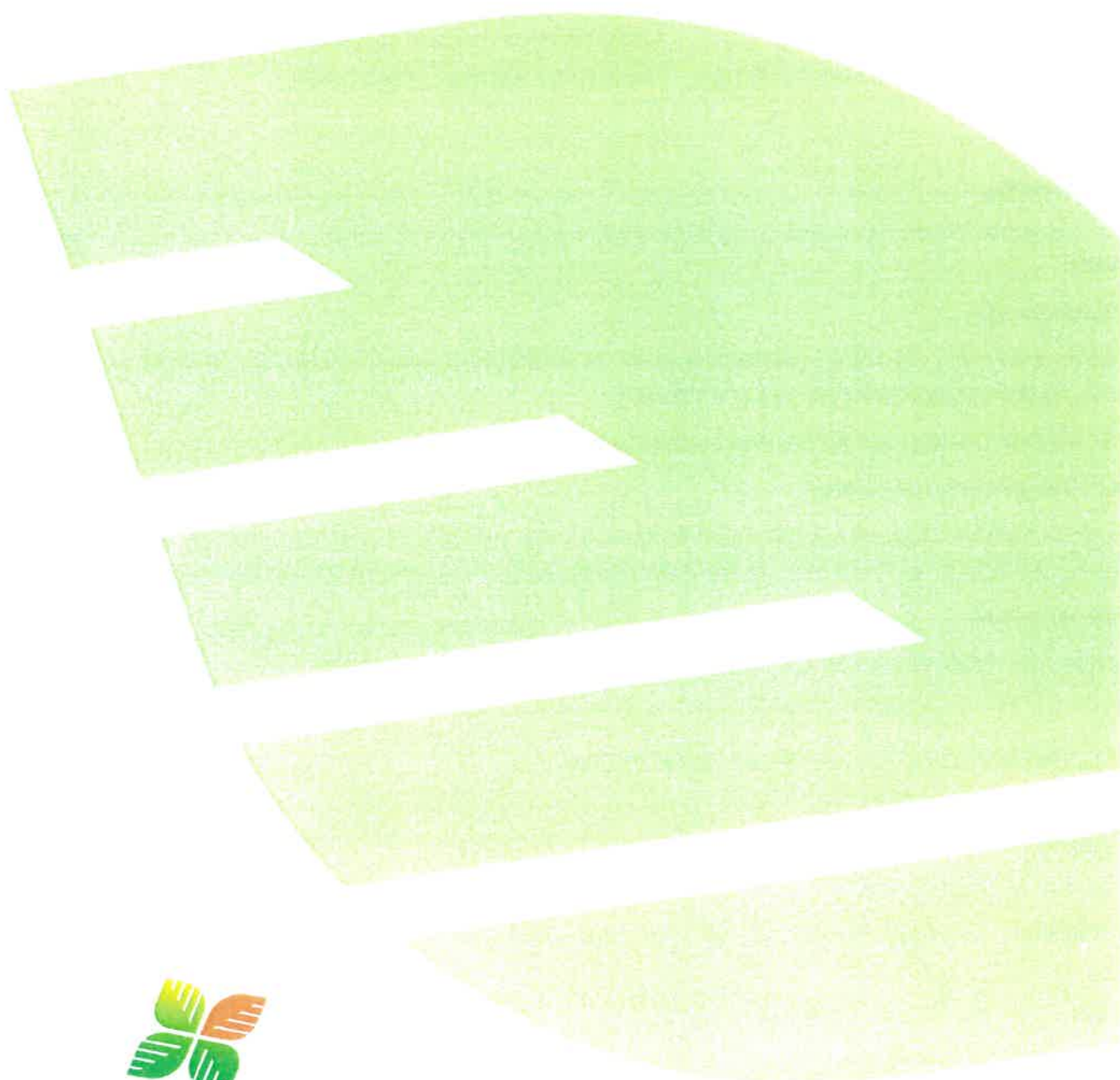


Financial Report

for the year ended 30 June 2022



Helping Hand
new aged care

Board of Directors Report

for the year ended 30 June 2022

Your Board of Directors submit the financial report of Helping Hand Aged Care Inc. for the year ended 30 June 2022.

Board Members

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

Chris Stewart	Jason Cattonar
Erica Benn	Priya Chadha (ceased August 2021)
Silvia Caricasole (ceased December 2021)	Angela Scarino
Craig Whitehead	John Harvey
Brenda Wilson	Gayle McClimont (ceased August 2021)
Julie Cooper (appointed October 2021)	Janet Finlay (appointed October 2021)

Principal Activities

The principal activities of the Association during the financial year were to provide facilities and services for aged residents and clients.

Significant Changes

As is the case with many aged care providers in Australia, the Association's occupancy levels and performance during the year were significantly impacted by the effects of COVID-19.

No other significant changes to these activities occurred during the year.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s.60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is included in page 30 of this financial report and forms part of the Responsible Entities' Report.

