



BETHANY CHRISTIAN CARE

ABN 28 041 667 312

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

BETHANY CHRISTIAN CARE

ABN 28 041 667 312

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**BETHANY CHRISTIAN CARE
ABN 28 041 667 312**

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

The Directors present their report on the Corporation, Bethany Christian Care (Bethany), and its Operating Trusts for the financial year ended 30 June 2022.

Board of Directors

The names of the Board of Directors in office at any time during or since the end of the financial year are:

- Mr. Ross McCorkell (Chairperson)
- Mr. Kent Gellatly (Treasurer)
- Mr. Simon Fawcett (Secretary)
- Mr. Trevor Yarrow
- Mr. John Skinner
- Mr. Anthony Wright
- Mrs Bronwyn Thomas (appointed 4 December 2021)
- Mr Jonathan Margetts (appointed 19 January 2022)

The Board of Directors have been in office from the start of the financial year to the date of this report. No remuneration is paid to the Board of Directors for their services on the Board.

Bethany is incorporated and domiciled in Australia and was incorporated in the State of Queensland under Letters Patent. The registered office of Bethany is 333 Underwood Road, Eight Mile Plains in the State of Queensland. Bethany operates as a "not for profit" organisation and has no taxable income. The Corporation does not issue shares and does not distribute dividends of any kind.

Review and Results of Operations

The operating loss for Bethany for the financial year amounted to \$872,710 (2021: \$66,820 surplus).

Principal Activity

The principal activities of Bethany during the financial year were the accommodation and care of aged persons. The full range of "on-site" aged care is provided under the Commonwealth Aged Care Act for aged persons approved for entry to a Commonwealth Government-funded aged care facility. Bethany also provides accommodation for older members of the community under the State's Retirement Villages Act.

Via a contracted 'approved provider', home care services are delivered to the residents of our retirement villages.

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

There was an operating loss for the financial year of \$872,710 (2021: surplus of \$66,820), out of gross revenues of \$21.98 million (2021: \$22.2 million).

The Entity, at 30 June 2022, held cash and cash equivalents of \$24.37 million (2021: \$26.7 million). Receipts from Government were \$12.9 million (2021: \$13.4 million).

**BETHANY CHRISTIAN CARE
ABN 28 041 667 312**

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

The headquarters site of Bethany is at:

333-357 Underwood Road, Eight Mile Plains, Qld 4113 (co-located with The Plains Retirement Village)

Bethany's campuses are:

- The Plains Retirement Village - 333-357 Underwood Road, Eight Mile Plains, Qld 4113
- Beth Eden Riverside Village - 19 Bell Terrace, Graceville, Qld 4075
- Janoah Gardens - 11 Audell Street, Manly West, Qld 4179

A summary of services provided at each location follows.

The Plains Retirement Village:

Completed and operational –

| | | |
|------------------|----------------------------------|-----|
| Aged Care Places | (Accredited until December 2022) | 120 |
|------------------|----------------------------------|-----|

| | | |
|----------------------|--|----|
| Serviced Apartments: | | 24 |
|----------------------|--|----|

| | | |
|---------------------------|--|----|
| Independent Living Units: | | 74 |
|---------------------------|--|----|

Beth Eden Riverside Village:

Completed and operational –

| | | |
|------------------|----------------------------------|----|
| Aged Care Places | (Accredited until December 2023) | 61 |
|------------------|----------------------------------|----|

| | | |
|---|--|----|
| Independent Living Units/Serviced Apartments: | | 25 |
|---|--|----|

Janoah Gardens:

Completed and operational –

| | | |
|------------------|------------------------------|----|
| Aged Care Places | (Accredited until June 2025) | 36 |
|------------------|------------------------------|----|

| | | |
|----------------------|--|----|
| Serviced Apartments: | | 20 |
|----------------------|--|----|

| | | |
|---------------------------|--|----|
| Independent Living Units: | | 84 |
|---------------------------|--|----|

The Corporation's financial report has been prepared in accordance with Australian accounting standards (reduced disclosure requirements).

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

The Corporation's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

No indemnities have been given during or since the end of the financial year, for any person who is or has been an officer or auditor of the Corporation. Bethany has taken out normal directors' liability insurance.

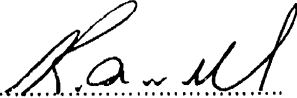
BETHANY CHRISTIAN CARE
ABN 28 041 667 312

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 4.

