

RETIREES WA (INC)
A.B.N. 13 989 588 483
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

Retirees WA (Inc)
30 June 2022 Financial Report

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Statement by Members of the Board of Retirees WA (Inc)

The Board submit the financial report of Retirees WA (Inc) for the financial year ended 30 June 2022.

Board members

The board members for this financial year were:

Lois Jones (President)

Stanley McFarlane

Candessa Ashbury (Vice President)

Nita Hart

Judith Edwards

Anthony Santoro

Jill Pugliese

Brian Mathlin

Nita Sadler

Principal Activities

The principal activities of the Organisation during the financial year were:

- to provide aged care and accommodation for seniors;
- to provide fellowship and social facilities for its members;
- to administer the funeral fund activities; and
- to develop and manage Retirement Villages for members

Significant changes

No significant change in the nature of these activities occurred during the year.

Board Opinion

In the opinion of the Retirees WA (Inc) Board, the financial report as set out on pages 2 to 29.

1. Presents a true and fair view of the financial position as at 30 June 2022 and its performance for the year ended on that date in accordance with Australian Accounting Standards, Australian Charities and Not-for-profits Commission Act 2012 and other authoritative pronouncements of the Australian Accounting Standards Board.
2. At the date of signing, there were reasonable grounds to believe that Retirees WA (Inc) will be able to pay its debts as and when they become due.

Signed in accordance with a resolution of the Board.

Lois Jones
President



Date:

19/04/2023 .



Margaret Thomas
Chief Executive Officer
Chief Financial Officer
Date: 19/04/2023

Retirees WA (Inc)
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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 \$	2021 \$
Revenue from ordinary activities	2	11,860,500	10,550,070
Employee benefits expense		(5,669,763)	(5,220,291)
Depreciation and amortisation expense	3	(867,438)	(863,185)
Aged care resident occupancy costs		(3,242,100)	(2,185,55)
Property expense		(272,601)	(261,50)
Insurance expense		(113,523)	(226,652)
Administration expense		(297,309)	(241,562)
Advertising and promotion expense		(76,047)	(72,867)
Profit/(loss) from ordinary activities before income tax		1,321,719	1,478,408
Income tax expense relating to ordinary activities	1d	0	-
Net profit/(loss) from ordinary activities after income tax		1,321,719	1,478,408
Other comprehensive income			
Total comprehensive income for the year		1,321,719	1,478,408

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

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**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	Note	2022 \$	2021 \$
CURRENT ASSETS			
Cash Assets	4	7,786,264	5,749,782
Receivables	5 (a)	844,815	1,167,320
Prepayments & Other Assets		-	95,057
Other Financial Assets	6	80,000	150,000
TOTAL CURRENT ASSETS		8,711,079	7,162,159
NON-CURRENT ASSETS			
Deferred Management Fee Receivable	5 (b) and 20	10,141,862	8,950,335
Right of Use Assets	7	86,869	173,739
Other Financial Assets	8	5,358,358	6,341,000
Retirement Village Assets	9 (a)	88,989,008	47,518,979
Land and Buildings	9 (b)	1,641,029	1,657,602
Property, Plant and Equipment	10	30,904,806	25,389,427
TOTAL NON-CURRENT ASSETS		137,121,932	90,031,082
TOTAL ASSETS		145,833,011	97,193,241
CURRENT LIABILITIES			
Payables	11	139,285	705,122
Provisions	12	615,801	555,751
Other Financial Liabilities (Current)	13	94,295,079	78,272,116
TOTAL CURRENT LIABILITIES		95,050,165	79,532,989
TOTAL LIABILITIES		95,050,165	79,532,989
NET ASSETS		50,782,846	17,660,252
EQUITY			
Non-Distributable Reserves		2,897,846	(27,730,232)
Retained Equity		47,885,000	45,390,484
TOTAL EQUITY		50,782,846	17,660,252

The above Statement of Financial Position should be read in conjunction with the with the accompanying notes.

Retirees WA (Inc)
30 June 2022 Financial Report

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
OPERATING CASH FLOWS			
Receipts from Customers		10,567,042	8,424,922
(Payments) To Suppliers and Employees		(2,783,457)	(7,361,021)
Interest Received		4,436	90,753
Total Cash Flow from Operating Activities	17	7,788,021	1,154,654
INVESTING CASH FLOWS			
Purchase of Property, Plant and Equipment		(6,279,374)	(4,684,634)
Total Cash Flow used in Investing Activities		(6,279,374)	(4,684,634)
FINANCING CASH FLOWS			
Accommodation bonds/Refundable Accommodation Deposits Received		6,796,728	4,469,301
Accommodation bonds/Refundable Accommodation Deposits (Refunded)		(5,348,950)	(5,813,786)
Other Financial Repayments			-
Repayment of Office Lease Liabilities		-	(83,416)
Other Financial Cash Flow		(919,943)	33,543
Total Cash Flow used in Financing Activities		527,835	(1,394,358)
Net Increase / (Decrease) in Cash Held		2,036,482	(4,924,338)
Cash at the Beginning of the Financial Year		5,749,782	10,674,120
Cash at the End of the Financial Year	4	7,786,264	5,749,782

The above Statement of Cash Flows should be read in conjunction with the with the accompanying notes.