Operational Results

The deficit from ordinary activities for 2022 amounted to \$6.1m (2021 deficit \$1.4 million).

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

Board Member: 

Board Member: 

Dated this 25th Day of OCTOBER 2022

Statement of Comprehensive Income for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
OPERATING INCOME			
Revenue from Services	1	98,056	92,653
Non Operating Income	1	11,829	11,797
Other Income	1	14,972	12,679
Total Operating Income		124,857	117,129
OPERATING EXPENDITURE			
Employee expenses		95,210	84,993
Finance costs		71	48
Administration expenses		3,309	2,643
Depreciation and amortisation		7,243	6,910
Repairs and maintenance		2,360	2,194
Other expense	2	16,887	16,137
Refundable Accommodation Deposit Lease Expense	13	5,472	5,204
Right-of-use Depreciation	15	396	409
Lease interest expense	15	26	21
Total Operating Expenditure		130,974	118,559
Net (Deficit) from Operations		(6,117)	(1,430)
Total Comprehensive (Deficit) for the year		(6,117)	(1,430)

Notes 1- 27 form part of these financial statements

Statement of Financial Position for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Assets			
<i>Current Assets</i>			
Cash and Cash Equivalents	3	1,815	9,774
Trade and Other Receivables	4	6,956	2,777
Financial Assets	5	19,394	19,758
Total Current Assets		28,165	32,309
<i>Non-current Assets</i>			
Other Financial Assets	6	1,689	1,789
Investments accounted for using the equity method	6	4,108	2,491
Resident Funded Units	7	24,855	20,895
Plant & Equipment	8	35,431	34,965
Property - Land & Buildings (L&B)	8	201,770	205,572
Right-of-use assets	15	1,693	1,086
Total Non-current Assets		269,546	266,798
Total Assets		297,711	299,107
Liabilities			
<i>Current Liabilities</i>			
Trade and Other Payables	9	10,665	13,527
Subsidies Received in Advance	10	11,949	7,286
Borrowings	11	-	-
Provisions	12	12,414	11,976
Lease Liability - Current	15	379	438
Refundable Accommodation Deposits (RAD)	13	132,958	130,891
Resident Funded Units (RFU) Licenses	14	10,844	10,796
Total Current Liabilities		179,209	174,914
<i>Non-current Liabilities</i>			
Provisions	12	3,246	3,487
Lease Liability - Non Current	15	1,314	648
Total Non-current Liabilities		4,560	4,135
Total Liabilities		183,769	179,049
Net Assets		113,942	120,059
Accumulated Funds		18,993	25,110
Capital Grants Reserve	18	17,396	17,396
Asset Revaluation Reserve	16	75,113	75,113
Trust and ID Funds	17	2,440	2,440
Total Equity		113,942	120,059

Notes 1 - 27 form part of these financial statements

Statement of Changes in Equity for the year ended 30 June 2022

	Accumulated Funds	Asset Revaluation Reserve	Reserves		Total
			Trust and ID Funds	Capital Grants Reserve	
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2020	26,540	75,113	2,440	17,396	121,489
(Deficit) / Surplus for the year	(1,430)	-	-	-	(1,430)
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income for the year	(1,430)	-	-	-	(1,430)
Transfer to Reserves	-	-	-	-	-
Balance at 30 June 2021	25,110	75,113	2,440	17,396	120,058
(Deficit) / Surplus for the year	(6,117)	-	-	-	(6,117)
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income for the year	(6,117)	-	-	-	(6,117)
Transfer to Reserves	-	-	-	-	-
Balance at 30 June 2022	18,993	75,113	2,440	17,396	113,942

Notes 1 - 27 form part of these financial statements



Statement of Cashflows for the year ended 30 June 2022

	2022	2021
Note	\$'000	\$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operating activities	114,744	108,096
Interest and dividends received	190	210
Bequests, donations and fundraising	29	126
Payments to suppliers	(120,629)	(101,711)
Interest paid	-	(12)
Net cash Provided / (Used in) by Operating Activities	(5,666)	6,709
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchases of property, plant and equipment	(3,646)	(4,177)
Proceeds from sale of Property, Plant & Equipment	433	183
Payment for RFU Upgrades	(558)	(157)
Net Cash Used in Investing Activities	(3,771)	(4,151)
CASH FLOW FROM FINANCING ACTIVITIES		
Accommodation Bond / Refundable Deposits Received	34,567	37,620
Accommodation Bond / Refundable Deposits Refunded	(32,347)	(33,438)
Payment of lease liability	(396)	(501)
Money received from RFU entrants	845	473
Refunds of RFU	(1,555)	(521)
Proceeds / (Repayments) from borrowings	-	(2,500)
Net Cash Provided by Financing Activities	1,114	1,133
NET (DECREASE) / INCREASE IN CASH HELD	(8,323)	3,691
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	29,533	25,842
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21,210	29,533

Notes 1 - 27 form part of these financial statements

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows. For the purposes of the Statement of Cash Flows, cash includes cash on hand, at bank, on deposit and investments in equities, property trusts and income securities.

