The retirement villages are subject to loan licence or leasehold agreements which confer the right to occupancy of the unit until such time as the resident's occupancy terminates and the occupancy rights are transferred to another resident. Upon entry, a resident will loan the Group an amount equal to the fair value of the unit. On termination, the resident is entitled to repayment of the loan inclusive of a share in fair value uplift since the agreement date (if included in the contract), less the deferred management fee.

At 1 July 2023, there was a change in use leading to a transfer between property, plant and equipment and investment properties. The difference at the date of change between carrying value and fair value has been recognised in accumulated funds and created the properties revaluation reserve. On subsequent disposal of investment properties, the properties revaluation reserve may be transferred to accumulated funds.

| *In thousands of AUD* | **2024** |
|---|---|
| Carrying amount as at 1 July 2023 | - |
| Transfers from property, plant and equipment (Note 11) | 626,329 |
| Gains on property valuation (difference between carrying value and fair value on 1 July 2023) | 244,218 |
| Fair value on 1 July 2023 | 870,547 |
| Additions | 8,147 |
| Transfers from property plant and equipment (Note 11) | 21,834 |
| Change in fair value of investment properties | 7,761 |
| Closing net carrying amount | 908,289 |

The fair value adjustment of $7,761,000 represents the outcome of the annual valuation review of the Group's portfolio in accordance with the accounting policy.

Fair Value

The Independent Living Units were independently valued by Ernst & Young at 30 June 2023 and 30 June 2024. The basis of the Independent Living Units valuation was fair value using a discounted cash flow technique. The valuation includes and is therefore net of the liabilities payable to the existing residents of the Independent Living Units.

The fair value of Independent Living Units was determined to be the aggregate of the resident entry contributions, expressed as a nominal value and including capital gain share, the net fair value of occupied properties on a going concern basis and the fair value of any new unsold properties.

The measurement of fair value may in some cases be subjective and may depend on the inputs used in the calculations. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

The Group has classified investment properties as level 3 in that one or more of the significant inputs are not based on observable market data.

The key assumptions used by Ernst and Young in determining the fair value for the Group's portfolio of properties were in the following ranges:

| **Inputs used to measure fair value** | **Range of inputs** |
|---|---|
| Discount rates | 13.5 – 17.25% |
| Property growth rates | 2.5 – 3.25% per annum |
| Market value of units | Specific to each retirement village |
| Average tenure period | 12 – 14 years |

Increasing the discount rate and average subsequent tenue periods would reduce the fair value of the investment properties and vice-versa. Increasing the assumptions made about the market value of units and property price growth rates would increase the fair value of investment properties and vice-versa.

The valuation has been disclosed in the financial statements to record separately the Investment Property asset and the amount of the resident loan liabilities as follows:

| *In thousands of AUD* | **2024** |
|---|---|
| **Valuation reconciliation** | |
| Investment property gross | 908,289 |
| Less: capital work in progress | (21,834) |
| Investment property (excluding capital work in progress) | 886,455 |
| Less: refundable loans - ingoing contributions* (Note 14) | (521,108) |
| Less: deferred revenue (Note 18) | (23,170) |
| Less: capital gain provision (Note 17) | (61,696) |
| **Net valuation** | 280,481 |

*Excludes ingoing contributions from two independent unit villages within Property, Plant and Equipment that continue to be held for service delivery obligations.