Retirees WA (Inc)
30 June 2022 Financial Report

**STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2022**

Note	Retained Earnings \$	Non- Distributable Reserves \$	Total \$
Balance at 1 July 2020	43,912,076	7,799,999	51,712,075
Comprehensive income			
Profit for the year	1,478,408	-	1,478,408
Adjustment to reserves – Market value correction of retirement village assets (Refer to Note 9a)	-	(31,558,606)	(31,558,606)
Adjustment to reserves – Market value correction of retirement village liabilities (Note 20)	-	(3,971,625)	(3,971,625)
Total comprehensive income for the year	1,478,408	(35,530,231)	(34,051,823)
Balance at 30 June 2021	45,390,484	(27,730,232)	17,660,252
Balance at 1 July 2021	45,390,484	(27,730,232)	17,660,252
Comprehensive income			
Profit for the year	1,321,719	-	1,321,719
Adjustment to reserves – Market value correction of retirement village assets (Refer to Note 9a)	-	24,395,078	24,395,078
Adjustment to reserves – Market value correction of retirement village liabilities (Note 20)	-	6,233,000	6,233,000
Correction per revaluation of assets	1,172,797		1,172,797
Total comprehensive income for the year	2,494,516	30,628,078	33,042,594
Balance at 30 June 2022	47,885,000	2,897,846	50,782,846

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Statement of Significant Accounting Policies

This financial report is a general-purpose financial report that has been prepared in accordance with of the Australian Accounting Standards Board and the requirements of the Associations Incorporation Act 2015.

The financial report covers Retirees WA (Inc.) as an individual entity. Retirees WA (Inc) is an association incorporated in Western Australia under the Associations Incorporation Act 2015.

The financial report of Retirees WA (Inc) complies with all Australian Accounting Standards entirety, unless otherwise stated.

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

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

Financial Position: The Association reported a working capital deficit position at 30 June 2022 of \$38,359,086 (Excluding Resident Lease Obligations of \$58,880,000). This position arises as the Refundable Deposits Payable (RADS) of \$20,995,187, a Funeral Fund liability of \$7,113,109 and the Resident lease obligations of \$55,880,000 are reported as current liabilities under Australian Accounting Standards. However, in practice the Bonds and RADS that are repaid are replaced by RADS from incoming residents in a short time frame and the resident lease obligations are repaid only once the resident sells their home (Refer to Note 13 and Note 14). Based on prior year history, the Association does not expect to pay the entire Funeral Fund Balance within 12 months (See Note 14, liquidity risk). Further the Association has been operating at a net surplus historically and has generated positive cash flow from operating activities. Therefore, based on the above facts, the Association considers the going concern basis of preparation to be appropriate.

a) Property Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the part is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. At the end of each reporting period, the Association assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information if such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Where the future economic benefits of an asset are not primarily dependant on the asset's ability to generate net cash inflows, the recoverable amount of the asset is determined using the replacement cost approach. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Statement of Significant Accounting Policies (continued)

The carrying amount of property, plant and equipment is reviewed annually by the Association to ensure it is not in excess of the recoverable amount of those assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received for the assets' employment and subsequent disposal.

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Depreciation

The depreciable amount of all fixed assets are depreciated on either a straight line basis or the diminishing value basis over their useful lives to the Association commencing from the time the asset is held ready for use.

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

<u>Class of Fixed Assets</u>	<u>Depreciation Rate</u>
Plant and Equipment	5-40%
Motor Vehicles	15-22.5%
Buildings	10-60 years

b) Deferred Management Fee

Retirees WA (Inc) has constructed retirement units for which residents pay an ingoing sum which entitles them to permanency of occupancy. Upon termination of the residency a deferred management fee is calculated based on a pre-determined formula not exceeding 10 years, the management rate stipulated in the resident's contract and is based on the re-lease value of the property. Deferred Management Fees (DMF) are charged to out-going residents at the point of resale of the unit. The fee is charged based on a percentage of the outgoing sale price. The percentage is determined by the number of days the outgoing resident has occupied the accommodation prior to the termination of the lease. The DMF is based on year end values and brought into account on balance date. The DMF arrangement is in substance an operating lease under AASB 16 Leases. The DMF fee is recognised on a straight line basis over the occupancy period of the residents living in the various units

c) Income Tax

The Australian Taxation Office has advised the Retirees WA (Inc) that it is an Association established for "community service purposes" and accordingly under Section 23(g) of the Income Tax Act is exempt from income tax.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Statement of Significant Accounting Policies (continued)

d) Employee Benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries and annual leave which will be settled after one year, have been measured at their nominal amount as at balance date.

Superannuation contributions are made by the Association to the employees nominated superannuation fund and are charged as an expense when incurred.

e) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand, at banks and on deposit where the maturity of deposits is twelve months or less from the date of acquisition.

f) Revenue

To determine whether and when to recognise revenue, the Association follows a 5-step process:

- (1) Identifying the contract with a customer;
- (2) Identifying the performance obligations;
- (3) Determining the transaction price;
- (4) Allocating the transaction price to the performance obligations; and
- (5) Recognising revenue when/as the performance obligation(s) are satisfied.