Signed in accordance with a resolution of the Board of Management:



.....
Mr Ross McCorkell
Chairperson

21st September 2022

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 60.40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS
COMMISSION ACT 2012
TO THE BOARD OF DIRECTORS OF BETHANY CHRISTIAN CARE**

In accordance with the requirements of section 60-40 of the *Australian Charities and Not for Profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Board of Directors of Bethany Christian Care. As the lead audit partner for the audit of the financial report of Bethany Christian Care for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

MGI Audit Pty Ltd



S C Greene
Director

Brisbane
21 September 2022

BETHANY CHRISTIAN CARE
ABN 28 041 667 312

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

| | Notes | 2022 | 2021 |
|---|-------|------------------------|----------------------|
| | | \$ | \$ |
| Revenue | 2 | 19,769,274 | 19,774,599 |
| Other income | 2 | 2,218,361 | 2,450,085 |
| Operating Expenses | | | |
| Employee expenses | | (14,025,015) | (13,880,848) |
| Superannuation expenses | | (1,097,773) | (1,084,363) |
| Depreciation - buildings | | (1,708,139) | (1,738,244) |
| Depreciation - other | | (733,218) | (575,027) |
| Catering and meal expenses | | (1,797,217) | (989,806) |
| Domestic services expenses | | (245,276) | (288,897) |
| Medical/Nursing supplies | | (1,421,147) | (1,454,875) |
| Property Repairs and Maintenance | | (390,299) | (347,569) |
| Electricity expenses | | (152,296) | (186,838) |
| Rates and land tax | | (134,777) | (211,430) |
| IT/Communication services | | (478,546) | (396,589) |
| Insurance expenses | | (96,513) | (90,828) |
| Book value of assets sold | | - | (3,339) |
| Contribution to vacant units in retirement villages | | (244,334) | (174,626) |
| Finance expenses | | (62,128) | (70,256) |
| Provision for impairment | | - | - |
| Other expenses | | (273,667) | (664,329) |
| Total operating expenses | | (22,860,345) | (22,157,864) |
| Surplus/(Deficit) before income tax | | (872,710) | 66,820 |
| Income tax expense | | - | - |
| Operating Surplus/(Deficit) | | (872,710) | 66,820 |
| Other Comprehensive Income | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Fair value gains on financial assets at fair value through other comprehensive income | | (2,688,470) | (771,807) |
| Total comprehensive income | | (3,561,180) | (704,987) |

The accompanying notes form part of these financial statements

BETHANY CHRISTIAN CARE
ABN 28 041 667 312

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

| | Notes | 2022 | 2021 |
|--|-------|--------------------|--------------------|
| | | \$ | \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 24,372,504 | 26,759,488 |
| Trade and other receivables | 4 | 1,962,210 | 1,270,434 |
| Ingoing contributions receivable | | 815,750 | 936,135 |
| Financial Assets - Investments | 9 | 42,384,259 | 44,463,112 |
| TOTAL CURRENT ASSETS | | 69,534,723 | 73,429,169 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 59,075,457 | 58,607,857 |
| TOTAL NON-CURRENT ASSETS | | 59,075,457 | 58,607,857 |
| TOTAL ASSETS | | 128,610,180 | 132,037,026 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 6 | 1,673,920 | 1,524,100 |
| Provision for annual leave | | 1,416,488 | 1,152,104 |
| Provision for long service leave | | 244,167 | 287,413 |
| Accommodation bonds / refundable accommodation deposits (RADs) paid by residents | 7 | 34,348,035 | 34,691,322 |
| Ingoing contributions paid by residents | 8 | 48,626,314 | 48,503,779 |
| TOTAL CURRENT LIABILITIES | | 86,308,924 | 86,158,718 |
| NON-CURRENT LIABILITIES | | | |
| Provision for long service leave | | 231,524 | 247,396 |
| TOTAL NON-CURRENT LIABILITIES | | 231,524 | 247,396 |
| TOTAL LIABILITIES | | 86,540,448 | 86,406,114 |
| NET ASSETS | | 42,069,732 | 45,630,912 |
| EQUITY | | | |
| Retained Profits | | 44,848,471 | 45,721,181 |
| Reserves | | (2,778,739) | (90,269) |
| TOTAL EQUITY | | 42,069,732 | 45,630,912 |

