

# WARWICK BENEVOLENT SOCIETY INC.

ABN: 25 598 708 473

NAPS ID 316

Financial Report  
for the year ended 30 June 2023

WARWICK BENEVOLENT SOCIETY

ABN 25 598 708 473

**WARWICK BENEVOLENT SOCIETY INC.**

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

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# WARWICK BENEVOLENT SOCIETY

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## WARWICK BENEVOLENT SOCIETY INC.

ABN: 25 598 708 473

### COMMITTEE'S REPORT

Your committee members submit the financial report of the Warwick Benevolent Society Inc. for the financial year ended 30 June 2023.

#### Committee Members

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

Douglas Cutmore  
Glenna Kay  
Rosalyn Keim  
Robert Lindenberg  
Donald Stewart  
Jan Behmann  
Gail Watts  
David Gengos

Chiara Farrell appointed Nov. 2022

Dianne Willi appointed Jan. 2023

#### Corporate Information

Warwick Benevolent Society Inc. is an association incorporated in Queensland under the Associations Incorporation Act 1981. The association is registered charity with the Australian Charities and Not-for-profits Commission (ACNC). It is endorsed as a Deductible Gift Recipient. The association is a not-for-profit entity for financial reporting purposes under the Australian Accounting Standards.

#### Principal Activities

The objects for which the association was established are:

- To provide appropriate care and accommodation for aged, infirm and disabled persons, including residential, non-residential and community services.
- To work in accord with statutory and other bodies and organisations engaged in all related aspects of care.
- To arrange and provide for the holding of meetings, lectures and classes to further the objects of the Association.

#### Significant Changes

No significant change in these activities occurred during the year.

#### Operating Result

The surplus/(deficit) after providing for income tax was (\$729,626).

Signed in accordance with a resolution of the Members of the Committee.

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*Donald Stewart*

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*David Gengos*

Dated this 25th day of September 2023

WARWICK BENEVOLENT SOCIETY

ABN 25 598 708 473

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDING 30 JUNE 2023

	Note	2023 \$	2022 \$
Revenue	2	9,529,805	7,869,587
Other income		3,314,680	3,059,477
Employee benefit expense		(8,804,970)	(7,916,295)
Depreciation and Amortisation Expense		(558,644)	(351,800)
Advertising and promotion expenses		(12,015)	(7,947)
Other Expenses	3	(3,841,302)	(3,072,590)
Capital grant expenditure		<u>(484,180)</u>	<u>(49,879)</u>
<b>Current year surplus before income tax</b>		(856,626)	(469,447)
Income Tax Expense		<u>-</u>	<u>-</u>
<b>Net current year surplus</b>		(856,626)	(469,447)
<b>Other comprehensive income</b>			
Revaluation movement		127,000	-
<b>Total Comprehensive income for the year</b>		<u><u>(729,626)</u></u>	<u><u>(469,447)</u></u>

The accompanying notes form part of these statements

WARWICK BENEVOLENT SOCIETY

ABN 25 598 708 473

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	2023 \$	2022 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	2,462,097	10,846,010
Financial Assets		5,731,461	
Prepayments		81,348	
Accounts receivable and other debtors	6	<u>185,199</u>	<u>294,301</u>
<b>TOTAL CURRENT ASSETS</b>		<u>8,460,105</u>	<u>11,140,311</u>
<b>NON CURRENT ASSETS</b>			
Property plant and equipment	8	11,232,683	10,542,146
Other non-current assets	7	<u>10</u>	<u>10</u>
<b>TOTAL NON CURRENT ASSETS</b>		<u>11,232,693</u>	<u>10,542,156</u>
<b>TOTAL ASSETS</b>		<u>19,692,798</u>	<u>21,682,467</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Contract liabilities	9	111,286	344,704
Accounts payables and other payables	10	288,425	217,954
Employee provisions	11	1,274,413	1,408,373
Community Home Care unspent funds		-	44,327
Resident accommodation deposits		<u>11,088,074</u>	<u>11,996,395</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>12,762,198</u>	<u>14,011,753</u>
<b>NON CURRENT LIABILITIES</b>			
Employee provisions		<u>56,784</u>	<u>67,272</u>
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>56,784</u>	<u>67,272</u>
<b>TOTAL LIABILITIES</b>		<u>12,818,982</u>	<u>14,079,025</u>
<b>NET ASSETS</b>		<u>6,873,816</u>	<u>7,603,442</u>
<b>EQUITY</b>			
Reserves		1,166,305	1,039,305
Retained Surplus		<u>5,707,511</u>	<u>6,564,137</u>
<b>TOTAL EQUITY</b>		<u>6,873,816</u>	<u>7,603,442</u>