The Association's main revenue sources and accounting policies are listed below:

- Membership revenue is recognised over the service period.
- Resident fees are recognised when services (i.e. aged care) is provided to the resident.
- Management fees are recorded each month as the services are delivered to the customer.
- Government subsidies are recognised over time as the services (aged care) is provided to the resident.
- Interest revenue is recognised on an accrual basis.
- The DMF arrangement is in substance an operating lease under AASB 16 Leases. The DMF fee is recognised on a straight line basis over the occupancy period of the residents living in the various units.
- Interest revenue on term deposits, loans and investments are recognised on a proportional basis taking into account the interest rates applicable to the financial assets as at balance date.
- All revenue is stated net of the amount of goods and service tax (GST).

g) Investments

Non-current investments are measured on the cost basis. The carrying amount of non-current investments is reviewed annually by the Association to ensure that they are not in excess of their recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Statement of Significant Accounting Policies (continued)

h) Funeral Fund

The Funeral Fund was established to enable members to prepay funeral costs at a discount. The Association has negotiated discounted rates with the Western Australian Funeral Fund Directors Association and Independent Funeral Directors for all the costs associated with their funeral.

The Association invests all funds in investments as approved by the Board. Currently these investments are either cash deposits with banks, redeemable preference shares secured by property and property loan secured by 1st registered mortgage over the property.

The Association invests all the funds received from members and an allocation of the interest revenue after costs of keeping the members records and all financial, accounting and administrative records is made to the members' accounts.

i) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a net basis. The GST components of cash flows arising from investing and financial activities which are recoverable from, or payable to the ATO are classified as operating cash flows.

j) Receivables & Loan

Debtors are carried at amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts.

k) Accounts Payable

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Association.

l) Comparatives

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Statement of Significant Accounting Policies (continued)

m) Refundable Accommodation Deposits (RAD)

Refundable Accommodation Deposits (RAD) are refundable deposits and are treated as financial liabilities in the statement of financial position and measured at the principal amounts. RADs have been classified as current liabilities because the Association does not have an unconditional right to defer settlement. RADs are derecognised when the obligation under the liability is discharged.

n) Retirement Village Assets - Investment Property

The assets represent the retirement village land, buildings and retirement village units. The Association has classified as Investment Property for the purposes of AASB 140 Investment Property, as the assets are held for earning rental income in form of the DMF. This asset is carried at an amount which represents fair value as at the balance date. Fair value is determined by reference to market-based evidence, which is the amount for which the asset could be exchanged between a willing buyer and a willing seller in an arm's length transaction. The Association values the leased assets based on recent sales evidence for each village. Refer to Note 9 for further disclosures.

o) Residents Lease Obligation

Residents Lease Obligation represents the ingoing contributions paid by Residents and are treated as financial liabilities in the statement of financial position. The liability is measured at fair value based on the recent sales of the village units. Residents Lease Obligations are derecognised when the obligation under the operating lease is discharged. The revaluation of the unit has similar estimates and assumptions as discussed under the resident leased asset (see Note 1 (o)). Resident Lease Obligations are non-interest bearing loans made by the village residents upon entering. The resident lease obligation has been classified as a current liability under AASB 101. Refer to Note 13 (Liquidity Risk Note for the expected repayment of these liabilities)

p) Significant Accounting Estimates and Judgements

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

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

The Association's financial report is subject to the following key accounting estimates and judgements:

1. **Fair value of resident lease obligation and retirement village assets measured at fair value (Note 1 (n) and Note 1 (o) and Note 9) and Note 20).** The fair value of retirement village assets and liabilities are subject to the following significant accounting estimates:
 - a. Market value of properties;
 - b. Recent sales evidence;
 - c. Growth Rates;
 - d. Discount Rates.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Statement of Significant Accounting Policies (continued)

2. **Fair value of DMF Receivable Note 5 (a)** – This is a critical estimate as the value of the DMF is based on the sale value of the units while having a DMF Agreement in place. Hence this is a significant accounting estimate and judgement. The key estimates and judgements that are involved include the recent selling prices of the village units.
3. **Impairment of Non-Financial Assets:** The Association assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Association and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.
4. **Provision for expected credit losses:** The Associations' policy for allowance for doubtful receivables is based on the simplified approach permitted by AASB 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables and considers an assessment of recoverability and ageing analysis of outstanding accounts and management's estimates. The Board of Directors believe that all trade receivables are recoverable.
5. **Coronavirus (COVID-19) pandemic:** Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Association based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Association operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements at the reporting date.

q) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when:

- (i) it is expected to be realised or intended to be sold or consumed in normal operating cycle; or
- (ii) it is held primarily for the purpose of trading; or
- (iii) it is expected to be realised within twelve months after the reporting period; or
- (iv) the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- (i) it is expected to be settled in normal operating cycle;
- (ii) it is held primarily for the purpose of trading;
- (iii) it is due to be settled within twelve months after the reporting period; or
- (iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Statement of Significant Accounting Policies (continued)

r) Financial Instruments

(i) Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Association commits itself to either the purchase or 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 "at fair value through profit or loss", in which case transaction costs are expensed to the Statement of Profit or Loss and Other Comprehensive Income 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 significant financing component or if the practical expedient was applied as specified in AASB 15 paragraph 63.

