

OTTREY HOMES COBRAM & DISTRICT RETIREMENT VILLAGE INC.

ABN: 73 510 548 920

**Financial Report For The Year Ended
30 June 2023**

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Ottrey Homes Cobram & District Retirement Village Inc.

ABN: 73 510 548 920

Financial Report For The Year Ended 30 June 2023

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OTTREY HOMES COBRAM & DISTRICT RETIREMENT VILLAGE INC.
ABN: 73 510 548 920
COMMITTEE OF MANAGEMENT REPORT

Your Committee of Management present this report on the entity for the financial year ended 30 June 2023.

Directors

The names of each person who has been a member of the committee during the year and to the date of this report are:

Kate Hay (Chair)		
Ellie Stephens (Deputy Chair)		
Lindon Mellier		
Doug Wright		
Joanne Tedesco	Appointed	13/12/2022
Brant Doyle	Resigned	27/11/2022

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

Principal Activities

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

- Cobram Regional Care is a not-for-profit provider of Aged Care services located in Northeast Victoria in the Moira Shire.
- We integrate Residential Aged Care, Home Care and Independent/Retirement Living.

Meetings of the Committee of Management

During the financial year, 8 meetings of the committee of management were held. Attendances by each member were as follows:

	Committee of Management Meetings	
	Number eligible to attend	Number attended
Kate Hay (Chair)	8	8
Ellie Stephens (Deputy Chair)	8	6
Lindon Mellier	8	8
Doug Wright	8	8
Joanne Tedesco	5	4
Brant Doyle	3	-

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 2 of the financial report.

This Committee of Management Report is signed in accordance with a resolution of the Committee.

Committee Member 

Kate Hay (Chair)

Dated this 16th day of October 2023

Independence Declaration
Ottrey Homes Cobram & District Retirement Village Inc
(Trading as Cobram Regional Care)

In accordance with the requirements of section 60-40 of the *Australian Charities and Not for Profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Board of Ottrey Homes Cobram & District Retirement Village Inc.

As the lead audit partner for the audit of the financial report of Ottrey Homes Cobram & District Retirement Village Inc for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



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Peter Mogg
Director
Moggs Audit + Assurance
18th October 2023

OTTREY HOMES COBRAM & DISTRICT RETIREMENT VILLAGE INC.
ABN: 73 510 548 920
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		\$	\$
Revenue	2	9,488,491	7,844,744
Other income	2	426,664	190,686
Employee benefits expense		(6,746,467)	(6,763,584)
Depreciation and amortisation expense	3	(481,050)	(453,330)
Interest expense	3	(171,337)	(53,302)
Rental expense	3	(5,850)	-
Marketing expenses		(10,634)	(19,749)
Care Consumables & Pharmaceutical		(216,398)	(157,078)
Care Allied Health		(223,269)	(323,880)
Food & Catering Costs (net café)		(338,097)	(288,993)
Insurance		(50,227)	(52,233)
Interest Payable on Bonds		(36,428)	(24,729)
Laundry, Linen & Cleaning		(197,574)	(148,887)
Motor Vehicle Expenses		(11,545)	(7,026)
Office Expenses (incl IT)		(126,043)	(109,496)
Professional Fees		(27,540)	(7,900)
Repairs & Maintenance		(154,729)	(160,086)
Rubbish Removal		(22,751)	(21,787)
Shire & Water Rates		(88,307)	(81,578)
Staff Costs - Agency		(303,520)	-
Staff Costs - Other (incl training, travel & uniform)		(121,741)	(103,917)
Security & Fire Monitoring		(5,398)	(12,285)
Utilities (power & phone)		(122,712)	(136,941)
Sundry Expenses (incl adj on transition)		(138,505)	13,107
Current year surplus before income tax		315,036	(878,243)
Income tax - exempt ACNC registered charity		-	-
Net current year surplus		<u>315,036</u>	<u>(878,243)</u>
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Other comprehensive income		-	-
Total other comprehensive (losses)/income for the year		-	-
Total comprehensive income for the year		<u>315,036</u>	<u>(878,243)</u>
Surplus/(Loss) attributable to members of the entity		<u>315,036</u>	<u>(878,243)</u>
Total comprehensive income attributable to members of the entity		<u>315,036</u>	<u>(878,243)</u>

The accompanying notes form part of these financial statements.