The accompanying notes form part of these statements

WARWICK BENEVOLENT SOCIETY

ABN 25 598 708 473

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Retained Surplus \$	Property Revaluation Reserve \$	Total \$
Balance at 1 July 2021	7,033,584	1,039,305	8,072,889
Net surplus for the year	(469,447)		(469,447)
Other comprehensive income			
<b>Non-Comprehensive income</b>			
Revaluation of land and buildings			
Transfer to financial assets reserve			
<b>Total comprehensive income attributable to</b>			
<b>members of the association for the year</b>	<u>(469,447)</u>		<u>(469,447)</u>
<b>Balance at 30 June 2022</b>	<u>6,564,137</u>	<u>1,039,305</u>	<u>7,603,442</u>
Balance at 1 July 2022	6,564,137	1,039,305	7,603,442
Net Surplus/deficit for the year	(856,626)		(856,626)
Other comprehensive income			
<b>Non-Comprehensive income</b>			
Revaluation of land and buildings		127,000	127,000
Transfer to financial assets reserve			
<b>Total comprehensive income attributable to</b>			
<b>members of the association for the year</b>	<u>(856,626)</u>	<u>127,000</u>	<u>(729,626)</u>
<b>Balance at 30 June 2023</b>	<u><u>5,707,511</u></u>	<u><u>1,166,305</u></u>	<u><u>6,873,816</u></u>

The accompanying notes form part of these statements

WARWICK BENEVOLENT SOCIETY

ABN 25 598 708 473

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Government grants		9,249,233.39	6,811,813
Donations received		4,045.08	6,789
Payments to suppliers and employees		(12,846,175)	(10,461,860)
Interest received		82,152.82	47,690
Resident and client fees and contributions		2,619,961.86	2,502,590
Sundry income		<u>130,475.45</u>	<u>185,684</u>
Net cash (used in)/generated by operating activities	13	<u>(760,307)</u>	<u>(907,294)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital grants for property, plant and equipment		28,420	1,014,194
Payments to acquire property plant and equipment		(1,122,184)	(718,340)
(Purchase) of Financial Assets		<u>(5,688,182)</u>	<u>-</u>
Net cash (used in)/generated by investing activities		<u>(6,781,946)</u>	<u>295,854</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of resident accommodation deposits		(4,884,386)	(2,820,442)
Proceeds from resident accommodation deposits		<u>4,042,725</u>	<u>5,514,016</u>
Net cash (used in)/generated by financing activities		<u>(841,662)</u>	<u>2,693,574</u>
<b>Net increase/(decrease) in cash held</b>		(8,383,913)	2,082,133
Cash and cash equivalents at the beginning of the year		<u>10,846,010</u>	<u>8,763,877</u>
<b>Net cash and cash equivalents at the end of the year</b>		<u><u>2,462,097</u></u>	<u><u>10,846,010</u></u>

The accompanying notes form part of these statements

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

The financial statements cover the Warwick Benevolent Society Inc. as a single entity. Warwick Benevolent Society Inc. is an association incorporated in Queensland under the Associations Incorporation Act 1981.

### Note 1 Summary of Significant Accounting Policies

#### a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and the Australian Charities and Not-for-profit Commission reporting requirements as required by the Australian Charities and Not-for-profit Commission Act 2012.