Statement of Significant Accounting Policies for the year ended 30 June 2022

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – General Purpose Financial Statements Simplified Disclosures and the Association Incorporations Act (SA) 1985 and the Australian Charities and Not-for-Profit Commission Act 2012. Helping Hand Aged Care Inc is a not-for-profit entity for the purpose of preparing the financial statements.

The financial statements for the year ended 30 June 2022 were approved and authorised for issue by the Board on 25th October 2022.

The financial report covers Helping Hand Aged Care Inc. as an individual entity. Helping Hand Aged Care Inc. is an Association incorporated in South Australia under the Associations Incorporation Act 1985.

The financial report has been prepared on an accrual basis and is based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Amounts in this report have been rounded off to the nearest thousand dollars. Amounts are presented in Australian dollars.

New Accounting Standards and Interpretations

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The Association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For Profit and Not-for-Profit Tier 2 Entities was adopted in the current year. Other than the change in disclosure requirements, the adoption of AASB 1060 has no significant impact on the financial statements because the group previously complied with Australian Accounting Standards – Reduced Disclosure Requirements in preparing its financial statements. No other accounting standards or amendments had an impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future period.

Statement of Significant Accounting Policies for the year ended 30 June 2022

Going Concern

The Statement of Financial Position for the Association discloses a working capital deficiency of \$151 million (2021: \$143 million). The financial statements have been prepared on a going concern basis as the deficiency only arises because of the disclosure of resident accommodation deposits and resident liabilities as current liabilities. Resident accommodation deposits and resident liabilities for the Association amounting to \$133 million (2021: \$130 million) as per Note 13, are shown as current liabilities on the basis they are repayable to residents when they leave the facility or unit, which can be at any time.

RAD refunds are guaranteed by the Commonwealth Government under the Prudential Standards and providers are required to have sufficient liquidity to ensure that they can refund RAD balances as they fall due in the following 12 months. In order to achieve this providers are required to implement and maintain a liquidity management strategy. The Association has an established liquidity management strategy which has not been breached in the year and is in compliance with the Prudential Standards.

Based on the cash flow model for the next twelve months, which incorporates the impact of the implementation of the new funding arrangement AN-ACC and the potential ongoing impact of COVID-19, the Association will be able to pay its debts as and when they become due and payable. In addition the Association has access to bank facilities totaling \$20,000,000. Accordingly the financial report has been prepared on a going concern basis.

Notes to the Financial Statements

for the year ended 30 June 2022

1. Revenue

	2022	2021
	\$'000	\$'000
Revenue from Services		
Government Subsidies	71,804	66,202
Client Fees	17,682	17,925
Grants	8,380	8,315
Interest and Dividends Received	190	211
Total Revenue from services	98,056	92,653
Non Operating Income		
Residential Charges/Supplements	6,869	6,880
Daily Accommodation Payments / Contributions	4,224	4,059
RFU Retention and Fair Value Movements	274	291
Non Refundable Entry Contributions	460	441
Home Care Package Surplus Funds	2	126
Total Non Operating Income	11,829	11,797
Other Income		
Brokerage Income	2,278	1,588
Bequests, Donations and Fundraising	29	70
Sundry and Other Income	4,138	4,134
Profit/(Loss) on Sale of Assets	166	259
Investments fair valuation	(40)	278
Housing Occupancy Shortfall	31	17
Investment Property Increment	2,898	1,129
Refundable Accommodation Deposit Lease Income	13	5,204
Total Other Income	14,972	12,679

Revenue is recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Tax Office Residential aged care and home care revenue is disaggregated based on the nature of funding. Total revenue includes imputed income from the provision of accommodation, which is accounted for as an operating lease under AASB 16 Leases.

