



RETIREES WA (INC)

A.B.N. 13 989 588 483

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

Retirees WA (Inc)
30 June 2024 Financial Report

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Retirees WA (Inc)
30 June 2024 Financial Report

Members Report

The Board submit the financial report of Retirees WA (Inc) ("the organisation") for the financial year ended 30 June 2024.

Board members

The board members of the organisation at any time during or since the end of the financial year are:

Lois Jones (President)
Candessa Ashbury (Vice President)
Judith Edwards
Stanley McFarlane
Nita Hart
Brian Mathlin
Tony Santoro
Danuta Newman
John Hyde

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

Review of operations

For the year ended 30 June 2024, the organisation derived a profit of \$2,484,654 (2023: \$400,999 - restated).

Significant changes in the state of affairs

Other than the change in CEO, there were no significant changes in the state of affairs of the organisation that occurred during the year.

Environmental regulation

The Organisation's operations are not subject to significant environmental regulation under both Commonwealth and State legislation in relation to its activities.

Events subsequent to reporting date

The Organisation entered into various legal proceedings subsequent to the year end, none of which have reached a court determination at the date of this report. Other than those mentioned, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, to affect significantly the operations of the Organisation, the results of those operations, or the state of affairs of the Organisation, in future years.

Likely developments

Further information about likely developments in the operations of the Organisation and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Organisation.

Retirees WA (Inc)
30 June 2024 Financial Report

Members Report

Indemnification and insurance of officers and auditors

Since the end of the previous financial year, the Organisation has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Organisation. No premium in respect of officers' liability and legal expenses insurance contracts were made.

Auditors' independence declaration

The auditor's independence declaration is set out on page 4 and forms part of the members' report for the financial year ended 30 June 2024.

This report is made out in accordance with a resolution of the board members.



Lois Jones
President



Henrietta de Sa
CEO

Dated 17 October 2024

Dated 17 October 2024

To the Board Members,

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012

As lead audit director for the audit of the financial statements Retirees WA (INC) for the financial year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the ACNC Act 2012 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.



HALL CHADWICK AUDIT (WA) PTY LTD
ABN 42 163 529 682



NIKKI SHEN CA
Director

Dated this 17 day of October 2024
Perth, Western Australia

Retirees WA (Inc)
30 June 2024 Financial Report

**Statement of Profit and Loss and Other Comprehensive Income
For the year ended 30 June 2024**

	Note	2024 \$	(restated) 2023 \$
Revenue	6	12,567,671	11,165,825
Other income	6	156,690	117,548
Net gain on revaluation	11	2,059,465	-
Total revenue and other income		14,783,826	11,283,373
Operating expenses	7	3,937,290	3,550,075
Depreciation		386,149	390,548
Finance costs	7	110,251	77,623
Employee related costs	7	7,864,889	6,433,473
Net loss on revaluation	11	-	430,655
Total expenses		12,299,172	10,882,374
Profit for the year		2,484,654	400,999
Other comprehensive income		-	-
Total comprehensive income		2,484,654	400,999

The accompanying notes form part of the financial report

Retirees WA (Inc)
30 June 2024 Financial Report

**Statement of Financial Position
As at 30 June 2024**

	Note	2024 \$	(restated) 2023 \$
Assets			
Cash and cash equivalents	8	7,728,293	7,801,520
Trade and other receivables	9	3,259,377	3,715,930
Investments	10	-	-
Investment properties	11	66,961,134	52,372,640
Property, plant and equipment	12	65,411,091	50,890,034
Total assets		143,359,895	114,780,124
Liabilities			
Trade and other payables	13	556,832	492,883
Employee provisions	14	886,446	646,521
Resident liabilities	15	79,136,361	63,082,212
Funeral fund liabilities	16	6,434,888	6,636,966
Borrowings	17	32,698,021	22,758,846
Total Liabilities		119,712,548	93,617,428
Net Assets		23,647,347	21,162,693
Equity			
Retained earnings		23,647,347	21,162,693
Total Equity		23,647,347	21,162,693

The accompanying notes form part of the financial report

Retirees WA (Inc)
30 June 2024 Financial Report

Statement of Cash Flows
For the year ended 30 June 2024

	Note	2024 \$	(restated) 2023 \$
Cash flows from operating activities			
Receipts from government funding		7,845,306	6,404,278
Receipts from residents and care recipients		5,178,918	4,817,578
Payments to suppliers and employees		(11,579,696)	(9,931,752)
Net cash generated from operating activities before interest, refundable accommodation deposits, retirement villages' entry contributions and funeral fund movement		1,444,528	1,290,104
Proceeds/(repayment) from refundable accommodation deposits - net		3,721,153	2,270,228
Proceeds /(repayment) from retirement villages' contribution - net		951,890	2,212,960
Proceeds / (repayment) of funeral fund - net		(202,078)	(527,697)
Interest received		151,090	111,948
Interest paid		(110,251)	(77,623)
Net cash generated from operating activities		5,956,332	5,279,920
 Cash flows used in investing activities			
Payments for property, plant and equipment		(14,196,281)	(18,804,630)
Payments for investment properties		(1,772,453)	(2,757,472)
Net cash used in investing activities		(15,968,734)	(21,562,102)
 Cash flows from financing activities			
Proceeds from borrowings		9,939,175	16,297,438
Net cash generated from financing activities		9,939,175	16,297,438
 Net (decrease)/increase in cash and cash equivalents		(73,227)	15,256
Cash and cash equivalents at the beginning of the year		7,801,520	7,786,264
Cash and cash equivalents at the end of the year		7,728,293	7,801,520