## 11. Property, plant and equipment

| *In thousands of AUD* | **Freehold land & Improvements** | **Buildings** | **Plant, furniture & equipment** | **Computer equipment** | **Motor vehicles** | **Leased Assets** | **Capital works in progress** | **Total** |
|---|---|---|---|---|---|---|---|---|
| **Cost or deemed cost** | | | | | | | | |
| Balance at 1 July 2023 (restated) | 181,797 | 1,316,712 | 121,070 | 9,658 | 8,809 | 27,693 | 50,899 | 1,716,638 |
| Transfer to investment properties | (83,083) | (574,831) | (26,187) | (68) | - | - | (646) | (684,815) |
| | 98,714 | 741,881 | 94,883 | 9,590 | 8,809 | 27,693 | 50,253 | 1,031,823 |
| Additions | 45 | 15,939 | 6,811 | 2,000 | 1,660 | 6,932 | 46,741 | 80,128 |
| Transfer (from) / to capital works in progress | - | 17,173 | 470 | - | - | - | (17,643) | - |
| Transfer to investment properties | - | - | - | - | - | - | (21,834) | (21,834) |
| Disposals | (173) | (17,209) | (5,241) | (237) | (1,435) | (2,231) | - | (26,526) |
| Balance at 30 June 2024 | 98,586 | 757,784 | 96,923 | 11,353 | 9,034 | 32,394 | 57,517 | 1,063,591 |
| **Accumulated Depreciation** | | | | | | | | |
| Balance at 1 July 2023 | 1,033 | 220,805 | 72,035 | 5,279 | 4,943 | 15,166 | - | 319,261 |
| Transfer to investment properties | (590) | (44,320) | (13,551) | (25) | - | - | - | (58,486) |
| | 443 | 176,485 | 58,484 | 5,254 | 4,943 | 15,166 | - | 260,775 |
| Depreciation for the year | 220 | 22,532 | 6,406 | 1,866 | 1,189 | 2,958 | - | 35,171 |
| Write-off | - | (2,193) | (62) | - | - | - | - | (2,255) |
| Disposals | (152) | (12,333) | (4,264) | (9) | (1,539) | (613) | - | (18,910) |
| Balance at 30 June 2024 | 511 | 184,491 | 60,564 | 7,111 | 4,593 | 17,511 | - | 274,781 |
| **Carrying amounts** | | | | | | | | |
| At 1 July 2023 | 180,764 | 1,095,907 | 49,035 | 4,379 | 3,866 | 12,527 | 50,899 | 1,397,377 |
| At 30 June 2024 | 98,075 | 573,293 | 36,359 | 4,242 | 4,441 | 14,883 | 57,517 | 788,810 |

## 12. Intangible assets

| *In thousands of AUD* | Computer software | Customer contract * | Other | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| Balance at 1 July 2023 | 11,871 | - | 508 | 12,379 |
| Acquisition through business combination | - | 2,499 | - | 2,499 |
| Disposal | (92) | - | - | (92) |
| Balance at 30 June 2024 | 11,779 | 2,499 | 508 | 14,786 |
| **Amortisation** | | | | |
| Balance at 1 July 2023 | 11,651 | - | 329 | 11,980 |
| Amortisation for the year | 98 | - | 25 | 123 |
| Disposal | (92) | - | - | (92) |
| Balance at 30 June 2024 | 11,657 | - | 354 | 12,011 |
| **Carrying amounts** | | | | |
| At 1 July 2023 | 220 | - | 179 | 399 |
| At 30 June 2024 | 122 | 2,499 | 154 | 2,775 |

*On 1 June 2024 BaptistCare acquired the home care operations of Presbyterian Aged Care for $1,792,000 after assuming employee entitlements of $722,000 for transferring employees. The excess consideration paid has been allocated as a customer contract intangible representing the economic benefits associated with the home care package and CHSP contracts acquired. These customer contracts will be amortised over 3 years.

## 13. Trade and other payables

| *In thousands of AUD* | 2024 | 2023 |
|---|---|---|
| **Current** | | |
| Trade payables | 12,140 | 12,949 |
| Accrued expenses | 34,106 | 30,958 |
| Deferred income | 8,895 | 5,101 |
| Capital works fund - Retirement Villages | 2,830 | 2,816 |
| | 57,971 | 51,824 |

**Capital works fund – Retirement Village**

In accordance with the NSW Retirement Villages Act 1999 , ACT Retirement Villages Act 2012, and WA Fair Trading (Retirement Villages Code) Regulations 2022, the operator of a retirement village may maintain a capital works fund. The Acts and regulation stipulates that the operator of the retirement village must not use the capital works fund except to meet the cost of capital maintenance, or as agreed by the residents of the retirement village, or as prescribed by the Regulations.