OTTREY HOMES COBRAM & DISTRICT RETIREMENT VILLAGE INC.
ABN: 73 510 548 920
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	4,970,396	1,852,489
Trade and other receivables	5	249,425	224,280
Inventories	6	32,361	38,561
TOTAL CURRENT ASSETS		<u>5,252,181</u>	<u>2,115,329</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	16,118,946	16,256,451
TOTAL NON-CURRENT ASSETS		<u>16,118,946</u>	<u>16,256,451</u>
TOTAL ASSETS		<u>21,371,128</u>	<u>18,371,780</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	3,575,333	2,458,464
Borrowings		200,040	200,040
Employee provisions	9	556,522	748,035
TOTAL CURRENT LIABILITIES		<u>4,331,896</u>	<u>3,406,539</u>
NON-CURRENT LIABILITIES			
Trade and other payables	8	9,919,190	8,051,429
Borrowings		2,549,910	2,749,950
Employee provisions	9	258,019	26,140
TOTAL NON-CURRENT LIABILITIES		<u>12,727,119</u>	<u>10,827,520</u>
TOTAL LIABILITIES		<u>17,059,015</u>	<u>14,234,059</u>
NET ASSETS		<u>4,312,113</u>	<u>4,137,722</u>
EQUITY			
Retained surplus		3,636,629	3,462,238
Asset Revaluation Reserve - Land & Buildings		675,484	675,484
TOTAL EQUITY		<u>4,312,113</u>	<u>4,137,722</u>

The accompanying notes form part of these financial statements.

OTTREY HOMES COBRAM & DISTRICT RETIREMENT VILLAGE INC.
ABN: 73 510 548 920
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

Note	Retained Surplus	Revaluation Surplus	Total
	\$	\$	\$
Balance at 1 July 2021	2,434,129	2,713,731	5,147,859
Comprehensive Income			
Surplus (Deficit) for the year	(878,243)	-	(878,243)
Adjustments for new system implementation	(131,895)	-	(131,895)
Total comprehensive income for the year	<u>(1,010,138)</u>	<u>-</u>	<u>(1,010,138)</u>
Balance at 30 June 2022	<u>1,423,991</u>	<u>2,713,731</u>	<u>4,137,722</u>
Balance at 1 July 2022	1,423,990.95	2,713,731	4,137,722
Comprehensive Income			
Surplus (Deficit) for the year	315,036	-	315,036
Adjustments for prior year system implementation	(140,645)	-	(140,645)
Adjustments for historical revaluations	2,038,247	(2,038,247)	-
Total comprehensive income for the year	<u>2,212,638</u>	<u>(2,038,247)</u>	<u>174,391</u>
Balance at 30 June 2023	<u>3,636,629</u>	<u>675,484</u>	<u>4,312,113</u>

The accompanying notes form part of these financial statements.

OTTREY HOMES COBRAM & DISTRICT RETIREMENT VILLAGE INC.
ABN: 73 510 548 920
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Grants & Funding		1,005,000	-
Direct Care & Accommodation		9,402,698	7,795,762
Interest Received		59,711	2,686
Other Operating Receipts		159,947	86,992
(Payments to suppliers and employees)		(8,882,810)	(8,472,463)
(Interest Paid)		(207,764)	(78,030)
(Other Expenses)		(209,992)	(178,576)
Net cash generated from operating activities	13	<u>1,326,791</u>	<u>(843,629)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	-
(Payment for property, plant and equipment)		(343,545)	(644,143)
Net cash used in investing activities		<u>(343,545)</u>	<u>(644,143)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase (decrease) Accomodation Bonds		2,334,701	1,034,953
Net increase (decrease) Borrowings		(200,040)	(50,010)
Net cash used in financing activities		<u>2,134,661</u>	<u>984,943</u>
Net increase in cash held		3,117,907	(502,828)
Cash on hand at beginning of the financial year		1,852,489	2,355,317
Cash on hand at end of the financial year	4	<u>4,970,396</u>	<u>1,852,489</u>

The accompanying notes form part of these financial statements.