The association 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 association is a not-for-profit entity for financial reporting purposes under the Australian Accounting Standards

Warwick Benevolent Society Inc. is an association incorporated in Queensland under the Associations Incorporation Act 1981. The association has been granted deductible gift recipient status by the Australian Taxation Office. The address of its registered office and principal place of business are as follows:

Akooramak Aged Care Facility  
267-269 Wood Street  
WARWICK QLD 4370

The association's principal activities are to provide appropriate care and accommodation for aged, infirm and disabled persons, including residential, non-residential and community services.

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. The financial report of the association complies with Australian Accounting Standards – Simplified Disclosure requirements.

Relevant accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

AASB 1060 General Purpose Financial Statements – Simplified Disclosure for For-Profit and Not-For-Profit Tier 2 Entities has been adopted from 1 July 2021. There is increased disclosure in these financial statements for key management personnel and auditors' remuneration. There were no major transition adjustments on the adoption of this standard.

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

#### Going Concern

The association has a net current liability on 30 June 2023 of \$4,302,093 (2022: \$2,871,442). The net current liability position is considered substantiable because all refundable accommodation deposits have been classified as current liabilities. The group has no contractual rights to defer re-payment of refundable accommodation deposits beyond one year. However, the directors estimate that receipt of refundable accommodation deposits will generally offset the re-payments to outgoing residents.

The association is heavily reliant on government funding to continue its operations. In October 2022 the government introduced a revised funding model, the National Aged Care Classification (AN-ACC) funding model. In association with this model, target care staffing ratios have been implemented. These ratios will be mandated under legislation from October, 2023. Additionally, aged care facilities are required to continue to meet quality standards, particularly in relation to resident clinical care. The quality standards may require staffing levels above the mandated (funded) level subject to variables including facility age and design. As an inner regional facility, the service has relied heavily on contract and agency staff to meet staffing targets, at a significantly higher cost than employed staff. The cost of care staffing above the AN-ACC funded level and reliance on contract an agency staff have been major contributors to the operating deficit.

These factors indicate significant uncertainty about the association continuing as a financially viable going concern. If the association is unable to continue as a going concern this could impact the realization of assets at their recognised value.

The directors have established and regularly monitor key performance indicators and estimates of operating cash and liquidity to ensure compliance with legislation. Additionally, strategies to align care staffing with funded staffing levels and to reduce reliance on agency staff have been implemented.

After considering all available current information, the directors have concluded that there are reasonable grounds to believe that the association will be able to pay its debts as and when they fall due and payable for a minimum 12-month period from the date of signing the financial statements and that preparation of the financial statements on a going concern basis is appropriate.

#### Critical Accounting Estimates

These financial statements rely on some accounting estimates and judgement on the part of management in applying accounting policies. The areas where assumptions and estimates are significant to the statements are disclosed under *p) Judgements and key sources of estimate uncertainty*.



## **Current and non-current classification**

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current. A liability is current when: it is either expected to be settled in the normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

## **Accounting policies, changes in accounting estimates and errors**

The adoption of AABS 1060 General Purpose Financial Statements – Simplified Disclosure for For-profit and Not-For-Profit Tier 2 Entities did not result in accounting policy changes requiring disclosure under AABS 108 – Accounting Policies, Changes in Accounting Estimates and Errors.

Additional detail has been provided in relation to accounts receivable and accounts payable to improve clarity. This necessitated a change in accounts receivable and accounts payable comparative amounts for 2021-2022, which did not impact on the operating result for that year. There were also some reclassifications of income and expenditure in the 2021- 2022 comparative information, which did not impact the operating result.

Following a review in 2023 of the ACAR and BIF grant funds, and reclassification of some items, grant expenses understated in 2021-2022 by \$116,890, have been taken up in 2022-2023. This does not change the balance sheet including equity on 30 June 2023.

Building depreciation was not recognised in 2021-2022. This has been corrected in comparative information, for that period. Comparative information has been amended with respect to the following statement line items and notes.