## 14. Refundable loans

| *In thousands of AUD* | 2024 | 2023 |
|---|---|---|
| **Current** | | |
| Refundable residential aged care accommodation bonds | 649,176 | 604,392 |
| Refundable retirement village ingoing contributions | 521,657 | 537,496 |
| | 1,170,833 | 1,141,888 |

**Refundable residential aged care accommodation bonds and retirement village ingoing contributions**

Residential aged care deposits (RADs) and accommodation bonds and retirement village ingoing contributions are classified as current liabilities as they may be contractually refundable within twelve months. It is anticipated that only a portion of the balance will be required to be repaid in that period and based on previous experience, the repayments are offset by inflows of accommodation bonds and ingoing contributions from residents.

## 15. Loans and borrowings

| *In thousands of AUD* | 2024 | 2023 |
|---|---|---|
| **Current** | | |
| Lease liability* | 2,691 | 1,739 |
| Other borrowings | - | 1,185 |
| | 2,691 | 2,924 |
| **Non-current** | | |
| Lease liability* | 9,257 | 8,207 |
| Borrowings** | 188,380 | 143,571 |
| | 197,637 | 151,778 |

* Expenses relating to short-term leases and leases of low-value assets that are not recognised as right-of-use assets was $1,262,000 for the year ended 30 June 2024 (2023: $313,000).

** Borrowings relate to the loan facility of $189,000,000 from Housing Australia formerly National Housing Finance and Investment Corporation (NHFIC). Total debt set up costs of $834,000 were incurred in relation to the loan in 2020 and 2023 which were capitalised as part of the borrowings.

| *In thousands of AUD* | 2024 | 2023 |
|---|---|---|
| **Future lease payments** | | |
| Less than one year | 2,668 | 2,487 |
| One to five years | 7,444 | 7,277 |
| More than five years | 4,682 | 1,282 |
| | 14,794 | 11,046 |

## 16. Employee benefits

| *In thousands of AUD* | 2024 | 2023 |
|---|---|---|
| **Current** | | |
| Salary, wages and superannuation payable | 14,442 | 10,318 |
| Liability for annual leave | 34,695 | 30,516 |
| Liability for long-service leave | 18,796 | 16,866 |
| | 67,933 | 57,700 |
| **Non-current** | | |
| Liability for long-service leave | 5,484 | 4,342 |
| | 5,484 | 4,342 |

## 17. Provisions

| *In thousands of AUD* | 2024 | 2023 |
|---|---|---|
| **Current** | | |
| Capital gain sharing provision | 61,696 | 58,474 |
| Other provisions | 888 | 900 |
| | 62,584 | 59,374 |

Capital gain sharing provision relates to the residents' share in the increase of the value of the units in the retirement villages. The expense recognised in the consolidated statement of profit or loss and other comprehensive income for the year amounted to $6,797,000 (2023: $22,465,000).

## 18. Contract liabilities

| *In thousands of AUD* | 2024 | 2023 |
|---|---|---|
| **Current** | | |
| Client funds – Home Care Packages | 11,494 | 19,141 |
| Independent Living Unit Deferred Management Fees | 1,419 | 589 |
| Government grants | 1,541 | 9,592 |
| | 14,454 | 29,322 |
| **Non-current** | | |
| Independent Living Unit Deferred Management Fees | 21,751 | 14,017 |
| | 21,751 | 14,017 |



## 19. Reserves

**Fair value reserve**

The fair value reserve includes the cumulative net change in the fair value of the investment portfolio.