(ii) Classification and Subsequent Measurement

Financial Liabilities:

Financial liabilities are subsequently measured at:

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

The Association does not measure any financial liabilities at fair value through profit or loss except for the resident lease obligations on the retirement villages (Refer to Note 1p). All other financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in the Statement of Profit or Loss and Other Comprehensive Income over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount of initial recognition. A financial liability cannot be reclassified.

Financial Assets:

Financial assets are subsequently measured at:

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

based on the two primary criteria, being:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Statement of Significant Accounting Policies (continued)

The Association has financial assets that are measured at amortised cost including trade and other receivables and cash at bank (including term deposits). The Association also has financial assets at fair value being the deferred management fee receivable.

(iii) Impairment

The Association recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost. Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due, and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument. The Association uses the simplified approach to impairment, as applicable under AASB 9.

s) New or Amended Accounting Standards and Interpretations 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.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Statement of Significant Accounting Policies (continued)

t) New, revised or amending Accounting Standards and Interpretations not yet adopted

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. This Standard applies to annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. Management of the Association has assessed that this standard is unlikely to have a material impact on the financial report.

Other than the above management assessment indicates that there are no other new Australian Accounting Standards that have been issued but are not yet effective with an expected material impact on the Association's financial report in the period of initial application.

Note 2 - Revenue

	2022	2021
	\$	\$
Operating activities		
Deferred management fees	2,471,374	2,423,748
Government subsidies	5,693,064	5,345,539
Lease income	20,800	19,200
Management fees	310,825	352,713
Membership fees	104,862	91,962
Profit from lease of units	160,000	30,000
Residence Fees	2,561,699	2,095,172
	<u>11,322,624</u>	<u>10,358,334</u>
Non-operating activities		
Interest received	4,436	90,753
Other Income	113,440	100,983
Total Revenue	<u>11,440,500</u>	<u>10,550,070</u>

Note 3 - Items Included in Profit/(Loss) Statement

	2022	2021
	\$	\$
Profit/(loss) from ordinary activities has been determined after:		
<u>Expenses</u>		
Depreciation and amortisation of property, plant and equipment	867,438	863,185
Remuneration of auditor - audit services	17,670	22,000
<u>Income</u>		
Interest Received	4,436	90,753

NOTES TO THE FINANCIAL STATEMENTS

Note 4 – Cash Assets

	2022	2021
	\$	\$
Cash Operating Accounts		
General Fund	27,256	43,960
Funeral Fund	308,214	32,996
Amelioration Fund	103,501	86,110
Property Account	142,345	252,838
Aged Care Accounts	1,568,451	1,645,374
 Units Refurbishment		
Refit Account Saver	973,726	29,656
	<u>3,123,493</u>	<u>2,090,934</u>
 Aged Care Accommodation Bonds		
CBA	3,020,932	2,018,325
 Term Deposits:		
Funeral Fund		
ANZ Term Deposits	200,000	200,000
ANZ Term Deposits	812,028	811,211
CBA Term Deposits	620,848	620,848
	<u>1,632,876</u>	<u>1,632,059</u>
 Amelioration Fund		
CBA Term Deposits	5,000	5,000
Sub-total - Cash at Banks	<u>7,782,301</u>	<u>5,746,318</u>
 Cash on Hand	3,963	3,464
Total Cash Assets	<u><u>7,786,264</u></u>	<u><u>5,749,782</u></u>

Note 5 - Receivables

(a) Current

	2022	2021
	\$	\$
Other Debtors	499,795	1,066,629
Net GST Receivable	345,020	100,691
	<u>844,815</u>	<u>1,167,320</u>

(b) Deferred Management Fee Receivable (DMF)

Non-Current

Deferred Management fees	<u><u>10,141,862</u></u>	<u><u>8,950,335</u></u>
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NOTES TO THE FINANCIAL STATEMENTS

Note 5 – Receivables (continued)

Retirees WA (Inc.) has constructed retirement units for which residents pay an ingoing sum which entitles them to permanency of occupancy. Upon termination of the residency a deferred management fee is calculated based on a pre-determined formula not exceeding 10 years, the management rate stipulated in the resident's contract and is based on the re-lease value of the property. Deferred Management Fees (DMF) is charged to out-going residents at the point of resale of the unit. The fee is charged based on a percentage of the outgoing sale price. The percentage is determined by the number of days the outgoing resident has occupied the accommodation prior to the termination of the lease. The DMF is based on year end fair values and brought into account on balance date.

Note 6 – Other Financial Assets

	2022	2021
Current	\$	\$
Loans	80,000	150,000
Total Other Financial Assets	80,000	150,000

Note 7 - Right of Use Assets

Right to Use Assets – balance at beginning of year	173,739	260,609
Less Amortisation	(86,870)	(86,870)
Total Right of Use Assets	86,869	173,739

(ii) Measurement of Right-of-Use Asset:

The Right of Use Asset is initially measured at cost comprising the initial measurement of the lease liability. Subsequent to initial recognition the right of use asset is amortised over the shorter of the assets useful life and the lease term on a straight line basis. The Right of Use Asset was recognised on 1 July 2019 on transition to AASB 16 Leases. The Right of Use Asset relates to the office lease at 915 Albany Highway, East Victoria Park is leased for 3 years with a further 3 year option at \$9,483 per month including variable outgoings.