Depreciation expense increase/(decrease) \$314,000

Current surplus for the year before tax increase/(decrease) (\$314,000)

Equity increase/(decrease) (\$314,000) and associated values in changes in equity.

Property plant and Equipment (\$314,000) and associated values in Note 8

Imputed revenue and expenses from accommodation deposits under AASB 16 are included in comparative data for 2022. There is no net impact on the result for the period.

### **b) Income Tax**

No provision for income tax has been raised as the entity is exempt from income tax, as a registered charity, under Section 50 of the Income Tax Assessment Act 1997.

### **c) Financial Assets**

The association held four (4) term deposits, on 30 June, 2023, issued by the Warwick Credit Union. These financial assets are recognised at fair value through the profit and loss. The term deposits mature 12 months from the purchase date at interest rates ranging from 4.35% - 4.50%. The fair value movement is determined as the accrued interest on each term deposit for the period from the purchase date to 30 June, 2023.

### **d) Fair Value of Other Assets and Liabilities**

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

Fair value is the price the association would receive to sell an asset or would have to pay to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, information is extracted from the most advantageous market available to the association at the end of the reporting period (the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after considering transaction costs and transport costs).

For non-financial assets, the fair value measurement also considers a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

### **e) Property, Plant and Equipment**

#### **Land, buildings and fixtures**

Land and buildings are reported in the statement of financial position at fair value. Land and buildings were valued in March 2021 by Mason Valuations Pty. Ltd. The valuation of \$10,100,000 did not provide a segregation of land and building values. An indexation valuation was undertaken by the Board in 2023 resulting in a valuation increase of \$127,000. This increase was based on an assumed 5.6% increase in the value of the land after reviewing local real estate price movements. The Board has assumed a land component value of \$2,250,000 based on a current valuation notice, covering part of the site.

Any revaluation increase is recognized in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease previously recognized in profit and loss. In this case the increase is credited to profit and loss to the extent of the decrease previously expensed. A decrease on revaluation is recognised in profit and loss to the extent that it exceeds the balance held in the revaluation reserve relating to a previous revaluation of the asset.

#### **Plant and equipment**

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

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

#### **Depreciation**

The depreciable amount of all fixed assets, including office equipment, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Buildings	Depreciation rate	4.00%
Plant and equipment	Depreciation rate	20.00%

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

Gains and losses on disposals are determined by comparing net proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they occur.

#### **f) Impairment of Assets**

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

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

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the association would, if deprived of the asset, replace its remaining future economic benefits, 'value in use' is determined as the depreciated replacement cost of an asset.

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

The association recognised no asset impairment loss in 2023 (2022: \$77,508) following a review of asset values.

#### **g) Employee Provisions**

##### **Short-term employee benefits**

Provision is made for the Association'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 annual leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The obligations for short-term employee benefits such as wages, salaries and associated oncosts are recognised as part of current accounts payable and other payables in the statement of financial position.

##### **Long-term employee benefits**

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 approximating the terms of the obligations. Any re-measurements of other long-term employee benefit obligations due to changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Association's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the association 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.

##### **Increase in the aged care award.**

The Fair Work Commission has awarded a 15% increase in the Aged Care Award, for direct care workers, and a 5.75% increase for other workers. The 5.75% increased applies in addition to the 15% increase for direct care workers. The award increases significantly

impact leave liabilities and have been included in the calculation of these liabilities (see below - judgements and key sources of uncertainty). The government has indicated that it may offset part of the leave liability increase, associated with the award increase for direct care workers, through a grants program. The guidelines for this program have not been released. No provision has been made in these accounts for a future grant to offset increases in leave liabilities.

#### **Contract hotel services.**

The association contracted hotel services (catering, cleaning and laundry) to an external service provider in Feb. 2023. Staff previously employed in these roles transitioned to the employ of the external provider. The leave liabilities of these staff had not transitioned to the external provider on 30 June, 2023, and are recognised in the leave liabilities of the Association.

#### **h) Cash and cash equivalents**

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

##### **Liquidity Management Strategy**

Under the Association's Liquidity Management Strategy 25% of refundable accommodation deposits is maintained in cash or liquid investments.