Notes to the Financial Statements

for the year ended 30 June 2022

1. Revenue Cont.

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

Type of Revenue	Description	Type of Service
Government funded residential care subsidies	Government revenue reflects the Association's entitlement to revenue from the Australian Government based upon the specific care and accommodation needs of the individual residents. Government revenue comprises of basic subsidy amounts calculated in accordance with the Aged Care Funding Instrument ("ACFI"), accommodation supplements, funding for short-term 'respite' residents and other Government incomes. Revenue is recognised over time as services are provided. Funding claims are submitted/updated daily and Government revenue is usually payable within approximately one month of services having been performed	Aged care and home care
Resident basic fee income	Residents are charged a basic daily fee as a contribution to the provision of care and accommodation. The quantum of resident basic daily fees is regulated by the Government and typically increases in March and September each year. Resident basic daily fee revenue is recognised over time as services are provided. Residents are invoiced on a monthly basis and revenue is usually payable within 30 days.	Aged care and home care
Other resident income	Other resident revenue represents other fees charged to residents in respect of care and accommodation services provided by the Association and includes means tested care fees, Daily Accommodation Payment (DAP)/Daily Accommodation Contribution (DAC) revenue, additional services revenue and other income. Other resident revenue is recognised over time as services are provided. Residents are invoiced on a monthly basis and revenue is usually payable within 30 days	Aged care and home care
Deferred management fee (DMF) revenue	DMF revenue represents a fee that is contractually deducted from the ingoing contribution that is paid back to a resident upon exit from a retirement village. DMF revenue is recognised over the expected length of stay of a resident.	Retirement living
Other operating revenue	Other operating revenue comprises rental income, donations and bequests, interest revenue, dividend revenue and other sundry revenue. Revenue is recognised over time as services are provided, at the date when the donation or invoice received and when right to receive the dividend has been established. Residents are typically invoiced on a monthly basis and revenue is usually payable within 30 days.	Aged care, home care and retirement living

Notes to the Financial Statements

for the year ended 30 June 2022

2. Expense

	2022	2021
	\$'000	\$'000
Client Care Expenses	8,809	7,616
Housekeeping Expenses	1,431	1,246
Travel and Accommodation Expenses	1,602	1,482
Audit, Legal and Consultancy	2,216	1,807
Premises Expenses	2,403	2,353
Other Expenses	1,351	838
Increase in provision for Self Insurance	(925)	795
Other expenses	16,887	16,137

3. Cash and cash equivalents

	2022	2021
	\$'000	\$'000
Petty Cash Floats	28	27
Bank Accounts	1,787	9,747
Cash and Cash Equivalents	1,815	9,774

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments, and bank overdrafts, if any.

4. Trade and other receivables

	2022	2021
	\$'000	\$'000
Trade Receivables	6,624	2,347
Prepaid Insurance & Guarantees	294	413
Other Receivables	38	17
Trade and Other Receivables	6,956	2,777

For trade receivables and contract assets under AASB 15 the Association applies a simplified approach of recognising lifetime expected credit losses as these items do not have a significant financing component.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the past due. The Association has established a provision policy based on historical credit loss experience, adjusted for forward looking factors, which include factors specific to the trade receivables and forecast economic conditions.

Receivables are shown inclusive of GST.

Notes to the Financial Statements for the year ended 30 June 2022

5. Financial Assets

	2022	2021
	\$'000	\$'000
Term Deposits	19,169	19,673
Macquarie Cash Management	225	85
Financial Assets	19,394	19,758

6. Other Financial Assets

	2022	2021
	\$'000	\$'000
Market value of investments in listed Corporations	1,689	1,789
Joint Venture - Accessible Housing	4,108	2,491
Investments	5,797	4,280

Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into a mortised costs.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

Notes to the Financial Statements

for the year ended 30 June 2022

6. Other Financial Assets cont.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent measurement financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit and loss):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Association's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss:

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Classification and measurement of financial liabilities

The Association's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Association designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Notes to the Financial Statements for the year ended 30 June 2022

6. Investments Accounted for using the Equity Method

Joint Venture

Investments in joint ventures are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Association's share in the associate is not recognised separately and is included in the amount recognised as investment in joint venture.

The carrying amount of the investments in joint ventures is increased or decreased to recognise the Association's share of the profit or loss and other comprehensive income of the joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Association.

The Association has entered into a joint venture to develop and operate a community housing project that provides 20 wheelchair accessible houses. Under the terms of the agreement the Association has contributed land with a value of \$1.4 million to the project and contributed capital of \$0.2 million.

The Association is entitled to share in any profits of the Joint Venture equally and must bear its losses in the same proportion. The investment is accounted for under the equity method. The joint venture has a reporting date of 30 June 2022.

The aggregate amounts of certain financial information of the joint venture can be summarised as follows:

	2022	2021
	\$'000	\$'000
Assets	10,332	7,207
Liabilities	(57)	(11)
Net Assets	10,275	7,196
Net Assets Attributable to the Association	4,108	2,491
Revenues	413	598
Profit / (Loss)	158	387
Profit Attributable to the Association	79	134
Change in Fair Value	3,076	-
Change in Fair Value Attributable to the Association	1,538	-

Notes to the Financial Statements for the year ended 30 June 2022

7. Resident Funded Unit's

	2022	2021
	\$'000	\$'000
Opening balance	20,895	19,695
Transfer from property, plant and equipment	30	133
Revaluation increment	3,930	1,067
Closing balance	24,855	20,895

Resident funded units (RFU's) comprise interests in land and buildings. The Association sells the right to occupy RFU's on a rolling basis and is entitled to income by way of an annual deferred management fee (DMF) for a portion of the fair value of the units.