## 20. Acquisitions through business combination

**(a) Baptistcare WA and its controlled entity**

On 31 May 2023, BaptistCare became the sole member of Baptistcare WA and its controlled entity, acquiring its net assets and ongoing operations. Baptistcare WA is a not-for-profit entity provider of residential aged care, home care services and retirement living in Western Australia.

(a) Consideration transferred

| *In thousands of AUD* | 2023 |
|---|---|
| Cash | - |
| Total consideration transferred | - |

(b) Identifiable assets acquired and liabilities assumed

The following summarises the recognised amounts of the assets acquired and liabilities assumed at the acquisition date.

| *In thousands of AUD* | 2023 Restated |
|---|---|
| Cash | 40,202 |
| Inventories | 1,376 |
| Property, plant and equipment | 274,615 |
| Receivables | 2,869 |
| Trade and other payables | (8,570) |
| Refundable loans | (196,758) |
| Provisions | (6,190) |
| Loans and borrowings | (8,486) |
| Employee benefits | (13,731) |
| Total net assets acquired | 85,327 |

A gain on bargain purchase of $85,327,000 has been recognised under other income in the statement of profit or loss and other comprehensive income within other income. During the year, BaptistCare has finalised the acquisition accounting and restated its property, plant and equipment (Note 11) and accompanying gain on bargain purchase (Note 4) in accordance with the accounting standards. Property, plant and equipment from acquisition has been increased by $3,920,000 from $270,695,000 to $274,615,000 and the gain from bargain purchase has been restated from $81,407,000 to $85,327,000.

**(b) Tulich Family Communities**

On 29 March 2023, BaptistCare acquired the assets and liabilities of the retirement villages and residential aged care centres, comprising of Blue Hills, Kintyre and Durham Green from the Tulich Family Communities.

(a) Consideration transferred

| *In thousands of AUD* | **2023** |
|---|---|
| Cash | 77,282 |
| Total consideration transferred | 77,282 |

(b) Identifiable assets acquired and liabilities assumed

The following summarises the recognised amounts of the assets acquired and liabilities assumed at the acquisition date.

| *In thousands of AUD* | **2023** |
|---|---|
| Property, plant and equipment | 321,306 |
| Receivables | 607 |
| Refundable loans | (215,689) |
| Employee benefits | (1,736) |
| Trade and other payables | (23,741) |
| Total net assets acquired | 80,747 |

A gain on bargain purchase of $3,465,000 has been recognised in other income in the statement of profit or loss and other comprehensive income.

As of 30 June 2024, BaptistCare has finalised the acquisition accounting and determined there are no adjustments to the provisional acquisition accounting recorded in 2023.

## 21. Capital and other commitments

| *In thousands of AUD* | **2024** | **2023** |
|---|---|---|
| Cash | 23,289 | 61,938 |

Included in capital expenditure commitments are costs for the design and construction for major projects associated with different aged care and various retirement villages.

## 22. Contingent liabilities

Where Government capital grants have been made towards buildings, they may be refundable to the Government in the event of sale of the property on which these buildings have been constructed or in the event of a change in the usage of the property for purposes not in accordance with the grants. The Directors have no future plans which would trigger the refund of capital grants.



## 23. Related parties

**Key management personnel compensation**

The key management personnel compensation included in 'employee expenses' (See note 5) was $4,563,411 for the year ended 30 June 2024 (2023: $3,450,874).

As part of their remuneration package, BaptistCare also provides non-cash benefits to key management personnel and contributes to a superannuation fund on their behalf.

B.C.S. Foundation Pty. Limited acts as a trustee and custodian trustee for seven charitable trusts, including the BCS Foundation. These trusts collectively distributed $1,478,001 (2023: $1,342,887) during the year ended 30 June 2024 to BaptistCare.