Note 8 - Other Financial Assets

	2022	2021
Non-Current	\$	\$
1st Registered Mortgage (a)	1,500,000	1,500,000
Investments in unlisted corporations at cost (b)	3,858,358	4,841,000
	5,358,358	6,341,000

(a) 1st Registered Mortgage

A loan for \$1,500,000 was entered into on behalf of the Funeral Fund to One George Street Pty Ltd.

This loan is secured by 1st Registered Mortgage on land at 930 Albany Highway, East Victoria Park.

Interest accrues quarterly at 18,750 per quarter. The loan is held for the purposes of collecting interest and cash flows (SPPI) hence the loan is classified and measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

Note 8 - Other Financial Assets (continued)

(b) Cost value of Redeemable Preference Shares in Retirement Village Developments Pty Ltd

The redeemable preference shares were issued for the purpose of building the retirement units in Canning Vale. The amount accrues of \$12,000 per residential building. The Preference Shares have been reported at cost.

Note 9 (a) Retirement Village Assets (Investment Properties at fair value)		2022	2021
Retirement Villages - Land and Buildings (at cost)		\$	\$
Chessell		0	6,139,361
Fern		0	1,658,949
Skewes		0	2,040,613
Canna		23,508,253	23,827,464
Geraldton		7,330,755	5,684,843
Retirement Villages - Land and Buildings (at cost)		30,839,008	39,351,230
Fair Value Adjustments	- Residents Lease Obligation	55,880,000	8,167,749
Valuer's DMF Adopted Value	- Chessell	1,120,000	0
	- Fern Village	700,000	0
	- Skewes Village	450,000	0
Total Retirement Village Assets at fair value		88,989,008	47,518,979

The retirement village assets consist of land, buildings and infrastructure and the resident leased assets (retirement village) units at the following sites (a) Canna (b) Fern (c) Chessell (d) Skewes and (e) Geraldton. Land. The residents paid an ingoing based on the building costs of the homes which entitles them to permanency of occupancy. Management has classified these assets as investment properties under AASB 140 as the assets are held for earning rental income in form of the DMF. The valuation of the retirement village assets is classified a critical accounting estimate due to the judgement involved in determining the fair value of the assets. The assets have been measured at fair value in accordance with AASB 13 *Fair Value*. Management has obtained independent valuations for the villages, which on a DMF basis have been valued at, Chessell (\$1,120,000), Fern (\$700,000) and Skewes (\$450,000) which have now been updated. The remaining asset values for the other villages are based on recent selling prices. The updated valuations resulted in a decrease fair value adjustment of \$7,568,923 and has been recorded in the reserves.

Note 9 (b) Land and Buildings at Cost		2022	2021
Land		\$	\$
Crown Land at Committees Valuation			
Denmark		107,362	107,362
Freehold Land & Buildings			
Geraldton - other houses		977,834	994,407
Coolgardie		102,453	102,453
Collie		453,380	453,380
Total Carrying Amount of Land and Buildings at 30 June		1,641,029	1,657,602

Movement in carrying amounts for each class of land and buildings between the beginning and end of the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

Note 9 (b) Land and Freehold Land and Buildings at Cost (continued)

Retirement Village Asset	Land and Buildings	Retirement Villages Land and Buildings
	\$	\$
Carrying amount at the beginning of financial year	1,657,602	47,518,979
Add Additions	-	-
Less fair value adjustment on retirement village leased assets*	-	41,914,057
Less depreciation expense	(16,574)	(444,028)
Carrying amount at the end of the financial year	1,641,029	88,989,008

During the year, there was an adjustment of \$31,558,606 for the retirement village assets. \$3,971,625 has been offset against the fair value of the resident lease obligations and an amount of \$35,530,231 was offset against the Non-Distributable Reserves. Refer to Note 20 for further details.

Note 10 - Property, Buildings, Plant & Equipment

	2022	2021
	\$	\$
Land, Buildings & Equipment Net of Depreciation:-		
- Joseph Banks Aged Care Facility	12,250,200	12,483,875
- Salter Point	18,566,155	12,806,039
	<u>30,816,355</u>	<u>25,289,914</u>
Plant & Equipment		
Motor vehicles - at cost	158,535	158,535
Less Accumulated depreciation	(110,210)	(104,841)
	<u>48,325</u>	<u>53,694</u>
 Plant & Equipment - Head Office @ Cost	 441,613	 441,613
Less Accumulated depreciation	(401,487)	(395,794)
	<u>40,126</u>	<u>45,819</u>
Property, plant and equipment	<u><u>30,904,806</u></u>	<u><u>25,389,427</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Note 10 - Property, Buildings, Plant & Equipment (continued)

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

	Motor Vehicles	Aged Care Facilities	Office Equipment	Total
	\$	\$	\$	\$
Carrying amount at the beginning of financial year	53,694	25,289,914	45,819	25,389,427
Add Additions	-	5,836,866	-	5,836,866
Less disposals	-	-	-	-
Less depreciation expense	(5,369)	(310,425)	(5,693)	(321,487)
Carrying amount at the end of the financial year	48,325	30,816,355	40,126	30,904,806