Initially, RFU's are measured at cost including transaction costs. Subsequent to initial recognition, the RFU's are then stated at fair value. Gains and losses arising from changes in the fair values of RFU's that are attributable to the Association are included in the Statement of Profit and Loss and Other Comprehensive Income in the period in which they arise.

At each reporting date, the fair values of the RFU's are assessed by the Association by reference to comparable sales, independent valuation or through Valuer General's valuation.

The Association owns the land on which the Resident Funded Units are located and a license is granted to a resident on a lifetime tenancy to occupy the unit. In return for the grant of the license, the resident agrees to make an interest free loan to the Association. The interest free loan is recorded in the Statement of Financial Position as a liability.

Where applicable, for those loans repayable as a percentage of the original loan contributed, an adjustment is made to reflect the length of stay of the resident. Where the amount that may be repaid at the end of the tenancy is subject to a combination of market values and years of occupancy the fee liability is recognised at the market value of the property as at the end of the financial year. This liability is reduced for years of occupancy in accordance with individual contract obligations.

At the time a Resident Funded Unit is reoccupied, a market value is determined by a number of ways. These include using a licensed valuer, using council rates valuation or realised sale valuation. The new value of the license is compared to the previous license value and a percentage increase is determined and applied.

Notes to the Financial Statements for the year ended 30 June 2022

8. Property, Plant and Equipment

	2022	2021
	\$'000	\$'000
Land (at revaluation - 30 June 2019)	44,885	44,800
Building (at cost)	125,466	125,447
Buildings (at revaluation - 30 June 2019)	44,088	44,088
Less accumulated depreciation	(12,669)	(8,763)
Net Value	201,770	205,572
Plant and equipment (at cost)	66,063	65,056
Less accumulated depreciation	(35,151)	(32,146)
Net Value	30,912	32,910
Motor vehicles (at cost)	1,959	1,896
Less accumulated depreciation	(1,169)	(1,161)
Net Value	790	735
Leasehold improvements (at cost)	619	619
Less accumulated depreciation	(608)	(600)
Net Value	11	19
Work in progress	3,718	1,300
Net Value	3,718	1,300
Total Plant & Equipment	35,431	34,965
Total Property, Plant & Equipment	237,201	240,536

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The cost of fixed assets constructed within the entity includes costs of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads directly attributable to bring the asset to be ready for use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and other Comprehensive Income during the financial period in which they are incurred.

Notes to the Financial Statements for the year ended 30 June 2022

8. Property, Plant and Equipment cont.

Movements in carrying amounts	2022 \$'000	2021 \$'000
Land and Buildings		
Balance at beginning of year	205,572	199,717
Additions	431	19
Transfers - WIP	-	10,384
Depreciation expense, net	(4,233)	(4,548)
Revaluations	-	-
Balance at end of year	201,770	205,572
Plant and Equipment		
Balance at beginning of year	32,910	20,623
Additions	683	5,425
Transfers - WIP	-	8,809
Depreciation expense, net	(2,681)	(1,947)
Balance at end of year	30,912	32,910
Motor Vehicles		
Balance at beginning of year	735	943
Additions	643	433
Disposals	(583)	(251)
Depreciation expense, net	(5)	(390)
Balance at end of year	790	735
Leasehold Improvements		
Balance at beginning of year	19	8
Additions	-	26
Depreciation expense, net	(8)	(14)
Balance at end of year	11	19
Work In Progress		
Balance at beginning of year	1,300	21,783
Additions	2,418	3,625
Transfers	-	(24,108)
Balance at end of year	3,718	1,300
Total balance at end of year	237,201	240,536

Land and Buildings

Land and buildings held for use in the supply of services are stated at their re-valued amounts. Re-valued amounts are fair market values based on appraisals prepared by external professional valuers once every five years or more frequently if market factors indicate a material change in fair value.

Land and buildings were subject to an independent valuation (Knight Frank Valuations) as at 30 June 2019.

Any revaluation surplus arising upon appraisal of land is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

Notes to the Financial Statements

for the year ended 30 June 2022

8. Property, Plant and Equipment cont.

Work in Progress (WIP)

At 30 June 2022 the carrying value of capitalised projects in progress ("Work in Progress") amounted to \$3.7 million, relating to minor projects. The specific criteria to be met for capitalisation of development costs in accordance with Australian Accounting Standards involves judgement, including the feasibility of the project, intention and ability to complete the construction, ability to use or sell the assets, generation of future economic benefits and the ability to measure the costs reliably.

Valuation Technique

The Association obtains independent valuations for its owned and leased land and buildings periodically.

At the end of each reporting period the Directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The Directors determine a property's value within a range of reasonable, fair value estimates. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources.