OTTREY HOMES COBRAM & DISTRICT RETIREMENT VILLAGE INC.
ABN: 73 510 548 920
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The financial statements cover Ottrey Homes Cobram & District Retirement Village Inc. as an individual entity, incorporated and domiciled in Australia.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012. The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements are in Australian Dollars and have been rounded to the nearest dollar.

The financial statements were authorised for issue on 16 October 2023 by the committee of management.

Accounting Policies

(a) Revenue and Other Income

The Entity is first required to determine whether amounts received are accounted for as Revenue per AASB 15: Revenue from Contracts with Customers or Income per AASB 1058: Income of Not-for-Profit Entities.

Funding arrangements which are enforceable and contain sufficiently specific performance obligations are recognised as revenue under AASB 15. Otherwise, such arrangements are accounted for under AASB 1058, where upon initial recognition of an asset, the Entity is required to consider whether any other financial statement elements should be recognised (for example, financial liabilities representing repayable amounts), with any difference being recognised immediately in profit or loss as income.

Operating Grants, Donations and Bequests

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

When both these conditions are satisfied, the Entity:

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

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

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

Other Income

Capital Grant

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

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

Interest income

Interest income is recognised using the effective interest method.

(b) Inventories

Inventories consist of uniform stock held for distribution to staff. Inventories held for distribution are measured at cost on a FIFO basis.

OTTREY HOMES COBRAM & DISTRICT RETIREMENT VILLAGE INC.
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

(c) Property, Plant and Equipment

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

Freehold Property

Freehold land and buildings are shown at their fair value based on a valuation by external independent valuers in 2004, less subsequent depreciation for buildings. A full revaluation of all land and buildings will be obtained upon completion of the current development works.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

Plant and Equipment

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

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and plant and equipment but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2%-2.5%
Plant and Equipment	5%-40%
Fixtures & Fittings	5%-40%
Motor Vehicles	22.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. Gains are not classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Leases

The Entity as lessee

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

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

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

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

OTTREY HOMES COBRAM & DISTRICT RETIREMENT VILLAGE INC.
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Concessionary Leases

For leases that have significantly below-market terms and conditions principally to enable the Entity to further its objectives (commonly known as peppercorn/concessionary leases), the Entity has adopted the relief under AASB 2019-8 and measures the right of use assets at cost on initial recognition.

The Entity as lessor

The Entity leases a number of Independent Living Units (ILU) to external parties .

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

The Entity has assessed the leases of the ILUs to be operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (for example legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

(e) Financial Instruments

Initial recognition and measurement

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

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

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15: Revenue from Contracts with Customers.

Derecognition

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

Derecognition of financial liabilities

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

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

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(f) Impairment of Assets

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

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

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

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

OTTREY HOMES COBRAM & DISTRICT RETIREMENT VILLAGE INC.
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

(g) Employee Benefits

Short-term employee benefits

Provision is made for the entity's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and annual leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The entity recognises annual leave as a current benefit as the entity does not have an unconditional right to defer settlement of such leave.

The entity's obligations for short-term employee benefits such as wages, salaries and annual leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The entity classifies employees' long service leave entitlements as other long-term employee benefits (non-current) for employees who have attained between 5yrs and 10yrs of service.

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

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the entity receive defined contribution superannuation entitlements, for which the entity pays the fixed superannuation guarantee contribution (for 2023 this was 10.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The entity's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the entity's statement of financial position.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) Trade and Other Debtors

Trade and other debtors include amounts due from residents/clients as well as government subsidies.

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

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

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

(k) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*. The entity is a registered charity with the ACNC and had PBI status.

(l) Intangible Assets

Software

Software is initially recognised at cost. Where software is acquired at no cost, or for a nominal cost, the cost is its fair value as at the date of acquisition. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses.

(m) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of reporting period.

OTTREY HOMES COBRAM & DISTRICT RETIREMENT VILLAGE INC.
ABN: 73 510 548 920
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

(n) Comparative Figures

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

Due to the implementation of new accounting and operating software during the 2022 year, some comparative figures have been adjusted to allow for more accurate comparison to the prior year.