The accompanying notes form part of these financial statements

BETHANY CHRISTIAN CARE
ABN 28 041 667 312

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

| | Retained Earnings | Financial Assets Reserves | Non-financial Asset Reserves | Total |
|---|----------------------|---------------------------------|------------------------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2020 | 45,654,361 | - | 681,538 | 46,335,899 |
| Surplus / (Deficit) for the year | 66,820 | - | - | 66,820 |
| Total other comprehensive income for the year | - | (771,807) | - | (771,807) |
| Balance at 30 June 2021 | 45,721,181 | (771,807) | 681,538 | 45,630,912 |
| Surplus / (Deficit) for the year | (872,710) | - | - | (872,710) |
| Total other comprehensive income for the year | - | (2,688,470) | - | (2,688,470) |
| Balance at 30 June 2022 | 44,848,471 | (3,460,277) | 681,538 | 42,069,732 |

The accompanying notes form part of these financial statements

**BETHANY CHRISTIAN CARE
ABN 28 041 667 312**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

| | Notes | 2022 \$ | 2021 \$ |
|---|-------|--------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from residents | | 6,435,671 | 4,238,856 |
| Receipts from Government | | 13,110,863 | 13,404,447 |
| Management fees from retirement villages | | 334,906 | 329,760 |
| Interest income received | | 127,432 | 364,699 |
| Exit fee / Bond retentions | | 1,324,758 | 1,286,572 |
| Investment income received | | 1,658,852 | 1,128,145 |
| Other income | | 255,228 | 957,241 |
| | | | |
| Payments to suppliers & employees | | (21,960,455) | (19,597,268) |
| Interest paid/Borrowing expenses | | (55,300) | (20,872) |
| | | | |
| Net cash provided by /(used in) operating activities | | 1,231,955 | 2,091,580 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant & equipment | | (2,908,956) | (1,709,948) |
| Purchase of financial assets - investments | | (609,615) | (45,234,921) |
| | | | |
| Net cash provided by (used in) investing activities | | (3,518,571) | (46,944,869) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Net Proceeds / (Repayments) - Accommodation Bonds / Refundable Accommodation Deposits | | (343,288) | (2,003,148) |
| Net Proceeds / (Repayments) from Ingoing Contributions | | 242,920 | (212,819) |
| | | | |
| Net cash provided by (used in) financing activities | | (100,368) | (2,215,967) |
| | | | |
| Net increase/(decrease) in cash held | | (2,386,984) | (47,069,256) |
| | | | |
| Cash at beginning of financial year | | 26,759,488 | 73,828,744 |
| | | | |
| Cash at end of financial year | 3 | 24,372,504 | 26,759,488 |

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

General Information

The financial statements cover the Bethany Christian Care as an individual entity. Bethany Christian Care was incorporated in the State of Queensland under Letters Patent and is a not-for-profit entity for financial reporting purposes and domiciled in Australia.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the *Australian Accounting Standards - Simplified Disclosures*, the *Aged Care Act 1997* and the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC)*. The financial statements cover Bethany Christian Care (also referred to as "the entity" or "Bethany") as an individual entity.

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

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

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The financial statements were authorised for issue on September 2022 by the Board of Management.

Comparative Figures

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

(a) Income Tax

No provision for income tax has been raised as Bethany is exempt from income tax under Section 50-5 of the *Income Tax Assessment Act 1997*.

(b) Cash and Cash Equivalents

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Cost of property, plant and equipment includes any costs directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended. Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Prior to adoption of Australian International Financial Reporting Standards (AIFRS), the Entity had certain land carried at revalued amounts. At the adoption of AIFRS, the Entity elected to apply the deemed cost exemption available under AASB 1. Accordingly, these revalued amounts were recognised as deemed costs and the related asset revaluation is shown as reserves in equity.

Leasehold improvements, plant and equipment and other assets are recorded at cost basis less depreciation and any impairment losses.

In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Depreciation

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

The depreciation rates used for each class of assets are:

| <i>Class of Fixed Asset</i> | <i>Depreciation Rate</i> |
|----------------------------------|--------------------------|
| Buildings | 2.50% |
| Computer hardware/software | 33.33% |
| Plant, equipment, furniture etc. | 7.5% to 20.0% |
| Motor vehicles | 15.00% |

Assets which cost less than \$1,000 are not capitalised.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases

At inception of each lease, Bethany considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition Bethany assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- Bethany has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- Bethany has the right to direct the use of the identified asset throughout the period of use. Bethany assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, Bethany recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Bethany depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Bethany also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, Bethany measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Bethany has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases (continued)

Bethany as a lessor

As a lessor, Bethany classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

(e) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when Bethany becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that Bethany 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 profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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

Classification and Subsequent Measurement of Financial Assets

Financial liabilities

Financial liabilities are subsequently measured at:

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

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

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 over in profit or loss 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 at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial Instruments (Continued)

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit-taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial asset

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss

Measurement is on the basis of two primary criteria:

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

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

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

A financial asset that meets the following conditions is subsequently measured at other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial Instruments (Continued)

Bethany initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

At initial recognition, as long as the equity instrument is not held for trading or not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, Bethany made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the company’s accounting policy.