These vary depending on the type of property and include:

- Discounted cash flow projections
- Rental income projections
- Recent prices of similar properties for land values adjusted for differences

Depreciation

The depreciable amount of all fixed assets including buildings is depreciated on a straight line basis over the useful lives of the assets to the Association, commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of fixed assets	Depreciation Rate
Buildings	40 years or 2.5%
Leasehold Improvements	10 years or 10%
Fixture and fittings	10 years or 10%
Plant and equipment	10 years or 10%
I.T Software	10 years or 10%
I.T Equipment	4 years or 25%
Motor vehicles	4 years or 25%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Financial Statements for the year ended 30 June 2022

9. Trade and Other Payables	2022	2021
	\$'000	\$'000
Current		
Trade Payables	10,467	13,174
Other Sundry Payables	198	353
Trade and Other Payables	10,665	13,527

Payables are shown inclusive of GST.

10. Subsidies Received in Advance	2022	2021
	\$'000	\$'000
Commonwealth Subsidies & Grants Received in Advance	11,949	7,286
Subsidies Received in Advance	11,949	7,286

11. Borrowings	2022	2021
	\$'000	\$'000
NAB Margin Loan Facility	-	-
Total Borrowings - Current	-	-

The following covenants and undertakings remain in place with NAB in relation to existing facilities.

- Loan to valuation ratio is not to exceed 60%, measured on a quarterly basis.
- Interest cover must exceed 1.5 times, measured against half yearly management accounts and annual audited accounts.
- Tangible net worth to be maintained at greater than \$40.0 million measured against half yearly management accounts and annual audited accounts.

NAB currently hold security over the Lightsview, Mawson Lakes, Parafield Gardens and Ingle Farm properties.

Effective December 2021 the Association renewed the following finance facilities:

- Refundable Accommodation Deposit repayment facility- \$10m
- Corporate Markets Loan \$5m
- Margin Loan \$5m

The expiry date of the facilities is 30th November 2023 and there is nil drawn down as at 30 June 2022.

Notes to the Financial Statements for the year ended 30 June 2022

12. Provisions	2022	2021
	\$'000	\$'000
Current		
Employee benefits – annual leave (including on costs)	5,979	5,603
Employee benefits – long service leave (including on costs)	4,678	4,686
Self Insurance provision	1,303	1,297
Other provisions	454	390
Current Provisions	12,414	11,976
Non Current		
Employee benefits – long service leave (including on costs)	1,342	1,344
Self Insurance provision	1,904	2,143
Non Current Provisions	3,246	3,487
Self Insurance Provision:		
Opening balance	3,440	1,925
Self insurance provision during the period	2,015	2,903
Self insurance costs incurred	(2,248)	(1,388)
Closing balance	3,207	3,440

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Association to employee superannuation funds and are charged as expenses when incurred. The timing of the cash outflows associated with the provisions are unknown.

Employee Compensation – Self Insurance

The Association became Self Insured as at 18th January 2016. This covers all employees that are based within South Australia. The Return to Work Act 2014, effective from 1 July 2015 requires an actuarial estimate of the outstanding workers compensation liability as at 30 June 2022. (including claims relating to pre 1 July 2015). A provision is recognised for the estimated future costs of all claims incurred at 30 June 2022, including an allowance for claims incurred but not yet reported. The amount has been determined based on a valuation at 30 June 2022 by an independent actuary. The actuarial report also sets out an estimate of the financial guarantee required under the Act.

Notes to the Financial Statements for the year ended 30 June 2022

13. Refundable Accommodation Deposits

	2022	2021
	\$'000	\$'000
Current		
Refundable Accommodation Deposits		
estimated settlement within 12 months	34,560	34,005
estimated settlement longer than 12 months	98,365	96,784
Entry contribution	33	102
	<u>132,958</u>	<u>130,891</u>
	2022	2021
	\$'000	\$'000
Reconciliation		
Opening balance	130,891	126,853
Contracted	34,567	37,620
Refunded	(32,346)	(33,438)
Interest	307	288
Fees & Other adjustments	(461)	(432)
	<u>132,958</u>	<u>130,891</u>

All refundable accommodation deposits are presented as current liabilities.

Refundable Accommodation Deposits (Residential Care) are controlled by the individual contracts and government legislation, both of which require repayment of the loan balance within a specified period of time of the resident leaving the residential site. The Australian Government guarantees the repayment of Refundable Accommodation Deposits.

The Association requests an entry contribution on entry to some Independent Living Units, in exchange for the right to occupy the unit. These financial arrangements are negotiated between the residents and the Association when accepting the conditions of entry. The resident will also be required to pay a monthly maintenance fee.

Notes to the Financial Statements for the year ended 30 June 2022

13. Refundable Accommodation Deposits cont.

Contracts with customers contain provisions for accommodation, use of common areas/ facilities for provision of care and other services. The Association has concluded that its contractual arrangements relating to the provision of residential aged care and retirement living accommodation are an operating lease pursuant to AASB 16, being the exclusive right to the use of a room/ unit by a resident.