(o) Critical Accounting Estimates and Judgements

The committee evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

Key estimates

(i) Valuation of freehold land and buildings

The freehold land and buildings were independently valued in 2004.

At 30 June 2023 the board have reviewed the valuation on the freehold land and buildings. Due to the continued capital improvements taking place during the 2023 financial year, an updated valuation has not been performed this year.

Key judgements

(i) Performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

(ii) Lease term and Option to Extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the entity will make. The entity determines the likeliness to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the entity.

(iii) Employee benefits

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. Although the entity expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows, the committee believe that obligations for annual leave entitlements should be reported as short-term (current) benefits as the entity does not have an unconditional right to defer settlement of such leave.

(p) Economic Dependence

The Entity is dependent on the Australian Government Department of Health and Aged Care (Department of Health) for the majority of its revenue used to operate the entity. At the date of this report the Committee of Management has no reason to believe the Department of Health will not continue to support the Entity.

(q) Fair Value of Assets and Liabilities

The entity measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

“Fair value” is the price the entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

(r) New and Amended Accounting Standards Adopted by the Entity

AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments

The Entity adopted AASB 2020-3 which makes some small amendments to a number of standards including the following: AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.

The adoption of the amendment did not have a material impact on the financial statements.

AASB 2021-7a: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2021-7a makes various editorial corrections to a number of standards effective for reporting periods beginning on or after 1 January 2022. The adoption of the amendment did not have a material impact on the financial statements

AASB 2022-3: Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

AASB 2022-3 amends the Australian illustrative examples for not-for-profit entities accompanying AASB 15 Revenue from Contracts with Customers to illustrate how AASB 15 applies to the recognition and measurement of upfront fees. The amendments do not change the requirements of AASB 15.

The Basis for Conclusions also document the Board's decision to retain the accounting policy choice on an ongoing basis for NFP private sector lessees to elect to initially measure a class of ROU assets arising under concessionary leases at cost or at fair value. The adoption of the amendment did not have a material impact on the financial statements.

Note 2 Revenue and Other Income

Government Grants

The majority of Ottrey Homes Cobram & District Retirement Village Inc.'s funding comes from the Department of Health. The Entity recognises funding received as Revenue under AASB 15. Revenue is recognised upon receipt of the funding.

The Entity has also been approved for a capital grant to construct an additional 20-bed wing which is to be used to further its objectives of providing residential aged care services. As consistent with Note 1, the grant is recognised as income as the Entity constructs the facility under AASB 1058. Income is recognised based on the cost incurred to date relative to total expected costs to be incurred as this measure is expected to reflect the Entity's progress towards completion.

	2023	2022
	\$	\$
Revenue		
Revenue from grants:		
— Resident & HC Operating Fees	2,584,703	1,940,423
— Commonwealth Operating Subsidies	6,855,318	5,560,510
— CHSP Fees & Funding	42,098	61,019
— Other Revenue from Operations	6,372	282,792
Total Revenue	<u>9,488,491</u>	<u>7,844,744</u>
Other Income		
— Interest received from fixed interest securities	59,711	2,686
— Capital Grants	273,851	-
— Fundraising Income	478	641
— Govt Employment Subsidies	1,500	151,926
— Sundry Income	30,527	190
— Workcover Reimbursements	60,598	35,243
Total other income	<u>426,664</u>	<u>190,686</u>
Total revenue and other income	<u>9,915,155</u>	<u>8,035,430</u>

OTTREY HOMES COBRAM & DISTRICT RETIREMENT VILLAGE INC.
ABN: 73 510 548 920
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 3 Expenses