Investments

The Company has invested funds through a third party which have been recorded as financial assets, with gains or losses being recorded through other comprehensive income.

Whilst these funds invested are to be held for long term investment returns, a proportion of these investments relate to RADS, accommodation bonds and license fees received from residents.

Given the requirement of the Company to repay RADS, accommodation bonds and license fees within the legislated timeframe on resident exiting the facility, some/all of these investments may need to be liquidated in the short-term to facilitate any repayments.

As such, investments have been recorded as a current asset in the financial statements.

Derecognition

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

Derecognition of financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial Instruments (Continued)

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

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- Bethany no longer controls the asset (i.e. has no practical ability to make unilateral decision to sell the asset to a third party).

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

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss

On derecognition of an investment in equity which Bethany elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

Bethany recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

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.

Bethany uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

- the general approach;
- the simplified approach;
- the purchased or originated credit-impaired approach; and
- low credit risk operational simplification.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial Instruments (Continued)

General approach

Under the general approach, at each reporting period, Bethany assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, Bethany measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there is no significant increase in credit risk since initial recognition, Bethany measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc.).

Purchased or originated credit-impaired approach

For financial assets that are considered to be credit-impaired (not on acquisition or originations), Bethany measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (e.g. default or past due event);
- a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, Bethany assumes that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

To make such a determination that the financial asset has low credit risk, Bethany applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial Instruments (Continued)

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or relative to the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, Bethany recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(f) Impairment of Assets

At each reporting date, Bethany reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, is compared to the asset's carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

(g) Employee Provisions

Short-term employee provisions

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Employee Provisions (Continued)

Other long-term employee provisions

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

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

(h) Provisions

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

(i) Borrowing Costs

Borrowing 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 of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(j) Revenue

To determine whether to recognise revenue, the Company 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
5. Recognising revenue when/as performance obligation(s) are satisfied.

In order for a transaction to be accounted for under *AASB 15*, it must represent an agreement between two or more parties that creates enforceable rights and obligations and also contains performance obligation(s); being a promise to transfer to the customer a good or service. *AASB 1058* applies to transactions of not-for-profit entities where the consideration to acquire an asset (including cash) is significantly less than fair value principally to enable the entity to further its objectives.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Revenue (Continued)

Revenue from resident care fees, management fees and service charges and government subsidies is recognised upon delivery of service to the residents. Accommodation bond retentions and exit fees from ingoing contributions are recognised on a contractual basis.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend Income from investments is recognised in the profit or loss only when the right to receive payment of the dividend is established.

(k) Goods and Services Tax (GST)

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

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

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

(l) Trade and Other Receivables

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

(m) Trade and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by Bethany during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Accommodation Bonds

i. Accommodation Bonds

An accommodation bond as governed by the *Aged Care Act 1997* is an amount of money payable for entry to Bethany Christian Care by residents who enter permanent care, if they are eligible to pay. It is in addition to the standard resident contribution and any income tested fee that may apply to the resident. Accommodation bonds are recognised as a liability net of retentions receivable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Accommodation Bonds (Continued)

i. Accommodation Bonds

Any unpaid amount of bond is recognised as receivable with contra liability. Residents can choose to pay an accommodation bond as a lump sum, a regular periodic payment, or a combination of both. The service provider can deduct from the accommodation bond a retention amount, calculated on a monthly basis for up to five years, with the balance of the bond to be refunded to the resident, or their estate, on departure. Service providers may also retain any interest they derive from accommodation bonds. However, no interest is payable to the resident. Accommodation Bonds are refundable within a maximum of 14 days of departure of the resident or, in the case of decease, within 14 days of the receipt of probate etc.

ii. Refundable Accommodation Deposits [RADs]