##### **Permitted uses of Accommodation Deposits**

Section 52N-1(2) of the Aged Care Act defines permitted uses of accommodation deposits. The Association maintains an estimate of cash available for operational purposes in compliance with these legislative requirements. The estimate of operational cash is based on an analysis of financial reporting from 2012 to the present and includes changes cash and cash equivalents, net cash from accommodation deposits, and past capital expenditure. There is significant uncertainty associated with the determination of this estimate.

#### **i) Accounts Receivable and Other Debtors**

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 receivables are initially recognised at initial invoice amount less any allowance for uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

No additional bad debts were written off in 2023 (2022: \$42,221).

The association does not have material credit risk exposure to any single or group of receivables.

The association has lodged a grant claim with the Department of Health and Aged Care for \$94,468 to cover additional costs associated with managing Covid\_19 outbreaks. There is no certainty in relation to the receipt of this grant and no provision for payment has been made in these financial statements.

#### **j) Revenue and Other Income**

##### **Government Grants**

Government grants are not recognised until there is reasonable assurance that the association will comply with the conditions relating to the grant and that the grants will be received. Government grants are recognised in profit and loss on a systematic basis in which the association recognises expenses associated with the grant.

Government grants that are receivable as compensation for expenses or losses already incurred are recognised in profit and loss in the period in which they become receivable.

The association receives government subsidies, based on the assessed care needs of residents and clients. These subsidies are recognised as income in the period that care services are provided. Subsidy payments are received from Services Australia (Medicare) monthly in advance.

##### **Capital Grants**

The association received two grants in the 2021–2022 and 2022-2023 financial years under the Aged Care Approval Round (ACAR) and the Aged Care Business Improvement Fund (BIF). These grants comprise a mix of capital and operational funding. Both grants are subject to funding agreements and associated performance obligations and are within the scope of AASB15. Income is recognised in the profit and loss as performance obligations are met. Capital and recurrent expenses are recognised when they are incurred. Any unexpended funds are recognised as a grant contract liability. The contract liability for these grants in 2023 was \$111,286 (2022: \$344,704).

##### **Resident Fees**

The association receives daily fees, from residents and community clients, for the provision of care and accommodation is based on an agreed contract with the resident or client. The basic daily care fee rate is set by the Federal Government. Revenue is recognised on a recurring basis as care and accommodation services are provided. In addition to the basic daily care fee residents may be charged fees relating to accommodation payments and contributions determined in accordance with the Aged Care Act (1997). Resident fees are invoiced fortnightly in advance.

#### **Imputed revenue and expenses from accommodation deposits under AASB 16.**

Accommodation deposits are recognised as lease arrangements under AASB 16. An imputed non-cash charge has been recognised in revenue representing the resident's right to occupy a room. A non-cash expense is recognised as a finance cost. There is no net impact on the result for the period. Comparative data for 2022 includes similar revenue and expense items with no impact on the result for that year. The Association recognises that this approach is inconsistent with Statements of Accounting Concepts (SAC) but that the requirement of the relevant Standard prevail where there is a conflict with the Statements of Accounting Concepts.

#### **Interest income**

Interest income is recognised as interest is paid or accrues on short term deposits.

#### **Donations**

Donations and bequests are recognised as revenue in the period that they are received.

#### **k) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. There were no borrowing liabilities at 30 June, 2023.

#### **l) 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 and 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.

#### **m) Comparative Figures**

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

#### **n) Provisions**

Provisions are recognised when the association has a legal or constructive obligation, because 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.

#### **o) Software as a service**

Software as a service arrangements are treated as service contracts providing the right to access to cloud provider's application software over the contract period. The association generally does not recognise license costs and associated implementation costs as an intangible asset, and these costs are expensed. Where license costs cover multiple forward periods, these costs are recognised as prepayments and are expensed over the period of the contract.

#### **p) Judgements and key sources of estimate uncertainty**

##### *Impairment*

The association assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are re-assessed using value-in-use calculations which incorporate various key assumptions.