	2023	2022
	\$	\$
a. Expenses		
Finance costs:		
— interest on loans	171,337	53,302
Total interest expense	<u>171,337</u>	<u>53,302</u>
Employee benefits expense:		
— Wages	5,877,006	5,970,776
— Superannuation	607,882	592,909
— Workers Compensation	212,266	313,076
— Movement in Leave Provisions	49,314	(113,177)
Total employee benefits expense	<u>6,746,467</u>	<u>6,763,584</u>
Rental expense:		
— HC - 28 Punt Rd	5,850	-
Total rental expense	<u>5,850</u>	<u>-</u>
Audit fees:		
— audit services	8,150	7,900
— accounting services	10,755	-
Total audit remuneration	<u>18,905</u>	<u>7,900</u>
Depreciation and amortisation:		
— land and buildings	291,132	290,698
— motor vehicles	9,947	19,688
— furniture and equipment	179,970	142,943
Total depreciation and amortisation	<u>481,050</u>	<u>453,330</u>

Note 4 Cash and Cash Equivalents

	2023	2022
	\$	\$
CURRENT		
Operations Acc	1,606,073	341,410
Professional Acc	2,130,705	1,400,181
Grant Funding Acc	1,232,972	107,456
Undeposited Funds	(5)	3,241
Petty Cash	650	200
Credit Card (classified as liabilities in 2023)	-	-
	<u>4,970,396</u>	<u>1,852,489</u>
Cash & Cash Equivalents per Cash Flow Statement	<u>4,970,396</u>	<u>1,852,489</u>

Note 5 Trade and Other Receivables

	Note	2023	2022
		\$	\$
CURRENT			
Debtors - Residential		173,700	151,177
Debtors - HC & CHSP		73,925	10,656
GST Refundable		-	62,447
Security Deposits		1,800	-
Total current accounts receivable and other debtors	14	<u>249,425</u>	<u>224,280</u>

The entity's normal credit term is 30 days.

Note 6 Inventories

	2023	2022
	\$	\$
CURRENT		
At cost:		
Inventory - Uniforms	32,361	38,561
	<u>32,361</u>	<u>38,561</u>

OTTREY HOMES COBRAM & DISTRICT RETIREMENT VILLAGE INC.
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 7 Property, Plant and Equipment

	2023	2022
	\$	\$
LAND AND BUILDINGS		
Freehold land at fair value:		
At Valuation (2004)	670,000	670,000
Total Land	<u>670,000</u>	<u>670,000</u>
Buildings at fair value:		
At Valuation (2004)	3,316,753	3,316,753
Additions at Cost	13,394,080	13,046,595
Less Accumulated Depreciation	(2,410,230)	(2,119,138)
WIP - Land & Buildings	322,214	593,905
Total Buildings	<u>14,622,816</u>	<u>14,838,114</u>
Total Land and Buildings	<u>15,292,816</u>	<u>15,508,114</u>
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	1,834,497	1,485,085
Less Accumulated Depreciation	<u>(1,066,235)</u>	<u>(886,265)</u>
	<u>768,262</u>	<u>598,820</u>
Motor Vehicles		
At cost	178,701	178,701
Less Accumulated Depreciation	<u>(120,833)</u>	<u>(110,886)</u>
	<u>57,868</u>	<u>67,815</u>
Asset Acquisition Clearing		
At cost	-	81,702
	<u>-</u>	<u>81,702</u>
Total Plant and Equipment	<u>826,130</u>	<u>748,337</u>
Total Property, Plant and Equipment	<u>16,118,946</u>	<u>16,256,451</u>

Movements in Carrying Amounts

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

	Land and Buildings	Plant and Equipment	Motor Vehicles	WIP	Total
	\$	\$	\$	\$	\$
2022					
Balance at the beginning of the year	15,337,019	674,342	54,277	-	16,065,638
Additions at cost	461,793	67,421	33,226	81,702	644,143
Depreciation expense	(290,698)	(142,943)	(19,688)	-	(453,330)
Carrying amount at the end of the year	<u>15,508,114</u>	<u>598,820</u>	<u>67,815</u>	<u>81,702</u>	<u>16,256,451</u>
2023					
Balance at the beginning of the year	15,508,114	598,820	67,815	81,702	16,256,451
Additions at cost	75,834	349,413	-	-	425,247
Tfr WIP to Assets	-	-	-	(81,702)	(81,702)
Depreciation expense	(291,132)	(179,970)	(9,947)	-	(481,050)
Carrying amount at the end of the year	<u>15,292,816</u>	<u>768,262</u>	<u>57,868</u>	<u>-</u>	<u>16,118,946</u>

Asset Revaluations

The freehold land and buildings were independently valued in 2004 by Rushton Group.