A refundable accommodation deposit [RAD], as governed by the *Aged Care Act 1997*, is an amount of money payable for entry to Bethany Christian Care by any resident who, in terms of a Commonwealth asset and income assessment, is eligible to pay. It is in addition to the standard resident contribution and any means tested care fee that may apply to the resident. Refundable accommodation deposits are recognised as a liability only upon receipt of the deposit.

ii. Refundable Accommodation Deposits [RADs] (continued)

Residents can choose to pay a refundable accommodation deposit as a lump sum, a daily accommodation payment, or a combination of both. The service provider must, if instructed by the care recipient, deduct from the refundable accommodation deposit (whether fully or partly paid), the daily accommodation payment and may, in its sole discretion and upon receiving a request from the care recipient, agree to the deduction from the refundable accommodation deposit of any other amount.

Any deductions from the refundable accommodation deposit bear interest at the maximum permissible interest rate as set by the Commonwealth Government. The balance of the refundable accommodation deposit is refunded to the resident, or their estate, on departure. Service providers may also retain any interest they derive from refundable accommodation deposits. No interest is payable to the resident. Refundable accommodation deposits are refundable within a maximum of 14 days of departure of the resident or, in the case of decease, within 14 days of the receipt of probate etc.

Bethany Christian Care operates retirement villages under licence tenure arrangements. The resident pays a sum to the entity in exchange for the exclusive use of the unit. Under a licence tenure arrangement, the rights of the resident are protected by a statutory charge in favour of the Department of Employment, Economic Development and Innovation, over the entire village.

When a licence of a particular unit is resold to another resident, the operator may keep a proportion of the proceeds called an "exit fee" based on the exit fees percentage and years of stay. Bethany Christian Care limits exit fees in all villages to 30% of the original ingoing contribution plus 30% of any shortfall between the ingoing contribution and the list price of the relevant unit at the time. Ingoing contribution liability is recorded net of exit fees receivable.

Ingoing Contributions are refundable to a departed resident following sale of the respective unit and receipt of an ingoing contribution from the new resident.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Critical Accounting Estimates and Judgments

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

Key estimates — Fair Values of Bed Licences

For the financial year ended 30 June 2022, the entity estimates the fair value of the bed licences at zero value based on the current view that the Aged Care Approvals Round (ACAR) will be deregulated in the future. The entity is also unable to determine the fair value of the bed licences at the date of acquisition.

Key Estimates – Impairment

The Board of Directors assess impairment at each reporting date by evaluating conditions specific to Bethany that may lead to the impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of the current year.

(p) Economic Dependency

The entity derives a material proportion of funding from the Department of Health and Ageing each year in the form of subsidies, and therefore is deemed to be dependent upon the continued receipt of subsidies to continue to provide aged care services.

(q) New and Amended Accounting Policies Not Yet Adopted by the Company Bonds

There are no material new or amended accounting policies not yet adopted by the entity at the 2022 reporting date. *AASB 1060 Simplified Disclosures* has been adopted in the year which has impacted disclosure requirements only.

(r) Going concern

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

During the year the Company incurred a deficit of \$872,710 and total comprehensive income of (\$2,688,470). In addition, as at the reporting date, current liabilities exceed current assets by \$16,774,201. Notwithstanding this, the Board have determined that the financial report should be prepared on a going concern basis for the following reasons:

- \$82,974,349 of current liabilities relate to resident accommodation bonds, refundable accommodation deposits and retirement village licences which are required by accounting standards to be recognised as current liabilities. However, based on historical refunds of these liabilities, it is unlikely that all of these bonds, deposits and licences would have to be refunded in the next 12 months. Furthermore, the company expects refunds of these liabilities to be replaced by incoming bonds, refundable accommodation deposits and retirement village licences.
- It is not expected that all of the current employee leave entitlements of \$2,051,459 will be required to be paid in full during the year ending 30 June 2023.