## 24. Auditor's remuneration

| *In AUD* | **2024** | **2023** |
|---|---|---|
| Fees paid to auditors of BaptistCare – KPMG | | |
| Audit of financial statements | 353,000 | 284,600 |
| Other regulatory audit services | 108,159 | 102,843 |
| | 461,159 | 387,443 |
| Other services | | |
| Other assurance and advisory services | 258,184 | 23,618 |

## 25. Interests in other subsidiaries

The group's principal subsidiaries at 30 June 2024 are set out below. The country of incorporation or registration is also their principal place of business.

| **Name of entity** | **Place of business/ country of incorporation** | **Ownership interest held by the group 2024** | **2023** | **Principal activities** |
|---|---|---|---|---|
| Baptistcare WA Limited | Australia | 100% | 100% | Provision of aged and community care services |
| Gnocci Holdings Limited | Australia | 100% | 100% | Catering management services |
| BaptistCare Community Housing Limited | Australia | 100% | 100% | Provision of community housing |
| BaptistCare Seniors Housing | Australia | 100% | 100% | Provision of community housing |

## 26. Subsequent events

On 26 August 2024, Presbyterian Aged Care ('PAC') and BaptistCare has agreed to transfer the ownership and operation of its Ashfield aged care home to BaptistCare. BaptistCare will eventually close the home and will work to relocate the existing residents to new accommodation. BaptistCare will make employment opportunities available to PAC employees as the home winds down.

On 29 August 2024, BaptistCare has entered into an agreement with Eventide Homes (NSW) to acquire the Walter Skelton Village in Padstow Heights, Southern Sydney. The Village is comprised of 56 independent living units.

As at the date of this report, aside from the items noted above, no items, transactions or events of a material or unusual nature that, in the opinion of BaptistCare, are likely to significantly affect operations, the results of those operations or the state of affairs of BaptistCare that have arisen in the period from 30 June 2024 to the date of this report.

## 27. Parent entity financial information

The individual financial statements for the parent entity show the following aggregate amounts:

| *In thousands of AUD* | **2024** | **2023** |
|---|---|---|
| Current assets | 180,929 | 74,986 |
| Total assets | 2,112,347 | 1,696,238 |
| Current liabilities | (1,360,842) | (1,320,397) |
| Total liabilities | (1,582,907) | (1,488,163) |
| Net assets | 529,440 | 208,075 |
| Funds | | |
| Reserve | (263,938) | (70,289) |
| Retained earnings | (265,502) | (137,786) |
| Total equity | (529,440) | (208,075) |
| Profit or (Loss) for the period | 127,716 | (37,384) |

# Directors' declaration

In the opinion of the Directors of BaptistCare NSW & ACT (BaptistCare):

(a) the financial statements and notes that are set out on pages 17 to 44 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) giving a true and fair view of BaptistCare's financial position as at 30 June 2024 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Regulation 2022*; and

(b) there are reasonable grounds to believe that BaptistCare will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors.

Robert Dunn
Chair

Dated at Sydney, 30 September 2024

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# Independent Auditor's Report

## To the members of BaptistCare NSW & ACT

### Opinion

We have audited the ***Financial Report***, of BaptistCare NSW & ACT (the Company)

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

i. giving a true and fair view of the Group's financial position as at 30 June 2024, and of its financial performance and its cash flows for the year ended on that date; and

ii. complying with *Australian Accounting Standards – Simplified Disclosures Framework* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022 (ACNCR*).

The ***Financial Report*** comprises:

i. Consolidated statement of financial position as at 30 June 2024

ii. Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in funds, and Consolidated statement of cash flows for the year then ended.

iii. Notes, including material accounting policies.

iv. Directors declaration of the Company.

The Group consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for opinion

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

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG

## Other information

Other Information is financial and non-financial information in BaptistCare NSW & ACT's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

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

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures Framework and the ACNC and ACNCR

ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

iii. Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and company or to cease operations, or have no realistic alternative but to do so.

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

Our objective is:

i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and

ii. to issue an Auditor's Report that includes our opinion.

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

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

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



KPMG

We also:

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

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

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

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

v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG

KPMG

Stephen Isaac
*Partner*

Sydney
30 September 2024

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80 years of care

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