Note 11 - Payables

	2022	2021
	\$	\$
Current		
Trade Creditors	255,773	248,734
Lease of Units	-	250,000
Other Payables	(328,371)	113,222
Accruals	22,500	26,600
Payroll Liabilities	169,433	74,060
Property costs recovered	19,950	(7,494)
	139,285	705,122

Note 12 - Provisions

	2022	2021
	\$	\$
Current		
Provision for employee entitlements	615,801	555,751
	615,801	555,751

Note 13 - Other Financial Liabilities (Current)

	2022	2021
	\$	\$
Funeral Fund liability	7,113,109	8,033,052
Balance at beginning of year	8,033,052	7,999,608
Collections Less Payments & Administration Fees	(919,943)	33,444
Add Adjustment to Cash Value of Funeral Funds	-	-
Balance at end of year	7,113,109	8,033,052

The funeral fund contract was renegotiated with the Funeral Directors Association during the year and the increased cost of between \$52 and \$69.50 per contract, inclusive of GST, became operative from 1 July 2021.

NOTES TO THE FINANCIAL STATEMENTS

Note 13 - Other Financial Liabilities (Current) (continued)

	2022	2021
	\$	\$
Lease Liability (AASB 16)	-	186,069
Loan from Retirement Village Development	3,845,375	-
Residents lease Obligation** (Expected to be paid with 12 months)	2,600,000	2,700,000
Residents lease Obligation** (Expected to be after 12 months)	53,280,000	46,947,000
Commonwealth Bank Loan	450,000	450,000
Bank Loan – Salter Point	6,011,408	393,848
Total Other Financial Liability (Residents Lease Obligation incl. **)	66,186,783	50,676,917
Amount Due and Payable	460,000	870,000
Amount Expected to be Payable within 12 months	4,300,000	4,300,000
Amount Expected to be payable after 12 months	16,235,187	14,392,147
Total Refundable Deposits Payable / Accommodation Bonds Payable *(current)	20,995,187	19,562,147
Total Other Financial Liabilities (Current including Funeral Fund)	94,295,079	78,272,116

Refundable Deposits Payable (RAD) / Accommodation Bonds Payable* - As there is no unconditional right to defer payment for 12 months, the entire balance of RAD liabilities are recorded as current liabilities in accordance with AASB 101. The RAD liability is spread across a large portion of the resident population and therefore the repayment of individual balances that make up the current balance will be dependent upon the actual tenure of individual residents. Usually (but not always) in practice the Bonds and RADS that are repaid are replaced by RADS from incoming residents in a short time frame.

Resident Lease Obligations** - These are non-interest bearing loans made by the village residents upon entering the village. The entire balance of RAD liabilities are recorded as current liabilities in accordance with AASB 101. However, the resident lease obligations have management expects that only a part of the liability being \$2,600,000 to be paid within 12 months based on the historical turnover of the units over the past years. The obligation is discharged once the resident vacates the premises and the unit is sold to another incoming resident.

NOTES TO THE FINANCIAL STATEMENTS

Note 14 - Financial instruments

The Association's exposure to interest rate risk is the risk that a financial instrument will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities, is as follows: -

The Association invests in fixed term deposits for periods up to 12 months thus the net fair value of the financial assets approximate the carrying values disclosed in the accounts as follows:

a. Interest Rate Risk

	Assets with a Floating Interest Rate \$	Total
2022		
Financial assets		
Cash	1,595,707	1,595,707
Short term deposits	6,190,557	6,190,557
Other financial assets	-	-
Other financial assets	-	-
Receivables	-	-
Total financial assets	7,786,264	7,786,264
Financial liabilities		
Bank Loan – Salter Point	(6,011,408)	(6,011,408)
Bank Loan	(450,000)	(450,000)
Net Exposure	1,324,856	1,324,856

The Association does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Association.

b. Credit Risk

The credit risk on financial assets recognised by the Association is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes in conjunction with the financial statements. The exposure to credit risk is noted below

	Note	2022 \$	2021 \$
Bank and Cash	4	7,786,264	5,749,782
Loans (Non-Current)	8	1,500,000	1,500,000
Trade Receivables	5	844,815	1,167,320
Loans Current	6	80,000	150,000
DMF Receivable	5 (a)	10,141,862	8,950,335
		20,352,941	17,517,437

c. Liquidity Risk

Liquidity Risk is the risk that the Association will encounter difficulty in meeting its financial obligations. This risk is controlled through monitoring of the Associations cash flow forecast and ensuring adequate access to financial assets that are readily convertible to cash. As part of the Association's compliance with the User Rights Principles 1997. The Association maintains a liquidity management strategy that ensures that it has sufficient liquidity to enable it to refund the RAD and Bond that are expected to fall due at least 12 months from the reporting date.

Refundable Deposits Payable**- As there is no unconditional right to defer payment for 12 months, RAD liabilities are recorded as current liabilities in accordance with AASB 101. The RAD liability is spread across a large portion of the resident population and therefore the repayment of individual balances that make up the current balance will be dependent upon the actual tenure of individual residents. In the liquidity risk management have disclosed the expected repayment of the RAD's based on prior year history.