Having regard to these factors, the Board are of the opinion that the basis upon which the accounts are presented is appropriate in the circumstances. Accordingly, no adjustments have been made relating to the recoverability and classification of recorded assets amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

BETHANY CHRISTIAN CARE
ABN 28 041 667 312

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

| NOTE 2: REVENUE AND OTHER INCOME | 2022 | 2021 |
|--|--------------------------|--------------------------|
| | \$ | \$ |
| Revenue: | | |
| Income from residents - care fees and services charges | 4,277,230 | 3,785,233 |
| Income from residents - accommodation charges | 853,067 | 968,587 |
| Income from residents - Bond retentions/exit fees | 1,324,758 | 1,286,572 |
| Government subsidies | 12,979,313 | 13,404,447 |
| Management fees from retirement villages | <u>334,906</u> | <u>329,760</u> |
| Total revenue | <u>19,769,274</u> | <u>19,774,599</u> |
| Other income: | | |
| Interest income | 126,954 | 364,699 |
| Investment income | 1,658,852 | 1,128,145 |
| Other income | <u>432,555</u> | <u>957,241</u> |
| Total other income | <u>2,218,361</u> | <u>2,450,085</u> |
| Total revenue and other income from ordinary activities | <u>21,987,635</u> | <u>22,224,684</u> |

NOTE 3: CASH AND CASH EQUIVALENTS

| | | |
|--|--------------------------|--------------------------|
| Cash on hand | 6,525 | 4,798 |
| Cash at bank | 23,565,639 | 25,954,324 |
| Cash at bank - Secured Capital Replacement Fund * | 800,340 | 800,366 |
| CASH AT BANK AS PER STATEMENT OF CASH FLOWS | <u>24,372,504</u> | <u>26,759,488</u> |

* Secured and restricted use Capital Replacement Fund accounts established in terms of sections 91 and 92 of the Retirement Villages Act 1999 which cannot be used by the entity in its ordinary activities.

NOTE 4: TRADE AND OTHER RECEIVABLES

| | | |
|------------------------------------|-------------------------|-------------------------|
| Distributions from investments | 833,424 | 804,446 |
| GST Owing by/ (to) ATO | 190,405 | 94,295 |
| Prepayments | 532,789 | 138,417 |
| Other receivables | 11,795 | 23,503 |
| Owing by residents | 322,397 | 29,185 |
| Owing by retirement villages | 71,400 | 181,742 |
| Less: Provision for doubtful debts | <u>-</u> | <u>(1,154)</u> |
| Total Receivables | <u>1,962,210</u> | <u>1,270,434</u> |

BETHANY CHRISTIAN CARE
ABN 28 041 667 312

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

| NOTE 5: PROPERTY, PLANT AND EQUIPMENT | 2022 \$ | 2021 \$ |
|---|--------------------------|--------------------------|
| Freehold Land and improvements at cost | | |
| Redbank Plains | 5,656,625 | 5,656,625 |
| Less: Provision for impairment | <u>(1,456,625)</u> | <u>(1,456,625)</u> |
| Redbank Plains | 4,200,000 | 4,200,000 |
| Manly West | 960,000 | 960,000 |
| Eight Mile Plains | 2,317,202 | 2,317,202 |
| Graceville | <u>5,514,395</u> | <u>5,514,395</u> |
| | <u>12,991,597</u> | <u>12,991,597</u> |
| Buildings and other improvements - at cost | | |
| Manly West | 21,934,160 | 19,861,133 |
| Accumulated depreciation | <u>(9,773,788)</u> | <u>(9,255,726)</u> |
| Eight Mile Plains | 43,853,703 | 43,746,738 |
| Accumulated depreciation | <u>(16,095,997)</u> | <u>(14,999,932)</u> |
| Graceville | 5,354,498 | 5,317,013 |
| Accumulated depreciation | <u>(1,824,197)</u> | <u>(1,695,663)</u> |
| | <u>43,448,379</u> | <u>42,973,563</u> |
| Furniture, fittings, plant & equipment - at cost | | |
| Manly West | 2,277,562 | 2,015,589 |
| Accumulated depreciation | <u>(1,460,862)</u> | <u>(1,311,923)</u> |
| Eight Mile Plains | 5,993,899 | 5,671,143 |
| Accumulated depreciation | <u>(4,561,759)</u> | <u>(4,136,610)</u> |
| Graceville | 2,073,528 | 1,988,429 |
| Accumulated depreciation | <u>(1,686,887)</u> | <u>(1,583,931)</u> |
| | <u>2,635,481</u> | <u>2,642,697</u> |
| Total Property, Plant and Equipment at cost | 94,478,947 | 91,591,642 |
| Total Accumulated Depreciation | <u>(35,403,490)</u> | <u>(32,983,785)</u> |
| TOTAL PROPERTY, PLANT AND EQUIPMENT | <u>59,075,457</u> | <u>58,607,857</u> |

BETHANY CHRISTIAN CARE
ABN 28 041 667 312

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 5: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Movements in carrying amounts