##### *Provision for impairment of receivables*

The association has undertaken a probability analysis of the debtors aged trial balance and estimated the amount not likely to be received. An amount of \$42,221 was written off in 2022. There was no additional write down in 2023.

##### *Employee benefits*

For measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the association expects that all its employees would use all of their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, the association believes that obligations for annual leave entitlements satisfy the definition of short-term employee benefits and, therefore, can be measured at the (undiscounted) amounts expected to be paid to employees when the obligations are settled.

The estimate of employee leave liabilities is based on the following assumptions.

**Wage indexation 2024**

Nurses	18.00%
Carers (direct care)	21.60%
Other aged care	5.75%

Wage Indexation (2025-2030)	2.50%
Oncosts	29.50%
Oncost Probability	15%
PV Discount (10 yr. Bond Yield)	4.07%

**LSL Probability**

Years of Service	1	2	3	4	5	6	7
Probability	0.14	0.29	0.43	0.57	0.71	0.86	1.00

**Note 2 Revenue and other income**

	Note	2023 \$	2022 \$
<b>Revenue</b>			
Revenue from grants			
Department of Health and Aged Care		8,717,570	7,054,098
Capital grant Aged Care Funding Round (ACAR)		340,401	546,816
Capital grant Business Improvement Fund (BIF)		405,614	172,553
Grant Registered Nurses - Clinical skills and Leadership		57,600	-
Covid_19 Grant		<u>8,620</u>	<u>96,120</u>
Total Revenue		<u>9,529,805</u>	<u>7,869,587</u>
Other Income			
- donations received and fundraising		4,045	6,789
- Resident and client contributions		2,603,110	2,507,557
- Interest income		82,153	47,690
- Fair value movement - financial assets		43,279	-
- Imputed revenue accommodation deposits AASB 16		451,617	407,877
- Other revenue from non-operating activities		<u>130,475</u>	<u>89,564</u>
Total Other Income		<u>3,314,680</u>	<u>3,059,477</u>
Total revenue and other income		<u>12,844,485</u>	<u>10,929,064</u>

**Note 3 Other Expenses**

	Note	2023 \$	2022 \$
<b>Other Expenses</b>			
- Accounting		-	10,300
- Auditors remuneration	4	11,000	13,002
- Food and supplies		512,693	568,044
- Interest expense		2,268	1,869
- Light and power		193,787	172,766
- Medical supplies		189,630	280,513
- Repair and maintenance		371,904	386,565
- Imputed finance costs accomodation deposits AASB 16		451,617	407,877
- Other expenses from ordinary activities		<u>2,108,403</u>	<u>1,231,653</u>
Total other expenses		<u><u>3,841,302</u></u>	<u><u>3,072,590</u></u>

**Note 4 Auditors Fees**

	2023	2022
Note	\$	\$
Auditing the financial statements	11,000	13,002

**Note 5 Cash and financial assets**

	2023	2022
Note	\$	\$
Cash at bank	2,462,097	10,846,010
Financial Assets at fair value - term deposits	<u>5,731,461</u>	<u>                    </u>
	<u><u>8,193,558</u></u>	<u><u>10,846,010</u></u>

**Note 6 Accounts receivable and other debtors**

	2023	2022
Note	\$	\$
<b>CURRENT</b>		
Subsidy Accrual - Residential Care	27,398	73,258
Subsidy Accrual - Home care	73,490	53,221
Other debtors	<u>84,311</u>	<u>167,822</u>
Total accounts receivable and other debtors	<u><u>185,199</u></u>	<u><u>294,301</u></u>