The accompanying notes form part of the financial report

Retirees WA (Inc)
30 June 2024 Financial Report

**Statement of Changes in Equity
For the year ended 30 June 2024**

		Retained Earnings	Non- distributable Reserves	Total
	Note	\$		\$
Balance as at 1 July 2023 (restated)		21,162,693	-	21,162,693
Profit for the year		2,484,654	-	2,484,654
Balance as at 30 June 2024		23,647,347	-	23,647,347
Balance as at 1 July 2022		47,885,000	2,897,846	50,782,846
Restatement adjustments	5	(27,123,306)	(2,897,846)	(30,021,152)
Balance as at 1 July 2022 (restated)		20,761,694		20,761,694
Profit for the year - restated		400,999	-	400,999
Balance as at 30 June 2023 (restated)		21,162,693	-	21,162,693

The accompanying notes form part of the financial report

Retirees WA (Inc)
30 June 2024 Financial Report

**Notes to the Financial Report
For the year ended 30 June 2024**

Reporting entity

Retiree WA Inc (“the organisation”) is domiciled and incorporated in Australia. The principal registered office of the organisation is 25 Mount Henry Road, Salter Point, WA, 6152.

The organisation is incorporated under the Associations Incorporation Act 2015 and registered with the Australian Not-for-Profit Commission (‘ACNC’) in accordance with the Australian Not-for-Profit Commission (ACNC) Act 2012.

The organisation is a not-for-profit entity and is primarily involved in the provision of care and accommodation services to people over 55 including aged care homes and related corporate and management services. The organisation also operates several retirement villages.

Note 1 Basis of preparation

This financial report has been prepared in accordance with Australian Accounting Standards – Simplified Disclosures, the Association Incorporation Act 2015 and the ACNC Act 2012. The financial report is presented in Australian dollars, which is the organisation’s functional and presentation currency.

The organisation does not have ‘public accountability’ as defined in AASB 1053 Application of Tiers of Australian Accounting Standards and is therefore eligible to apply the ‘Tier 2’ reporting framework under Australian Accounting Standards. The financial report comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (AASB 1060) and the disclosure requirements in AASB 1060. Accordingly, the financial report comply with Australian Accounting Standards – Simplified Disclosures.

The financial report was authorised for issue by the members on 17 October 2024.

Management is of the view that the requirement under the Accounting Standards to treat refundable accommodation deposits and entry contributions from retirement villages residents as current liabilities do not reflect the true liquidity position of the organisation as these liabilities are not likely to be repaid in the next 12 months. Accordingly, the organisation has adopted the liquidity balance sheet presentation on the basis that it presents a more reliable and relevant view. Amounts expected to be recovered or settled after 12 months have been disclosed in the notes.

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial report are provided throughout the notes to the financial report.

New and amended standards adopted

The organisation has adopted all new and revised Standards, amendments thereof and interpretations effective for the current year that are relevant to the organisation. There is no material impact on the organisation’s consolidated financial report.

Presentation of comparative information

The presentation of the comparative information has been updated to be consistent with the current year’s presentation.

**Notes to the Financial Report
For the year ended 30 June 2024**

Note 2 Going Concern Basis

The financial report has been prepared on a going concern basis, which assumes that the organisation will be able to meet its financial obligations as and when they fall due. The organisation derived a net profit of \$2,484,654 and net cash inflow from operating activities.

However, the organisation is required to implement and maintain a liquidity management strategy to ensure it has sufficient liquidity to refund RADs as they fall due. In addition, liquid assets of the Funeral Fund must at all times be maintained at a level necessary to cover the Funeral Fund's liability to its members. In ensuring these are met, management is in the process of drafting a Funeral Fund Trust Deed, which includes transfer of funds to the funeral fund. This is dependent on the following occurring:

- Settlement of \$1.5 million loan receivable from One George Street;
- \$3.3 million following the realisation of any interests in deferred management fees that are currently held by the organisation in respect of its Retirement Villages; and
- Approx. \$1 million for the sale of Geraldton and Collie properties.

At the date of this report and having considered the above factors, management is confident that the organisation will be able to continue operations into the foreseeable future as well as maintaining sufficient liquidity as required. This financial report does not include adjustments relating to the recoverability and classification of the recorded assets and liabilities amounts that might be necessary should the organisation not continue as going concern.

Note 3 Use of judgements and estimates

The preparation of financial report requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the organisation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial report are disclosed as follows:

- Property, plant and equipment: assessment of indication of impairment

Management use judgement to review the portfolio of properties for indication of impairment. As part of the review management consider internal and external sources of information including the external valuation reports prepared by an independent property valuer as required by the bank under the terms of the Facility Agreement. No indicators of impairment were identified from the assessment performed.