Resident Lease Obligations* - Refer to note 20 for disclosure regarding the resident lease obligations & resident leased assets. These are non-interest bearing loans made by the village residents upon entering the village. The entire balance of RAD liabilities are recorded as current liabilities in accordance with AASB 101. Management expects that only a part of the liability being \$4,300,000 to be paid within 12 months based on the historical turnover of the units over the past years. The obligation is discharged once the resident vacates the premises and the unit is sold to another incoming resident.

d. Fair Value Disclosures - AASB 13 Fair Value requires fair values of assets and liabilities to be disclosed based on the following levels

Level 1 - Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2- Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Level 3 inputs are unobservable inputs for the asset or liability.

The table below discloses the financial assets and liabilities reported at fair value

2022	Note	Level 1	Level 2	Level 3
DMF Receivable	5 (a)	-	-	10,141,862
Investment in Unlisted Corporations	8	-	-	3,858,358

Refer to note 20 for disclosure regarding the fair value of resident lease obligations & resident leased assets

NOTES TO THE FINANCIAL STATEMENTS

Note 15 - Segment Note

Retirees WA (Inc.) was incorporated in Western Australia, providing housing and care for aged persons within the community in residential care and independent living units.

Retirees WA (Inc.) is classified by the Department of Health as "Type B" for the purpose of the Residential Care Segment Note. **No segment note is required from the General Purpose Financials Statement.**

The remainder of the Association's operations are not required to be reported as a reportable segment.

Funeral fund activities are separately reported at note 14(a).

Note 16 - Contingent Liabilities

There are no contingent liabilities to the Association

2022	2021
\$	\$
-	-

Note 17 - Reconciliation of Cash flows from Operating Activities to Net Profit

Net profit/(loss) from ordinary activities after income tax	1,321,719	1,478,408
Add Back Depreciation and Amortisation	780,568	776,315
Add Back other non-Operating Cash	86,870	86,870
Movements in Working Capital		
Movement in Prepayment	95,057	66,026
Movement in Trade Debtors	322,505	(1,036,191)
Movement in DMF Receivable	(1,191,527)	(998,204)
Movement in Trade Creditors & Other Liabilities	6,312,779	761,606
Movement in Provisions	60,051	19,824
Net Cash Flow From Operating Activities	7,788,022	1,154,654

Note 18 – Commitments

(a) Commitments

Being for radio advertising and promotion

Payable:

- not later than 1 year

- later than 1 year but not later than 5 years

2022	2021
\$	\$
54,600	54,600
-	-
54,600	54,600

The Association has a commitment with Curtin Radio in which the Association benefits from radio advertising and promotion. The commitment to 30 June 2022 amounts to \$54,600 payable in monthly instalments of \$4,550

NOTES TO THE FINANCIAL STATEMENTS

Note 19 - Subsequent Events

Since the end of the financial year the Board of Management is not aware of any matter or circumstances not otherwise dealt with in the financial report that may significantly affect Retiree's operations, its financial results or state of affairs in the future financial years other than:

Note 20 - Resident's Lease Liability & Assets

The resident leased assets and liabilities are reported at fair value in accordance with AASB 13 Fair Value. The value is based on the recent sales evidence of the units. The value of amount repayable is set off against the deferred management fee owed by the resident.

	Note	2022 \$	2021 \$
Residents Lease Obligation on 1 July		(49,647,000)	(45,675,375)
Fair value movement		(6,233,000)	(3,971,625)
Gross Resident Lease Liability	9	(55,880,000)	(49,647,000)
Less Deferred Management Fee Receivable owing from resident*	5(a)	10,141,862	8,950,335
Residents Lease Obligation at 30 June		(45,738,138)	(40,696,665)

*On exit the Association will repay the resident lease obligations less the value of the Deferred management fee

Resident Lease Obligations & Assets* - Residents Lease Obligation represents the ingoing contributions (non-interest bearing) paid by Residents and are treated as financial liabilities in the statement of financial position. The liability is measured at fair value based on the recent sales of the village units. For the purposes of AASB 13 Fair Value, the resident leased assets and liabilities are classified as a Level 3 Fair Value. The fair value of the leased assets and resident lease obligations is based on the recent selling prices of the units.

Note 21 - Related Party Disclosure

Related Parties

The association's related parties include its key management personnel and related entities below:

Key Management / Relationships:

- Working for Retirees WA - relative of Key Management.
- Samson Homes Pty Ltd - Entity controlled by a spouse of Key Management.

On 30 June 2022, the balance of the loan to Retirees WA for the construction of the Salter Point Aged Care is \$1,413,967

NOTES TO THE FINANCIAL STATEMENTS

- One George Street Pty Ltd - Entity controlled by a spouse of Key Management.

On 30 June 2021, the balance of the loan to one George Street Pty Ltd is \$1,500,000. The loan has been secured by Retirees against the property 930 Albany Highway.

Note 22 - Association Details

The principal place of business of the association is as follows:

Retirees WA (Inc.)

Suite 2

915 Albany Highway

EAST VICTORIA PARK WA 6101

John D Pascoe, FCPA

Certified Practising
Accountant
Registered Tax
Agent Registered
Company
Auditor
ABN: 64 724 120 246

John D Pascoe
Unit 487, 118 Monash Avenue
Nedlands, WA 6009

ABN 64 724 120 246
Email: johnjill@westnet.com.au
Mob: 0406 380 215

Independent auditor's report to the members of Retirees WA Inc.