The committee have reviewed the valuation on the freehold land and buildings and determined that due to the recent and on-going capital improvements, a formal valuation will be obtained once current capital works are completed.

OTTREY HOMES COBRAM & DISTRICT RETIREMENT VILLAGE INC.
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 8 Trade and Other Payables

	Note	2023 \$	2022 \$
CURRENT			
Trade payables		78,604	186,369
Accrued Expenses		276,460	257,259
Accommodation Bonds (20%)		2,279,444	1,862,264
ILU Bonds & Deposits (20%)		200,353	150,593
Credit Cards		9,323	1,978
Income in Advance		2,224	-
Unspent Grants		728,926	-
		<u>3,575,333</u>	<u>2,458,464</u>
NON-CURRENT			
Accommodation Deposits		9,117,778	7,449,058
ILU Bonds & Deposits		801,412	602,372
		<u>9,919,190</u>	<u>8,051,429</u>
		2023 \$	2022 \$
a Financial liabilities at amortised cost classified as accounts payable and other payables			
Accounts payable and other payables:			
— Total current		3,575,333	2,458,464
— Total non-current		9,919,190	8,051,429
		<u>13,494,523</u>	<u>10,509,893</u>
Financial liabilities as trade and other payables	14	<u>13,494,523</u>	<u>10,509,893</u>

Note 9 Provisions

		2023 \$	2022 \$
CURRENT			
Provision for Annual Leave		450,960	453,934
Provision for Long Service Leave		64,200	234,641
Rostered Day Off (RDO)		32,528	29,788
Time in Lieu (TIL)		8,835	29,672
		<u>556,522</u>	<u>748,035</u>
NON-CURRENT			
Provision for Long Service Leave		258,019	26,140
		<u>258,019</u>	<u>26,140</u>
		<u>814,542</u>	<u>774,176</u>
Analysis of total provisions:		Employee Benefits	Total
Opening balance at 1 July 2022		774,176	774,176
Net movement in provisions		(40,366)	(40,366)
Balance at 30 June 2023		<u>733,810</u>	<u>733,810</u>

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave, long service leave RDOs and TIL.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the entity does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the entity does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service. The provision reflects the LSL accrued for employees with 5-10 years of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(h).

OTTREY HOMES COBRAM & DISTRICT RETIREMENT VILLAGE INC.
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 10 Contingent Liabilities and Contingent Assets

There are no contingent assets or liabilities that would affect the financial report at 30 June 2023

Note 11 Events After the Reporting Period

Other than the following, the committee are not aware of any significant events since the end of the reporting period.

During the financial year ended 30 June 2023 the operations of the entity have been impacted by the effects of the Covid-19 pandemic with four outbreaks occurring during the 2023 financial year.

A number of Covid grants had been applied for prior to 30 June 2023, however, no notification of approval had been received prior to the end of the financial year. As amounts could not be clearly determined at the time of this report, any successful grants will be brought to account as income in the 2024 financial year.

The Fair Work Commission handed down its Stage 2 decision during the 2023 financial year. The Stage 2 15% increase on minimum award rates came into effect from the first full pay period on or after 30/06/2023. This was closely followed by the Commission's decision to apply an additional 5.75% CPI increase to the award rates effective from the first full pay period on or after 01/07/2023.

The Commonwealth Government announced they would assist facilities in covering the additional wage costs by increasing funding through Medicare. We have committed to passing on the additional funding to our staff and increased the wages of those covered by the Stage-2 decision from the first full pay period commencing 04/07/2023 as required.

As the entity's first full pay period after these dates fell in the 2024 financial year, no adjustments have been made to the 2023 financials to account for the pay increases or the related increase in value of leave provisions. These will be brought to account in the 2024 financial year. Some additional grant funding may be made available to assist with the increased costs of the leave provisions.

Additional legislative requirements came into effect on 01/07/2023 in relation to 24/7 Registered Nurses (RN) and care minute requirements are effective from 01/10/2023. Both of these requirements effect staffing levels and will have an impact on the entity's wage costs in 2024 and future years.