Assets pledged as security

The carrying amount of the land and buildings pledged as security for the borrowings is about \$82 million.

- Investment properties: estimation of fair value

The investment property portfolio is valued annually. The fair value of the investment properties was determined as at 30 June 2024 internally using a discounted cash flow valuation model.

Key assumptions include: Discount rate	4%
Residents' length of stay	10 years
Growth rates	5%

**Notes to the Financial Report
For the year ended 30 June 2024**

Note 4 Significant Accounting Policies

Revenue and other income

The organisation generates revenue primarily from the provision of care and accommodation services to people over 55 including aged care homes. The organisation also operates several retirement villages. Revenue is derived from government subsidies, care recipient and resident fees.

Accounting policies relevant to the various sources of revenues are described below:

Aged care homes

The organisation is an approved aged care home provider under the Aged Care Act 1997. Up until 30 September 2022, the amount of funding for care was assessed under the Aged Care Funding Instrument ('ACFI'). It has since been replaced with the Australian National Aged Care Classification (AN-ACC). Independent assessors perform the assessments to distribute funding based on the resident's needs and cost of care. The transition to the new funding model did not impact the revenue recognition policy in relation to Government-funded subsidies and supplements.

A supplement is received from the Commonwealth for eligible residents as contribution towards their accommodation and everyday living costs. Government funding is paid monthly in arrears. Residents are also charged fees (basic daily fees, means tested care fees, daily accommodation fees, additional service fees) as contributions towards their care and accommodation and everyday living costs. The fees are determined in accordance with the Government authorised rates. Residents are invoiced fortnightly in advance.

The organisation recognises revenue from aged care homes over time as performance obligations are satisfied, which is as the services are rendered, primarily on a daily basis.

Retirement villages

The organisation offers a range of resident arrangements for its retirement lifestyle villages including lease for life agreement and rental agreement. A lease for life arrangement takes the form of a 60-year lease agreement that gives the resident the exclusive right to occupy a unit or apartment at the lifestyle village.

A deferred management fee is payable by the resident in consideration for the supply of accommodation and the right to use the community facilities. Deferred management fees are paid upon exit, with the amount payable calculated as a percentage of either the initial entry contribution paid by the outgoing resident, or the entry contribution paid by the new incoming resident in accordance with the terms of the lease for life agreement. Deferred management fee revenue is recognised over the expected length of stay of the resident. In addition, a fee is payable during the resident stay that covers the running costs of the village including the facilities. Residents are invoiced fortnightly in advance.

The organisation recognises revenue from the resident fees over time as performance obligations are satisfied, which is as the services are rendered on a daily basis.

Rental income

Rental income for retirement village units is recognised on a straight-line basis over the term of the lease.

**Notes to the Financial Report
For the year ended 30 June 2024**

Note 4 Significant Accounting Policies

Revenue and other income

Grant income

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions have been complied with. Government grants are classified as other income.

Interest income

Interest income is recognised as other income using the effective interest method.

Donations

Donations are recognised as other income when received.

Finance costs

Finance costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits with original maturities of three months or less from acquisition date.

Trade and other receivables

Trade receivables are initially recognised at the transaction price and subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses measured at lifetime expected credit losses.

Any impairment is recognised in profit or loss.

Expected credit loss ('ECL') assessment

The organisation recognises loss allowances for ECLs on financial assets measured at amortised cost. The organisation measures the loss allowances at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the receivables.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e., the difference between the cash flows due to the organisation in accordance with the contract and the cash flows that the organisation expects to receive). ECLs are discounted to the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the organisation has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

**Notes to the Financial Report
For the year ended 30 June 2024**

Note 4 Significant Accounting Policies

Property, plant and equipment

Land and Buildings comprise of the organisation's aged care homes as well as undeveloped lands.

Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and impairment losses, if any. Such cost includes the borrowing costs for long term construction projects if the recognition criteria are met.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items and depreciated accordingly. Any gains and loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the organisation.

Depreciation

Land is not depreciated. Depreciation is calculated on a straight-line basis using the depreciation rates as follows:

Buildings	1.67%
Plant and equipment	5 – 40%
Motor vehicles	15 – 22.5%

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

Impairment review of non-financial assets

At each reporting date the organisation reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. The recoverable amount is the fair value of the asset or CGU at the reporting date.

For impairment testing assets are grouped together into CGUs. Each property is considered a separate CGU. An impairment loss is recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount.

Investments

Investments are carried at cost. The carrying amount of the investments are reviewed annually by the organisation to ensure that they are not in excess of their recoverable amount.

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 Report
For the year ended 30 June 2024**

Note 4 Significant Accounting Policies

Investment properties

Investment properties comprise of the retirement villages that are leased to residents under a lease for life arrangement.

Recognition and measurement

Investment properties are initially measured at cost and subsequently at fair value with change recognised in profit or loss.

Any gain or loss on disposal of an investment property is recognised in profit or loss.

Trade and other payables

Trade payables, sundry creditors and accruals represent liabilities for goods and services provided prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at their transaction price and subsequently measured at amortised cost using the effective interest method.

Employee provisions

Provisions are recognised when the organisation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

The current liability for annual leave and long service leave (for which settlement within 12 months of the reporting date cannot be deferred) is recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The non-current liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted to determine their present values.