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

| | Land | Buildings & Improvements | Plant & Equipment | Total |
|--------------------------------------|-------------------|--------------------------|-------------------|--------------------|
| Balance at the beginning of the year | 12,991,597 | 42,973,563 | 2,642,697 | 58,607,857 |
| Additions | - | 2,218,709 | 698,845 | 2,917,554 |
| Depreciation | - | (1,743,893) | (697,465) | (2,441,358) |
| Disposals | - | - | (8,596) | (8,596) |
| Carrying Amount at year end | 12,991,597 | 43,448,379 | 2,635,481 | 59,075,457 |

NOTE 6: TRADE AND OTHER PAYABLES

| | 2022 \$ | 2021 \$ |
|--|------------------|------------------|
| Payables are made up of amounts as follows: | | |
| Trade creditors | 1,197,220 | 809,322 |
| Provision for residents share of capital gain - Manly West | - | 303,699 |
| Other accruals - wages etc. | 358,420 | 65,275 |
| Revenue received in advance | - | 152,305 |
| Other amounts payable | 118,280 | 193,499 |
| | 1,673,920 | 1,524,100 |

NOTE 7: ACCOMMODATION BONDS / REFUNDABLE ACCOMMODATION DEPOSITS PAID BY RESIDENTS

| | | |
|--|-------------------|-------------------|
| Accommodation Bonds | 1,111,267 | 1,542,967 |
| Accumulated retentions receivable to the end of the reporting period | (116,926) | (169,516) |
| Refundable Accommodation Deposits | 33,353,694 | 33,317,871 |
| Amount owing as at 30 June | 34,348,035 | 34,691,322 |

NOTE 8: INGOING CONTRIBUTIONS PAID BY RESIDENTS

| | | |
|--|-------------------|-------------------|
| Amount owing as ingoing contributions at Manly West, Graceville and Eight Mile Plains. | 59,680,788 | 60,003,046 |
| Accumulated exit fees receivable to the end of the reporting period | (11,054,474) | (11,499,267) |
| Amount owing as at 30 June | 48,626,314 | 48,503,779 |

BETHANY CHRISTIAN CARE
ABN 28 041 667 312

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 9: FINANCIAL RISK MANAGEMENT

| | 2022 | 2021 |
|---|-------------------|--------------------|
| Financial assets at amortised cost | \$ | \$ |
| Cash on hand | 6,525 | 4,798 |
| Cash at bank | 23,565,639 | 25,954,324 |
| Cash at bank - Secured Capital Replacement Fund * | 800,340 | 800,366 |
| Total cash (or equivalent) financial assets | 24,372,504 | 26,759,488 |
| Trade and other receivables | 1,962,210 | 1,270,434 |
| Ingoing Contributions Receivable | 815,750 | 936,135 |
| Total financial assets at amortised Cost | 27,779,960 | 28,871,762 |
| Financial assets at Fair Value | | |
| Financial investments - Listed investments and managed funds** | 42,384,259 | 44,463,112 |
| Total financial assets | 94,536,723 | 100,094,362 |
| Financial Liabilities at amortised cost | | |
| Trade and other payables | 1,673,920 | 1,524,100 |
| Accommodation bonds / refundable accommodation deposits paid by residents | 34,348,035 | 34,691,322 |
| Ingoing contributions paid by residents | 48,626,314 | 48,503,779 |
| Total financial liabilities | 84,648,269 | 84,719,201 |

* Secured and restricted use Capital Replacement Fund accounts established in terms of sections 91 and 92 of the Retirement Villages Act 1999 which cannot be used by the entity in its ordinary activities.

**The fair value of financial investments is determined by reference to quoted market bid prices at the close of business on the reporting date. The fair value of the investment in managed funds is provided by the fund manager at each reporting date.

NOTE 10: CONTINGENT LIABILITIES

A contingent liability exists in relation to a deed of counter-indemnity amounting to \$20,000 (2021: \$20,000 - bank guarantee) for the original construction of Janoah Gardens. No loss is anticipated. There is also a direct debit limit amounting to \$350,000 (2021: \$350,000) with Commonwealth Bank of Australia.

NOTE 11: CAPITAL COMMITMENTS

There were capital commitments of \$869,316 in respect of a contract for constructions works at Janoah Gardens as at balance date.

NOTE 12: ACCREDITATION

Bethany Christian Care has achieved accreditation from the Aged Care Standards and Accreditation Agency Limited as follows:

| | |
|-------------------|------------------------|
| Eight Mile Plains | Until December 2022 |
| Graceville | December 2023 |
| Manly West | June 2025 |

Accreditation for each facility is reviewed at least every 3 years.