There are no other events since the balance date to the date of this report that would have a material effect on the operations of the entity or require adjustment to this financial report.

Note 12 Key Management Personnel Compensation

Key Management Personnel

The totals of remuneration paid to KMP of the entity during the year are as follows:

	2023	2022
	\$	\$
KMP compensation (wages, terminations & super)	549,639	594,790

Note 13 Other Related Party Transactions

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

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

Note 14 Financial Risk Management

The entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, accounts receivable and payable, loan and accommodation bonds.

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

	Note	2023	2022
		\$	\$
Financial assets			
Financial assets at amortised cost:			
— cash and cash equivalents	4	4,970,396	1,852,489
— trade and other receivables	5	249,425	224,280
Total financial assets		<u>5,219,821</u>	<u>2,076,769</u>
Financial liabilities			
Financial liabilities at amortised cost:			
— trade and other payables	8a	364,386	445,606
— accommodation bonds	8a	12,398,987	10,064,287
— income/grants in advance	8a	731,149	-
— borrowings		2,749,950	2,949,990
Total financial liabilities		<u>16,244,473</u>	<u>13,459,883</u>

OTTREY HOMES COBRAM & DISTRICT RETIREMENT VILLAGE INC.
ABN: 73 510 548 920
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 15 Fair Value Measurements

The entity measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:
— freehold land and buildings.

The entity does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

Note 16 Reserves

a. Revaluation Surplus

The revaluation surplus records revaluations of non-current assets.

Note 17 Auditor's Remuneration

	2023	2022
Remuneration of the auditor:	\$	\$
— auditing or reviewing the financial statements	8,150	7,900
— other professional services	10,755	-
	<u>18,905</u>	<u>7,900</u>

Note 18 Entity Details

The registered office of the entity is:

Ottrey Homes Cobram & District Retirement Village Inc.
Trading as Cobram Regional Care
16 Campbell Rd
COBRAM VIC 3644

The principal place of business is:

Ottrey Homes Cobram & District Retirement Village Inc.
Trading as Cobram Regional Care
16 Campbell Rd
COBRAM VIC 3644

OTTREY HOMES COBRAM & DISTRICT RETIREMENT VILLAGE INC.
ABN: 73 510 548 920
COMMITTEE MEMBERS' DECLARATION

In accordance with a resolution of the committee of management of Ottrey Homes Cobram & District Retirement Village Inc., the committee members of the entity declare that:

1. The financial statements and notes, as set out on pages 3 to 17, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:
 - (a) comply with Australian Accounting Standards - Simplified Disclosures applicable to the entity; and
 - (b) give a true and fair view of the financial position of the registered entity as at 30 June 2023 and of its performance for the year ended on that date.
2. In the committees' opinion there are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.

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

Director  _____
Kate Hay (Chair)

Dated this 16th day of October 2023

INDEPENDENT AUDITOR'S REPORT

**To the members of Ottrey Homes Cobram & District Retirement Village Inc (trading as Cobram Regional Care)
For the year ended 30th June 2023**

Report on the financial report

Opinion

We have audited the accompanying financial report of Ottrey Homes Cobram & District Retirement Village Inc, which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the responsible entities' declaration.

In our opinion the financial report of Ottrey Homes Cobram & District Retirement Village Inc has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the registered entity's financial position as at 30 June 2023 and of its financial performance and cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for opinion

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

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

Other Information

The Responsible entities of the registered entity are responsible for the other information. The other information comprises the information included in the registered entity's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

Emphasis of Matter – Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Entity's financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Effects of Covid-19

We draw attention to Note 11 to the financial report, which describes the impacts of Covid-19 and the resulting government enforced closures and social distancing restrictions on the entity's financial results and ongoing trading environment. Our opinion is not modified in respect to this matter.

Responsible entities' responsibility for the financial report

The Responsible entities of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and for such internal control as the Responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Responsible entities.
- Conclude on the appropriateness of the responsible entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to

continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.

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

We communicate with the Responsible entities 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.

Moggs Audit + Assurance
Authorised Audit Company #327238



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Peter Mogg - Director

18th October 2023
40-44 High St Cobram VIC 3644