Refundable accommodation deposits

Refundable accommodation deposits ('RADs') are deposits paid by residents in aged care homes upon admission. Residents pay a full lump-sum RAD. RADs are refundable when the resident vacates the aged care home in accordance with the prudential requirements set out in the Aged Care Act 1997.

RADs are non-interest bearing and are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest rate method. As financial liabilities with a demand feature, the carrying value of RADs at balance date approximates their fair value.

**Notes to the Financial Report
For the year ended 30 June 2024**

Note 4 Significant Accounting Policies

Retirement village resident liabilities

The organisation owns and operates several retirement villages. It recognises a liability for the entry contribution paid by the resident under a lease for life arrangement. Upon exit the resident is refunded the entry contribution paid by the new incoming resident less any outstanding fees owed (i.e. the outgoing termination payment).

The entry contributions are non-interest bearing and are recognised at fair value through profit or loss with resulting fair value adjustments recognised in profit or loss.

Under a lease for life arrangement a deferred management fee is payable by the resident upon exit (via a deduction from the outgoing termination payment). The deferred management fee receivable is calculated based on the current tenure of the resident and the relevant contract terms.

The organisation holds a contractual right to set-off the deferred management fee receivable on termination against the resident liabilities to be repaid.

Current versus non-current classification

Refundable accommodation deposits and retirement village resident liabilities are classified as current under the Accounting Standards as the organisation does not have an unconditional right to defer payment for 12 months however, they are not expected to all be repaid in the next 12 months.

It is expected that the RAD refunded will be replaced by another RAD as another resident moves in. In addition, under the lease for life contractual terms, resident liabilities are repaid directly from incoming residents which results in a nil cash impact to the organisation.

Borrowings

Borrowings are initially recognised at the amount drawn; net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss and Other Comprehensive Income.

Borrowings are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Funeral fund

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

Retirees WA (Inc)
30 June 2024 Financial Report

Notes to the Financial Report
For the year ended 30 June 2024

Note 5 Restatement of Comparatives

Retirees WA changed its management team, particularly its CEO and CFO, as well as its auditor during the year. From this process, several accounting errors were noted and are corrected in this year's comparatives as described below:

- Incorrect impairment assessment on the investments held (\$4,805,544);
- Prior year bank reconciliating item not corrected (\$80,205);
- Loan receivable from Samson Homes incorrectly classified within property, plant and equipment (\$1,369,645);
- Correction to reclassify other financial assets – current to trade and other receivables (\$80,000), as well as error in non-accrual of related interest receivable (\$78,000);
- Error in depreciating investment properties accounted at fair value (\$385,655);
- Incorrectly recognising negative accumulated asset revaluation reserve (\$4,902,152);
- Incorrectly accounting for sales provisions (\$1,260,000);
- Incorrectly adjusting reserves in regards to deferred management fee receivable (\$10,171,483);
- Correction to reclassify Land and building to Property, plant and equipment (\$1,624,732);
- Correction to reclassify Bank loans to Borrowings (\$22,758,846);
- Error in double take up of cost in Property, plant and equipment (\$95,405);
- Error in accounting for prepayments when they should be expensed (\$100,499);
- GST not reconciled as at 30 June 2023 (\$691,996);
- Inter-entity balances improperly eliminated (\$294,400);
- Error in accruals not reconciled (\$162,848);
- Error in reconciliation of funeral fund liabilities (\$51,553);
- Error in Right-of-use asset due to cessation of lease (\$173,739);
- Error in the calculation of deferred management fees (\$577,202);
- Accounting treatment of investment properties (\$12,895,224) and resident liabilities (\$34,075,377) were not in accordance with the relevant accounting standards.

A third balance sheet, reflecting the year ended 30 June 2022, has not been presented as it has been considered impractical to do so. Extracts (being only those line items affected) of comparatives which have been restated are disclosed below.

Statement of Profit or Loss and Other Comprehensive Income

	2023		2023
	As reported	Adjustment	Restated
	\$	\$	\$
Revenue	11,743,027	(577,202)	11,165,825
Other income	111,948	5,600	117,548
Total revenue and other income	11,854,975	(571,602)	11,283,373
Depreciation	776,203	(385,655)	390,548
Net loss on revaluation	-	430,655	430,655
Total expenses	10,837,374	45,000	10,882,374
Profit for the year	1,017,601	(616,602)	400,999

Retirees WA (Inc)
30 June 2024 Financial Report

**Notes to the Financial Report
For the year ended 30 June 2024**

Note 5 Restatement of Comparatives

Statement of Financial Position

	2023 As reported \$	Adjustment \$	2023 Restated \$
Cash and cash equivalents	7,721,315	80,205	7,801,520
Trade and other receivables	(173,163)	3,889,093	3,715,930
Other financial assets (current)	80,000	(80,000)	-
Deferred management fee receivable	1,082,856	(1,082,856)	-
Right of use assets	173,739	(173,739)	-
Other financial assets (non current)	5,104,735	(5,104,735)	-
Investment properties – Retirement village assets	41,196,542	11,176,098	52,372,640
Land and buildings	1,624,732	(1,624,732)	-
Property, plant and equipment	49,360,707	1,529,327	50,890,034
Total assets	106,171,465	8,608,659	114,780,124
Payables	277,882	215,001	492,883
Other financial liabilities	63,122,640	(40,428)	63,082,212
Funeral fund liabilities		6,636,966	6,636,966
Borrowings	-	22,758,846	22,758,846
Total liabilities	64,047,043	29,570,385	93,617,428
Net Assets	42,124,422	(20,961,726)	21,162,693
Non-distributable reserves	2,897,846	(2,897,846)	-
Retained earnings	48,285,999	(27,123,306)	21,162,693
Total Equity	42,124,422	(20,961,729)	21,162,693