Report on the Audit of the Revised Financial Report for the year ended 30 June 2022

Other Information has now become available after the finalisation of the 2022 financial statements and the preparation of my previous audit report dated 14th September 2022

Matter of emphasis - Valuation of property assets

During the year retirees engaged the service of Property Valuation & Advisory (WA) Pty Ltd to provide independent valuations of the villages known as Chessell, Fern and Skewes.

Retirees WA (inc.) engaged an independent sworn valuer who was requested to value of the owners' interest (DMF), gross realisation of any stock units and a sale "In One Line" of same.

The Valuer, valued the property under the fair value measurement established in AASB 13 as instructed.

The following is provided for further information.

Fair Value is defined by the Australian Accounting Standards Board (AASB 13) as follows:

"Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

In relation to the independent living units which form part of an operating retirement village, the valuer was of the opinion that there is an active market for the units within the village and the value of the deferred interest in the land and buildings (represented by the Deferred Management Fee (DMF)) and the Income Approach is the most relevant to use.

The Income Approach was defined by the valuer as follows:

"The income approach converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts."

Basis of Valuation

The Valuer conceded it appropriate to use the Discounted Cash Flow approach for the income stream going forward derived from the deferred management fees and share of capital growth, with explanation of the DCF following.

VALUATION CALCULATIONS DMF includes all of the valuer's assumptions included in the valuation summary.

VALUATION CALCULATIONS DMF gives the value for the owners' interest in the property (what Retirees WA would be able to sell for if the village was placed on the market). This equates to the value of both the land and the buildings.

The value that was previously utilised from the valuation reports is the current market value that the Valuer placed on each unit for utilisation in our cashflow to determine the DMP you receive when the unit rolls over. It is not what the valuer considered that a purchaser would pay if the village was sold.

Previously the values used in the past appears to be based on the cost approach (depreciated buildings and land value).

In the preparation of the financial statements a value was used that related to the value of the brick and mortar of the villages being valued being as follows

- Chessell \$7,630,000.00
- Fern \$5,105,000.00
- Skewes \$ 3,340,000.00

The land values apportioned to the villages should have also been deleted as the method being adopted was based on a DMF valuation and the land value is not reflected in this method of valuation

- Chessell \$5,000,000.00
- Fern \$ 700,000.00
- Skewes \$1,350,001.00

Upon receiving further clarification from the Valuer, that the values to be used should have been the figures based on a Deferred Management Fee cash flow valuation as follows

- Chessell \$1,120,000.00
- Fern \$ 700,000.00
- Skewes \$ 450,000.00

Matter Of Emphasis – Funeral Fund's Redeemable Preference Shares

As at the 30 June 2022 the funeral fund had a portion of its funds invested in Redeemable Preference shares to the sum of \$3,858,358.29. The funds are currently invested with Retirement Village Developments Pty Ltd (RVD) a Pty Ltd company who has no other function but to collect the repayment of loan funds previously loaned to Retirees WA (Inc) and in turn redeem the preference shares held by the Funeral Fund. RVD is only a private company which holds a first mortgage over the property and building known as Joseph Banks.

The repayment of the loan funds and the redeeming of the preference shares rely entirely on the ability of Retirees WA (Inc) to be able to repay the loan fund owed to RVD

Matter of Emphasis – Funeral fund loan to One George Street Pty Ltd

The Funeral Fund has made a loan to One George Street Pty Ltd for the amount of \$1,500,000.00 which is controlled by a related party. The purpose of the loan was for the purpose of purchasing land in Albany Highway in Victoria Park for the purpose of housing the office of the administration departments of Retirees.

The sole asset of One George Street Pty Ltd was the Albany Highway property which was being held as the security for the loan from the Funeral Fund.

Subsequent to the purchase Retirees decided to take up office space in the new retirement premises being built at Salter Point. As the Albany Highway property was no longer needed for the offices of Retirees the property was placed on the market for sale. The proceeds from the sale of the Albany Highway Property will be used to repay the loan from the Funeral Fund

Opinion

I have audited the financial report of Retirees WA Inc., which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2022 notes to the financial statements, including a summary of significant accounting policies; the Committee of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Retirees WA Inc. as at 30 June 2022, and its financial performance and its cash flows for the year ended on that date in accordance with the Australian Accounting Standards.

I declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Entity is appropriate.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Reporting 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

The Board is responsible for the other information provided in the financial statements. The other information provided by the board has been included to provide further clarification of the financial statements.

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

Responsibilities of the Board for the Financial Report

The Board of the Reporting Entity is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Companies Act, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the Reporting 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 Board either intend to liquidate the Reporting Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 Reporting Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board'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 Reporting Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Entity to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Entity audit. I remain solely responsible for my audit opinion.

I communicate with the board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Electronic publication of the audited financial reports

It is my understanding that the Reporting Entity intends to electronically present the audited financial report and auditor's report on its internet website. Responsibility for the electronic presentation of the financial report on the website is that of Committees of Management. The security and controls over information on the website should be addressed by the Reporting Entity to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial report(s) on the Reporting Entity's website is beyond the scope of the audit of the financial report.

I declare that I am an auditor registered under the Companies Act.

John D Pascoe, FCPA



Registered Company Auditor
Registered number: 13479

Dated at Perth this 25th day of March 2023

Liability limited by a scheme approved under Professional Standards Legislation.