BETHANY CHRISTIAN CARE
ABN 28 041 667 312

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 13: CHARGES OVER ASSETS OF BETHANY CHRISTIAN CARE

Freehold land at Manly West, Graceville and Eight Mile Plains is subject to a statutory charge under Section 116 of the Retirement Villages Act 1999.

A Registered First Mortgage over freehold land at Manly West, Eight Mile Plains and Graceville and a Registered Bill of Sale and Equitable Mortgage over the assets and undertaking of the business exist in favour of Commonwealth Bank of Australia.

| NOTE 14: RELATED PARTY DISCLOSURES | 2022 | 2021 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| (1). Key management personnel compensation | | |
| (a) Short term employee benefits | 909,282 | 969,831 |
| (b) Post-employment benefits | 110,073 | 97,167 |
| (c) Other long-term benefits | 42,266 | 33,251 |
| Total | <u>1,061,621</u> | <u>1,100,249</u> |
| (2). Other related party compensation (spouse of a key management employee) | | |
| (a) Short term employee benefits | 22,231 | 19,281 |
| (b) Post-employment benefits | - | 1,786 |
| (c) Other long-term benefits | 2,800 | 798 |
| Total | <u>25,031</u> | <u>21,865</u> |
| (3). Transactions between related parties (Bethany Christian Care and retirement villages) | | |
| Sale of goods and services | | |
| (a) Management fees from associates | 334,906 | 329,760 |
| (b) Payments for goods and services on behalf | 1,528,990 | 1,832,515 |
| Total | <u>1,863,896</u> | <u>2,162,275</u> |

NOTE 15: AUDITORS REMUNERATION

| | 2022 | 2021 |
|--------------------|----------------------|----------------------|
| | \$ | \$ |
| Audit services | 27,575 | 26,875 |
| Non-audit services | - | - |
| Total | <u>27,575</u> | <u>26,875</u> |

NOTE 16: COMPANY DETAILS

The registered office and principle place of business of Bethany is:

Bethany Christian Care
333-357 Underwood Road
EIGHT MILE PLAINS, Qld 4113

NOTE 17: EVENTS AFTER THE REPORTING DATE

There have been no subsequent events or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company.

**BETHANY CHRISTIAN CARE
ABN 28 041 667 312**

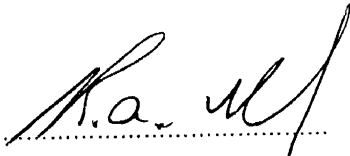
**DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2022**

The Board of Directors declares that:

1. The financial statements and notes, as set out on pages 5 to 26, satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - a. comply with *Accounting Standards – Simplified Disclosures*, the *Aged Care Act 1997* and the *Australian Charities and Not-for-profits Commission Regulations 2013*; and
 - b. give a true and fair view of the financial position of the entity as at 30 June 2022 and of its performance for the year ended on that date.

2. There are reasonable grounds to believe that entity will be able to pay its debts as and when they become due and payable.

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



Mr Ross McCorkell
Chairperson

21st September 2022

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BETHANY CHRISTIAN CARE**

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Report on the Audit of the Financial Report

Auditor's Opinion

We have audited the financial report of Bethany Christian Care (the "Registered Entity"), 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 then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Bethany Christian Care is in accordance with the *Aged Care Act 1997*, *Australian Charities and Not-for-profits Commission Act 2012* and *Retirement Villages Act 1999*, including:

- (a) giving a true and fair view of the Registered Entity's financial position as at 30 June 2022 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Simplified Disclosures and the *Australian Charities and Not for Profits Regulation 2013*.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, we draw attention to Note 1(r) in the financial report, which indicates that as of 30 June 2022 the Registered Entity's current liabilities exceeded its current assets by \$16,774,201. This condition, along with other matters as set forth in Note 1(r) indicate the existence of a material uncertainty that may cast significant doubt about the Registered Entity's ability to continue as a going concern. Therefore, the Registered Entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Registered Entity's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors of the Registered Entity for the Financial Report

The directors of the Registered Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the directors determine 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 directors are responsible for assessing the Registered Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Registered Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Registered Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Registered Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

We communicate with the directors 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.

MGI Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'S C Greene', with a long horizontal flourish underneath.

S C Greene
Director

Brisbane

21 September 2022