Retirees WA (Inc)
30 June 2024 Financial Report

**Notes to the Financial Report
For the year ended 30 June 2024**

Note 5 Restatement of Comparatives

Statement of Changes in Equity

	2023		2023
	As reported	Adjustment	Restated
	\$	\$	\$
Retained earnings	47,885,000	(27,123,306)	20,761,694
Profit for the year	1,017,602	(616,603)	400,999
Adjustments	(9,766,686)	9,766,686	-
Non-distributable reserves	2,897,846	(2,897,846)	-
		(90,660)	
Balance at 30 June 2023	42,124,422	(20,961,729)	21,162,693

Note 6 Revenue and other income

	2024	(restated)
	\$	2023
		\$
<u>Aged care</u>		
Government funding	7,751,704	6,461,869
Resident fees	2,525,120	2,111,324
Others	94,154	42,908
	10,370,978	8,616,101
<u>Retirement living</u>		
Deferred management fees	1,343,100	1,688,106
Resident fees	421,213	427,045
Sale commission income	133,714	131,848
Rental income	-	19,200
Gain on sale of property	30,000	60,000
Others	268,666	223,525
	2,196,693	2,549,724
Total	12,567,671	11,165,825
<u>Other revenue</u>		
Finance income – bank interest	151,090	111,948
Interest on resident loan	5,600	5,600
	156,690	117,548
Total revenue and other income	12,724,361	11,283,373

Retirees WA (Inc)
30 June 2024 Financial Report

**Notes to the Financial Report
For the year ended 30 June 2024**

Note 7 Expenses

	2024	(restated) 2023
	\$	\$
<u>Operating expenses</u>		
Employee benefits expense	7,864,889	6,433,473
Food, utilities, rates and service costs	2,069,310	1,932,863
Administration costs	1,697,569	1,380,215
Repair and maintenance	170,411	236,997
Total operating expenses	11,802,179	9,983,548
<u>Finance costs</u>		
Interest and finance charges	703,585	316,074
Amount capitalised	(593,334)	(238,451)
	110,251	77,623

Note 8 Cash and cash equivalents

	2024	(restated) 2023
	\$	\$
Current		
Cash at bank and on hand	7,078,498	6,141,713
Term deposits	649,795	1,659,807
	7,728,293	7,801,520

Note 9 Trade and other receivables

	2024	(restated) 2023
	\$	\$
Current		
Trade receivable	88,116	52,073
Other receivable	9,737	34,879
GST receivable	128,279	601,333
	226,132	688,285
Non-current		
Loan and interest receivable for resident loan (*)	163,600	158,000
Loan receivable from Samson Homes Pty Ltd (**)	1,369,645	1,369,645
Loan receivable from One George Street Pty Ltd (***)	1,500,000	1,500,000
	3,033,245	3,027,645
Total	3,259,377	3,715,930

Retirees WA (Inc)
30 June 2024 Financial Report

Notes to the Financial Report
For the year ended 30 June 2024

Note 9 Trade and other receivables

(*) This relates to a loan advanced to a resident of the village for the purchase of lease for life arrangement. This loan is interest bearing at 7% per annum.

(**) This relates to a loan advanced to Samson Homes Pty Ltd and the organisation has commenced legal proceedings to recover this loan amount. At the date of this report, management is confident of recovering this amount and no impairment provision has been made.

(***) This relates to a loan advanced to One George Street Pty Ltd, secured over a property located in Albany Highway. The organisation has commenced legal proceedings to recover this loan amount. At the date of this report, management is confident of recovering this amount and no impairment provision has been made.

Note 10 Investments

	2024	(restated) 2023
	\$	\$
Non-current		
Investments at cost	4,805,544	4,805,544
Impairment provision	(4,805,544)	(4,805,544)
Closing balance	-	-

This relates to an investment made in 2005 on the redeemable preference shares of Over 55 Lifestyle Villages Pty Ltd. In 2019, Retirement Village Developments Pty Ltd subsumed the place of Over 55 Lifestyle Villages Pty Ltd and at the date of this report, the organisation now owns 5,157,000 number redeemable preference shares in Retirement Village Developments Pty Ltd. Management has performed an impairment assessment on these investments and they were thus fully impaired.