**Note 7 Other non-current assets**

	2023	2022
Note	\$	\$
Shares in Warwick Credit Union	10	10

**Note 8 Property plant and equipment.**

Note	2023 \$	2022 \$
<b>Land buildings and fittings</b>		
At valuation 2021	10,100,000	10,100,000
Revaluation movement	127,000	-
Accumulated depreciation	<u>(628,000)</u>	<u>(314,000)</u>
	<u>9,599,000</u>	<u>9,786,000</u>
<b>Plant and equipment</b>		
At cost	1,837,047	191,103
Impairment	-	(77,508)
Accumulated depreciation	<u>(282,444)</u>	<u>(37,800)</u>
	<u>1,554,603</u>	<u>75,795</u>
<b>Work in Progress</b>		
Stacey House	21,660	10,860
Capital grant - Aged Care Approval Round	57,420	546,816
Capital grant - Business Improvement Fund	<u>                    </u>	<u>122,674</u>
	<u>79,080</u>	<u>680,350</u>
	<u>                    </u>	<u>                    </u>
Total property plant and equipment	<u><u>11,232,683</u></u>	<u><u>10,542,146</u></u>

**Movements in carrying amounts.**

	Land and Buildings \$	Plant and Equipment \$	Work in Progress \$	Total \$
<b>Balance at 1 July 2021</b>	10,100,000	153,113	-	10,253,113
Additions	-	37,990	680,350	718,340
Impairment	-	(77,508)	-	(77,508)
Depreciation Expense	<u>(314,000)</u>	<u>(37,800)</u>	-	<u>(351,800)</u>
<b>Carrying amount at 30 June 2022</b>	<u>9,786,000</u>	<u>75,795</u>	<u>680,350</u>	<u>10,542,146</u>
Additions	-	937,447	184,735	1,122,182
Disposals	-	-	-	-
Revaluation movement	127,000	-	-	127,000
Transfer of WIP (Capital Grants) to Plant and Equipment	-	786,005	(786,005)	-
Depreciation Expense	<u>(314,000)</u>	<u>(244,644)</u>	-	<u>(558,644)</u>
<b>Carrying amount at 30 June 2023</b>	<u><u>9,599,000</u></u>	<u><u>1,554,603</u></u>	<u><u>79,080</u></u>	<u><u>11,232,683</u></u>

The fair value of land and buildings was determined in March 2021 by Mason Valuations Pty. Ltd at \$10,100,000. The Board undertook an indexation valuation in 2023 and determined a valuation increase of \$127,000. This was based on a conservative 5.6% increase in the assumed land value component of \$2,250,000.



**Note 9 Contract liabilities**

Contract liabilities are comprised of capital grants received as follows

	Note	2023 \$	2022 \$
<b>Balance at 1 July 2022</b>		344,704	-
Additional grants received during the year		512,600	1,064,073
Grants expended (revenue) recognised in profit and loss		<u>(746,015)</u>	<u>(719,369)</u>
<b>Balance at 30 June 2023</b>		<u>111,286</u>	<u>344,704</u>

**Note 10 Accounts payable and other payables**

	Note	2023 \$	2022 \$
CURRENT			
Resident Fees in advance		52,252	46,473
Accrued wages		41,490	40,659
Accrued wages (registered nurse bonus payment)		57,600	-
Trade creditors		110,535	130,822
Other accounts payable		<u>26,548</u>	<u>-</u>
		<u>288,425</u>	<u>217,954</u>

**Note 11 Employee provisions**

	Note	2023 \$	2022 \$
CURRENT			
Annual leave entitlements		819,186	850,006
Long service leave entitlements		<u>455,227</u>	<u>558,367</u>
		<u>1,274,413</u>	<u>1,408,373</u>
NON CURRENT			
Long service leave entitlements		<u>56,784</u>	<u>67,272</u>
		<u>56,784</u>	<u>67,272</u>
Total employee provisions		<u>1,331,197</u>	<u>1,475,645</u>