For residential aged care accommodation arrangements where the resident has elected to pay a RAD or accommodation bond, the Association receives a financing benefit, being non cash consideration, in the form of an interest free loan. On adoption of AASB 16, the fair value of the non-cash consideration is required to be recognised as income (to reflect the interest free loan financing benefit RADs and accommodation bonds) and correspondingly, interest expense (to record the financial liability associated with RADs and accommodation bonds at fair value) with no net impact on profit or loss.

The application for AASB 16 for the year ended 30 June 2022 is calculated on:

- Monthly average RAD accommodation bond balances; and
- Interest rate equal to the Maximum Permissible Interest Rate (MPIR), which is a government set interest rate used to calculate the Daily Accommodation Payment (DAP) to applicable residents. The MPIR was 4.04% between July and September 2021, 4.01% between October and December 2021, 4.04% between January and March 2022 and 4.07% between April and June 2022.

The Association's Statement of Profit or Loss and Other Comprehensive Income presents \$5.5 million and an additional finance cost (i.e. the imputed interest charge on RADs and bonds) of \$5.5 million, with \$ nil impact to net profit for the year. The accounting treatment for residential aged care accommodation arrangements where residents have elected to pay a DAP has not changed under AASB 16.

In accordance with AASB 16, a lessor is not required to make any adjustments on transition for leases in which it is a lessor and shall account for those leases applying AASB 16 from the date of initial application (1 July 2019).

Notes to the Financial Statements for the year ended 30 June 2022

14. Resident Funded Unit Licences	2022	2021
	\$'000	\$'000
RFU Liabilities	10,844	10,796
	10,844	10,796
	2022	2021
	\$'000	\$'000
RECONCILIATION		
Opening balance	10,796	10,580
Retention movement	(234)	(261)
Increment movement	1,198	76
Net unit turnover	(1,121)	(48)
AASB 15 DMF recognition adjustment	205	449
Closing balance	10,844	10,796

15. Leases

This note provides information for leases where the Association is a lessee. For leases where the Association is a lessor see note 8(c).

The balance sheet show the following amounts relating to leases:	2022	2021
	\$'000	\$'000
Right of use Assets		
Buildings	1,693	1,086
	1,693	1,086
Lease liabilities		
Current	379	438
Non-current	1,314	648
	1,693	1,086

Future lease payments in relation to lease liabilities as at period end:

Within one year	379	438
Later than one year not later than five years	1,314	648
	1,693	1,086

Additions to the right of use assets during the year were \$819,541 (2021 \$540,000).

The statement of profit or loss shows the following amount relating to leases:

Depreciation on right of use assets		
Buildings	396	409
	396	409
Interest expense (included in finance cost)	26	21
Total	26	21

Notes to the Financial Statements for the year ended 30 June 2022

15. Leases (cont.)

The Association leases various office premises and equipment. Rental contracts are typically made for fixed periods of 6 months to 5 years. Extension and termination options, and residual value guarantees are included in a number of property and equipment leases of the Association. The majority of extension and termination options held are exercisable only by the Association and not by the respective lessor. Some property and equipment lease payments contain variable lease payments that are linked to consumer price index and are included in the calculations of right-of-use assets and lease liabilities in relation to these leases.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. Contracts may contain both lease and non-lease components. The Association allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Association is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Association under residual value guarantees
- the exercise price of a purchase option if the Association is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Association exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Association, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The Association is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Association is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Association revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Association.

Notes to the Financial Statements

for the year ended 30 June 2022

16. Asset Revaluation Reserve

This is the movement in the value of buildings from its original development costs. Revaluations of land and buildings are performed periodically, with the last revaluation undertaken in June 2019.

17. Trust and ID Funds

The fund was created to transfer funds from fund raising, bequests and annual surpluses for the purposes of asset replacement and major upgrade projects.

18. Capital Grants Reserve

These amounts were received as specific building grants from both the Commonwealth Government of Australia and the State Government of South Australia to build and/or upgrade residential care facilities and independent living units. These grants will become repayable should there be a significant change in the nature of services provided by the Association.



Notes to the Financial Statements for the year ended 30 June 2022

19. Cashflow Information

(a) Reconciliation of Cash and Investments

	2022	2021
	\$'000	\$'000
Cash in hand	2,040	9,859
Term deposits	19,169	19,673
	21,209	29,532

(b) Reconciliation of Net Cash Provided by Operating Activities to Net Surplus / (Deficit) from Operations

Net surplus / (deficit) from operations	(6,117)	(1,430)
Non cash flows from ordinary activities		
Depreciation	7,243	6,910
Depreciation Right-of-use-assets	396	409
Fair value movement in financial investments	40	(278)
Loss / (gain) on disposal of property, plant and equipment	(166)	(378)
RFU asset and liability fair value movements	(2,898)	(1,358)
Share of Joint Venture performance	(1,617)	194
Movement in retention income	(274)	11
Change in Assets and Liabilities		
(Increase) / decrease in trade receivables and other assets	(4,272)	(1,576)
Increase / (decrease) in trade and other payables	(2,861)	1,927
Increase / (decrease) in provisions and subsidies	4,860	2,250
(Increase) / decrease in inventory	-	28
Net cash flow from operating activities	(5,666)	6,709