Note 11 Investment properties

	2024	(restated) 2023
	\$	\$
Non-current		
Opening balance	52,372,640	100,184,403
Additions	1,772,453	2,757,472
Fair value adjustment	12,816,041	(50,569,235)
Closing balance	66,961,134	52,372,640

Investment properties comprise of the retirement villages that are leased to residents under a lease for life arrangement. The carrying value of the investment properties pledged as security for the borrowings is \$40,598,723. The net gain on revaluation is as follows:

Gain/(loss) on revaluation of investment properties	12,816,041	(50,569,235)
Loss on revaluation of resident liabilities	(10,756,576)	50,138,580
Closing balance	2,059,465	(430,655)

Retirees WA (Inc)
30 June 2024 Financial Report

Notes to the Financial Report
For the year ended 30 June 2024

Note 12 Property, plant and equipment

	Land	Buildings	Property under construction	Plant and equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2024						
Opening net book value	8,959,742	12,876,175	28,128,700	881,925	43,492	50,890,034
Additions	-	672,210	12,499,815	2,167,759	-	15,339,784
Disposal	-	(432,578)	-	-	-	(432,578)
Depreciation expense	-	(264,755)	-	(117,045)	(4,349)	(386,149)
Closing balance	8,959,742	12,851,052	40,628,515	2,932,639	39,143	65,411,091
Year ended 30 June 2023						
Opening net book value	8,959,742	11,216,819	12,280,823	40,126	48,325	32,545,835
Additions	-	1,933,308	15,847,877	953,562	-	18,734,747
Depreciation expense	-	(273,952)	-	(111,763)	(4,833)	(390,548)
Closing net book value	8,959,742	12,876,175	28,128,700	881,925	43,492	50,890,034

Land and Buildings comprise of the organisation's aged care homes, as well as undeveloped lands. The carrying amount of the land and buildings pledged as security for the borrowings is about \$41 million.

Note 13 Trade and other payables

	2024	(restated) 2023
	\$	\$
<u>Current</u>		
Trade payables	258,195	220,160
Other payables and accruals	298,637	272,723
Closing balance	556,832	492,883

Note 14 Employee provisions

	2024	2023
	\$	\$
<u>Current</u>		
Annual leave	651,017	464,518
Long service leave	235,429	182,003
	886,446	646,521

Retirees WA (Inc)
30 June 2024 Financial Report

**Notes to the Financial Report
For the year ended 30 June 2024**

Note 15 Resident liabilities

	2024	(restated) 2023
	\$	\$
<u>Current – expected settlement within 12 months</u>		
Refundable accommodation deposits	6,790,578	10,939,810
Retirement village resident liabilities net of accrued deferred management fees	2,058,000	2,900,000
	8,848,578	13,839,810
<u>No-current – expected settlement after 12 months</u>		
Refundable accommodation deposits	20,115,785	12,325,605
Retirement village resident liabilities net of accrued deferred management fees	50,171,998	36,916,797
	70,287,783	49,242,402
 Total resident liabilities	 79,136,361	 63,082,212

Retirement village resident liabilities net of accrued deferred management fees

Retirement village resident liabilities	56,668,366	43,348,950
Less: Accrued deferred management fees	(4,438,368)	(3,532,153)
	52,229,998	39,816,797

Approved Aged Care Providers are required to implement and maintain a liquidity management strategy to ensure they have sufficient liquidity to refund RADs as they fall due. Refer to Note 18. Financial risk management.

The organisation owns and operates several retirement villages. The organisation recognises a liability for the entry contribution paid by the resident under a lease for life arrangement. Upon exit the resident is refunded the entry contribution paid by the new incoming resident less any outstanding fees owed (i.e. the outgoing termination payment). The entry contributions are non-interest bearing and are recognised at fair value through profit or loss with resulting fair value adjustments recognised in profit or loss.

Under a lease for life arrangement a deferred management fee is payable by the resident upon exit (via a deduction from the outgoing termination payment). The deferred management fee receivable is calculated based on the current tenure of the resident and the relevant contract terms. The organisation holds a contractual right to set-off the deferred management fee receivable on termination against the resident liabilities to be repaid.

The amounts expected to be settled in less than 12 months are based on: Refundable accommodation deposits	average RADs repaid in the last two years
Retirement village resident liabilities	budgeted resales for the coming 12 months

Retirees WA (Inc)
30 June 2024 Financial Report

**Notes to the Financial Report
For the year ended 30 June 2024**

Note 15 Resident liabilities

The organisation also operates several retirement villages which it does not own as part of the joint venture arrangement entered into with the government pre-2010. The related assets and resident liabilities have not been recorded in the books but are disclosed as follows:

Retirement villages not owned by the organisation

	2024	2023
	\$	\$
Fair value of the retirement villages	57,365,043	49,265,084
Retirement village resident liabilities net of accrued deferred management fees	46,646,473	39,242,780

Note 16 Funeral fund liabilities

	2024	(restated) 2023
	\$	\$
Opening balance	6,636,966	7,164,663
Collections less payments & admin fees	(202,078)	(527,697)
Closing balance	6,434,888	6,636,966
Expected to settle within 12 months – current	250,000	250,000
Expected to settle after 12 months – noncurrent	6,184,888	6,386,966
	6,434,888	6,636,966

The organisation is currently in the process of drafting a Funeral Fund Trust Deed, which includes the transfer of the following to the funeral fund:

- \$1,500,000 in regards to the loan receivable from One George Street upon settlement;
- \$1,200,000, following the realisation of any interests in deferred management fees that are currently held by the organisation in respect of Fern Retirement Village
- \$450,000, following the realisation of any interests in deferred management fees that are currently held by the organisation in respect of Skewes Retirement Village
- \$600,000, following the realisation of any interests in deferred management fees that are currently held by the organisation in respect of Chessell Retirement Village
- \$630,000, following the realisation of any interests in deferred management fees that are currently held by the organisation in respect of Mills Street Retirement Village
- \$420,000, following the realisation of any interests in deferred management fees that are currently held by the organisation in respect of Keals Close Retirement Village
- Approx. \$1 million for the sale of Geraldton and Collie properties.