**Note 12 Notes to the statement of cash flow.**

Reconciliation of cash flows from operating activities

	2023	2022
Note	\$	\$
Net current year surplus/deficit	(856,626)	(469,447)
Depreciation expense	558,644	351,800
Accommodation payment drawdowns from lump sums	(66,661)	(63,132)
Capital grants recognised in income	(261,834)	(669,490)
Fair value movement - financial assets	(43,279)	-
Net (gain)/loss on impairment	-	77,507
(Increase)/decrease in prepayments	(81,348)	-
(Increase)/decrease in accounts receivable	109,102	(57,879)
Increase/(decrease) in HCP unspent balance	(44,327)	(243,800)
Increase/(decrease) in accounts payable	70,471	118,521
Increase/(decrease) in employee provisions	(144,448)	48,626
Net cash used in operating activities	<u>(760,307)</u>	<u>(907,294)</u>

**Note 13 Key personnel compensation.**

	2023	2022
Note	\$	\$
Management consultancy	221,995	114,082
Key personnel aggregate compensation	156,307	313,613

A management consultancy firm was employed to provide management support in 2023 and 2022. The cost includes management staff and work-related accommodation costs.

**Note 14 Related party transactions.**

There were no transactions between related parties.

**Note 15 Events after reporting period.**

Nil.

**Note 16 Association details.**

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

Warwick Benevolent Society Inc.  
267 – 269 Wood Street  
WARWICK QLD 4370

**ANNUAL STATEMENTS GIVE TRUE AND FAIR VIEW OF FINANCIAL POSITION  
AND PERFORMANCE OF INCORPORATED ASSOCIATION**

We, Donald Stewart and David Gengos, being members of the committee of Warwick Benevolent Society Inc., certify that the statements attached to this certificate give a true and fair view of the financial position and performance of Warwick Benevolent Society Inc. during and at the end of the financial year of the association ending on 30 June 2023.

Signed:

Dated: 25th September, 2023

Signed:

Dated: 25th September, 2023

**CERTIFICATE BY MEMBERS OF THE COMMITTEE**

I, Donald Stewart of Warwick Benevolent Society Inc., and I, David Gengos of Warwick Benevolent Society Inc., certify that:

- a. We attended the annual general meeting of the association held on the 25th of September, 2023; and
- b. The financial statements for the year ended 30 June 2023 were submitted to the members of the association at the annual general meeting.

Dated this 25th day of September 2023

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***Donald Stewart***

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***David Gengos***

**WARWICK BENEVOLENT SOCIETY INC.**  
**ABN: 25 598 708 473**  
**INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
Note	\$	\$
<b>INCOME</b>		
Grants (recurrent)	8,717,570	7,054,098
Capital Grant Aged Care Approval Round (ACAR)	340,401	546,816
Capital Grants Building improvement Fund (BIF)	405,614	172,553
Grant Registered Nurses - Clinical skills and Leadership	57,600	-
Covid_19 Grant	8,620	96,120
Donations and Fundraising	4,045	6,789
Resident contributions	2,603,110	2,507,557
Interest income	82,153	47,690
Fair value movement - financial assets	43,279	-
Revenue non-operating activities	130,475	89,564
Imputed revenue on refundable deposits AASB 16	451,617	407,877
	<u>-</u>	<u>-</u>
<b>Total income</b>	<u>12,844,485</u>	<u>10,929,064</u>
<b>EXPENDITURE</b>		
Accounting	-	10,300
Advertising	12,015	7,947
Auditor's remuneration	11,000	13,002
Depreciation	558,644	351,800
Food and supplies	512,693	568,044
Interest expense	2,268	1,869
Light and power	193,787	172,766
Medical supplies	189,630	280,513
Repairs and maintenance	371,904	386,565
Superannuation	636,165	648,708
Wages	8,045,294	7,267,588
Imputed finance costs AASB 16	451,617	407,877
Other expenses from ordinary activities	2,231,914	1,231,653
Capital Grants operational expenditure	<u>484,180</u>	<u>49,879</u>
<b>Total expenses</b>	<u>13,701,111</u>	<u>11,398,511</u>
Current year surplus/(deficit) before income tax	(856,626)	(469,447)
Other Comprehensive Income - valuation movement	<u>127,000</u>	<u>-</u>
Current year surplus/(deficit) after income tax	<u><u>(729,626)</u></u>	<u><u>(469,447)</u></u>