20. Key Management Personnel and Board Members Compensation

	2022	2021
	\$'000	\$'000
Short-term benefit	1,656	1,669
Post employment benefit	153	314
Total compensation	1,809	1,983

Notes to the Financial Statements for the year ended 30 June 2022

21. Capital Commitments

	2022	2021
	\$'000	\$'000
Costs of capital expenditure commitments are:		
Rostering System < 1 year	-	70
Bluestone ILU Refurbishment North Adelaide < 1 year	600	-
	600	70

22. Auditor Remuneration

	2022	2021
	\$'000	\$'000
Audit of financial reports	68	63
Other assurance services	9	-
	77	63

23. Fair Value Measurement

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

	Notes	2022	2021
		\$'000	\$'000
Financial assets			
<i>Financial assets measured at fair value:</i>			
Listed securities	6	1,689	1,789
Loans and receivables:			
Trade and other receivables	4	6,956	2,777
Cash and cash equivalents	3	1,815	9,774
Financial Assets - Term Deposits	5	19,169	19,673
Financial liabilities			
<i>Financial liabilities measured at amortised cost:</i>			
Current	15	379	438
Non-current:	15	1,314	648
Borrowings	11	-	-
Current:			
Borrowings	11	-	-
Trade and other payables	9	10,665	13,527

Notes to the Financial Statements for the year ended 30 June 2022

23. Fair Value Measurement cont.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Association has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

As at 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Financial assets at fair value through profit or loss	1,689	-	-	1,689
Total Financial Assets	1,689	-	-	1,689
Land		-	44,885	44,885
Buildings		-	44,088	44,088
Total Property Plant and Equipment	-	-	88,973	88,973
Total Assets	1,689	-	88,973	90,662
Recurring Fair Value Measurements				
As at 30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Financial assets at fair value through profit or loss	1,789	-	-	1,789
Total Financial Assets	1,789	-	-	1,789
Land		-	44,800	44,800
Buildings		-	44,088	44,088
Total Property Plant and Equipment	-	-	88,888	88,888
Total Assets	1,789	-	88,888	90,677

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2

Level 3: If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for unlisted equity securities and land and buildings subject to independent valuations.

Notes to the Financial Statements for the year ended 30 June 2022

24. Contingent Liabilities and Contingent Assets

As at 30 June 2022 Return to Work South Australia Guarantees in place are \$2.9 million (2021: \$2.9 million).

At the date of signing these financial statements, with the exception of the RTWSA Guarantees Directors are not aware of any other contingent liabilities.

25. Events after the Reporting Period

On the 31st of August 2022 the Association executed a Business and Asset Sale Agreement to acquire the business assets and freehold property of Kindred Living, subject to necessary regulatory approvals and other key criteria being satisfied. At the time of this report reliable estimates of the financial impact can not be made.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations, or the state of affairs of the Association in future financial years.

26. Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There were no transactions with related parties during the year.

27. Association Details

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

Helping Hand Aged Care Inc.

34 Molesworth Street

NORTH ADELAIDE SA 5006

Australian Business Number: 19 636 743 675



Board of Directors Statement for the year ended 30 June 2022

The Board of Directors has determined that Helping Hand Aged Care Inc. is a reporting entity and that this general purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 - 26 to the accounts.

In the opinion of the Board of Helping Hand Aged Care Inc.:

- a. The financial statements and notes of are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including;
 - I. Giving a true and fair view of its financial position of Helping Hand Aged Care Inc. as at 30 June 2022 and the performance of the Association for the year ended on that date.
 - II. Complying with Australian Accounting Standards – Simplified Disclosures including the Australian Accounting Interpretations and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- b. At the date of this statement, there are reasonable grounds to believe that Helping Hand Aged Care Inc. will be able to pay its debts as and when they fall due.

In accordance with Section 35 (5) of the Associations Incorporation Act, 1985, the Board of Directors of Helping Hand Aged Care Inc. hereby states that during the financial year ended 30 June 2022.

- a
 - I. no officer of the Association,
 - II. no firm of which an officer is a member; and
 - III. no body corporate in which an officer has a substantial financial interest:

Has received or become entitled to receive a benefit as a result of a contract between the officer, firm or body corporate and the Association except as stated in (b).

- b no officer of the Association has received directly or indirectly from the Association any payment or other benefit of a pecuniary value except for the following:

Chief Executive Officer (Public Officer):

Salary, motor vehicle and other benefits. These are set on the basis of comparable levels paid in the Aged Care Industry.

Board of Directors:

Directors fees and reimbursement of expenses

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

BOARD MEMBER

BOARD MEMBER

Dated this 25th day of OCTOBER 2022