The Funeral Fund Trust Deed is part of the organisation's risk management process in managing its funeral fund obligations. Management has determined that the above would not affect the ongoing operations of the organisation nor impact on its ability to repay its debts due payable for the next twelve months.

Retirees WA (Inc)
30 June 2024 Financial Report

Notes to the Financial Report
For the year ended 30 June 2024

Note 17 **Borrowings**

	2024	2023
	\$	\$
<u>Current</u>		
Bank loan (a)	450,000	450,000
Market rate loan (b)	23,248,021	-
<u>Non-Current</u>		
Market rate loan (b)	9,000,000	22,308,846
	32,698,021	22,758,846

(a) This bank loan is interest bearing at interest rate per annum of 5.9%, secured over a property at Bluff Point. It is fully repaid post year end in July 2024.

(b) This bank loan is interest bearing at interest rate per annum of about 4.3%, plus usage and line fee at 1.8% secured over the organisation's properties of about \$82 million. Repayment is to be an amount equal to the proceeds of any Compensation Amount received by or on behalf of the borrower; and an amount equal to 90% of the RADs received in respect of the Salter Point Aged Care Facility. Subsequent to year end, about \$6 million has already been repaid.

Note 18 **Financial risk management**

The organisation's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and prices. Market risk is managed and monitored by using sensitivity analysis and minimised through ensuring that all operational activities are undertaken in accordance with the financing and investment strategies of the organisation.

Interest risk

The main interest rate risk arises from long-term borrowings with variable rates, which expose the organisation to cash flow interest rate risk. At the reporting date, the organisation had 98% of its borrowings exposed to variable interest rates amounting to \$32 million. The exposure to interest rates is constantly monitored and where appropriate, steps are taken to mitigate the cost to the organisation. Majority of this loan is expected to be repaid within the next twelve months.

Price risk

The organisation's exposure to price risk primarily relates to the risk that the Federal Government through the Department of Health, alters the rate of funding provided to Approved Providers of aged care services. A fluctuation in the rate of Government funding may have a direct material impact on the revenue of the organisation. In addition, the Department of Health also administers the pricing of resident and care recipient contributions.

**Notes to the Financial Report
For the year ended 30 June 2024**

Note 18 Financial risk management

Credit risk

Credit risk arises from cash at bank and term deposits with financial institutions as well as credit exposures to outstanding trade receivables. Cash at bank, and term deposits are held with financial institutions with good credit ratings.

The organisation has policies in place to ensure that wherever possible services are provided to residents and care recipients with an appropriate credit history. Residential aged care residents undergo an assessment of assets and income.

Liquidity risk

The organisation manages liquidity risk by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Due to the dynamic nature of the businesses, the organisation aims at maintaining flexibility in funding by keeping committed credit lines available and surplus funds are generally only invested in instruments that are highly liquid.

The organisation has a prudential liquidity risk policy in accordance with the Fees and Payments Principles 2014 (No.2) ("the Principles") that guides its financial management of liquid assets. Prudent liquidity risk management implies maintaining sufficient cash and term deposits and the availability of funding through adequate credit facilities.

The organisation's policy is to hold a minimum 10% of refundable accommodation deposits, guaranteed buy back liabilities and interest free loans is maintained in liquid assets to ensure that these liabilities can be refunded as and when required.

(i) Maturity analysis

The tables below analyse the organisation's financial liabilities into relevant maturity based on their contractual maturities / expected settlement. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months approximately equal their carrying balances as the impact of discounting is not significant.

Retirees WA (Inc)
30 June 2024 Financial Report

**Notes to the Financial Report
For the year ended 30 June 2024**

Note 18 Financial risk management

	Carrying amount	Less than 12 months	1 – 2 years	2 – 5 years	Over 5 years	Contractual cashflows
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2024						
Trade & other payables	556,832	556,832	-	-	-	556,832
Borrowings	32,698,021	23,248,021	9,000,000	-	-	32,698,021
Employee provisions	886,446	651,017	235,429	-	-	886,446
Resident liabilities	79,136,361	8,848,578	10,000,000	10,000,000	50,287,783	79,136,361
Funeral fund liabilities	6,434,888	250,000	250,000	750,000	5,184,888	6,434,888
Total	119,712,548	33,554,448	19,485,429	10,750,000	55,472,671	119,712,548
Year ended 30 June 2023						
Trade & other payables	492,883	492,883	-	-	-	492,883
Borrowings	22,758,846	-	-	22,758,846	-	22,758,846
Employee provisions	646,521	464,518	182,003	-	-	646,521
Resident liabilities	63,082,212	13,839,810	10,000,000	10,000,000	29,242,402	63,082,212
Funeral fund liabilities	6,636,966	250,000	250,000	750,000	5,386,966	6,636,966
Total	93,617,428	15,047,211	10,432,003	33,508,846	34,629,368	93,617,428

- Borrowing repayment is upon Compensation Amount received by the organisation
- Resident liabilities comprises of RADs which are expected to be a net inflow due to the new aged care facility. Retirement village resident liabilities are off-set against entry contributions of new incoming residents.

Note 19 Capital commitments

As at year end, the organisation does not have any capital commitments.

Note 20 Auditor's remuneration

During the year, the following fees were paid or payable for services provided:

	2024	2023
	\$	\$
Audit fees		
- Hall Chadwick	35,000	-
- John D Pascoe	-	27,500

**Notes to the Financial Report
For the year ended 30 June 2024**

Note 21 Contingent liabilities

There are no contingent liabilities as at the reporting date.

Note 22 Economic dependency

The organisation depends on the Department of Health for over 60% of its revenue in the form of subsidies and supplements.

Note 23 Related party transactions

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

The organisation had various transactions with the following entities which are related to the former CEO/CFO.

	2024 \$	2023 \$
<u>Transactions during the year</u>		
Plasmasource Technology Consulting Services – IT services	149,844	71,021
Samson Homes Pty Ltd – Construction related services (*)	9,900,281	15,106,919
Australasian Group Investments Pty Ltd – CEO/CFO fees	209,418	271,091
Over 55 Lifestyle Villages Pty Ltd – Agent selling fees	-	72,000
(*) capitalised as property, plant and equipment		
<u>Balances as at year end</u>		
Samson Homes Pty Ltd – loan receivable	1,369,645	1,369,645
One George Street Pty Ltd – loan receivable	1,500,000	1,500,000
Over 55 Lifestyle Villages Pty Ltd / Retirement Village Developments Pty Ltd – investments at cost	4,805,544	4,805,544

Key management personnel

Key management personnel (KMP) include members of the Board and Senior Executives. The former CEO/CFO's remuneration has been separately disclosed above. The current CEO's remuneration has been included below.

The KMP remuneration comprises short-term employee benefits, post -employment benefits and termination benefits. These are included in employee benefit expenses (note 7).

	2024 \$	2023 \$
Remuneration paid/payable to KMP	524,593	376,219

During the year there were no material transactions between the organisation and any KMP.

Retirees WA (Inc)
30 June 2024 Financial Report

Notes to the Financial Report
For the year ended 30 June 2024

Note 24 Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, to affect significantly the operations of the organisation, the results of those operations, or the state of affairs of the organisation, in future years.

Retirees WA (Inc)
30 June 2024 Financial Report

Board Members' Declaration

In the opinion of the board members of Retiree WA Inc ('The association'):

(a) the financial report and notes set out on pages 5 to 28 are in accordance with the Associations Incorporation Act 2015, including:

- (i) giving a true and fair view of the organisation's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- (ii) complying with Australian Accounting Standards – Simplified Disclosure Requirements, the Associations Incorporation Act 2015, the ACNC Act 2012 and other mandatory professional reporting requirements.

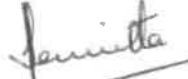
(b) there are reasonable grounds to believe that the association will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Board members.

Signed for and on behalf of the Board by:



Lois Jones
President



Henreitta de Sa
CEO

Dated 17 October 2024

Dated 17 October 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RETIREES WA (INC)

Report on the Financial Report

Opinion

We have audited the financial report of Retirees WA (INC) (the "organisation" or "association"), comprising the statement of profit and loss and other comprehensive income, statement of financial position, statement of cashflows and statement of changes in equity notes to the financial report comprising a summary of significant accounting policies and the Board of member's declaration.

In our opinion, the accompanying financial report of the association is 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 association's financial position as at 30 June 2024, and of its financial performance for the year then ended; and
- b) Complying with Australian Accounting Standards – Simplified Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2022.

Emphasis of Matter – Going Concern

We draw attention to Note 2 of the financial report, which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the organisation's ability to continue as a going concern and therefore the organisation may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

Independence

We are independent of the association 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 and the auditor independence requirements of the Australian Charities and Not-for-profits Commission Regulation 2022 ("ACNCR").

Board of Management's Responsibility

The board of management is responsible for the financial report's preparation in accordance with Australian Accounting Standards – Simplified Disclosure Requirements and has determined that the basis of preparation is appropriate to meet the requirements of the ACNCR. The board of management's responsibility also includes such internal control as the board determines necessary to enable the preparation of financial report that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organisation's preparation of the financial report 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 organisation's internal control.

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board, as well as evaluating the overall presentation of the financial report.

We 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 organisation'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 organisation to cease to continue as a going concern.

We obtain sufficient appropriate audit evidence regarding the financial information or business activities within the association to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We 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 we identify during our audit.



HALL CHADWICK AUDIT (WA) PTY LTD
ABN 42 163 529 682



NIKKI SHEN CA
Director

Dated this 17 October 2024
Perth, Western Australia

