2023

Annual Report

Doutta Galla Aged Services Limited

ABN 96 088 097 929

Chief Executive Officer

Ms. Vanda Iaconese

Company Secretary

Mr. George Koulis
Mr. Michael Crevola (Appointed 27 June 2023)

Company Details

Doutta Galla Aged Services Limited
ABN 96 088 097 929
Registered Office:
Ground Floor, 75 Moreland Street, Footscray Victoria 3011
Phone (03) 9680 3300 Fax (03) 9689 0744
Internet site: www.dgas.org.au

At the time of this report, Doutta Galla Aged Services owned, delivered and/or managed the following services:

Avondale Heights ACF 120 North Road AVONDALE HEIGHTS VIC 3034 Telephone: (03) 9325 0000 Fax: (03) 9325 0035	P R	Footscray ACF 48 Geelong Road FOOTSCRAY VIC 3011 Telephone: (03) 9687 6744 Fax: (03) 9687 6844	P R
Grantham Green ACF 28-32 Magnolia Street ST ALBANS VIC 3021 Telephone: (03) 9364 5235 Fax: (03) 9364 5237	P R	Harmony Village ACF 20 Zurcas Lane SHEPPARTON VIC 3630 Telephone: (03) 5831 7921 Fax: (03) 5821 7818	P R
Harmony Village 14 & 34 Zurcas Lane SHEPPARTON VIC 3630 Telephone: (03) 5822 4955 Fax: (03) 5821 0313	U	Queens Park ACF 13 The Strand MOONEE PONDS VIC 3039 Telephone: (03) 9372 8888 Fax: (03) 9372 8844	P R U
Lynch's Bridge ACF 44 Market Street KENSINGTON VIC 3031 Telephone: (03) 9376 2111 Fax: (03) 9673 7629	P R	Yarraville Village ACF Cnr Fairlie & Somerville Road YARRAVILLE VIC 3013 Telephone: (03) 9687 0111 Fax: (03) 9687 8266	P R
Woornack ACF 6-8 Killara Street SUNSHINE VIC 3010 Telephone: (03) 9312 0111 Fax: (03) 9310 1208	P R	Doutta Galla West 75 Moreland Street FOOTSCRAY VIC 3011 Telephone: (03) 9680 3300 Fax: (03) 9689 0744	H

P – Permanent Care
R – Respite Care
U – Independent Living Units
H – Home Support

Your Directors present their report on the entity for the financial year ended 30 June 2023.

Directors

The names of each people who has been a director during the year and to the date of this report are:

Mr. Scott Chapman
Ms. Kirstin Fox
Ms. Justine Heath
Ms. Susan Hendy
Dr. Peter Hertan
Mr. Peter Kent
Mr. Terry Larkins, OAM PSM
Ms. Jennifer Wressell

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

Information on Company Secretary

The following person held the position of the entity secretary at the end of the financial year:

Mr. George Koulis – Bachelor of Business (Accounting), Fellow of CPA Australia (FCPA), Graduate Diploma in Business Administration, Master of Business Administration (MBA), Executive Program Harvard Business School.

Mr. Koulis has broad senior management experience in finance, information technology, asset management, human resources, marketing, and sales, legal, risk management, business re-engineering and as a Company Secretary.
Mr Koulis was appointed Company Secretary on 27 September 2004.

On 27 June 2023, the Board appointed Mr. Michael Crevola as joint Company Secretary.

Operating results

The operating profit of the entity for the year ended 30 June 2023 amounted to $2,852k (2022: loss of $12,329k).

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Review of Operations

We delivered a diverse range of services to our clients in a year with some COVID19 outbreaks and precautionary responses. During the year, we have continued to maintain our Infection Prevention and Controlled (IPC) environment, while adapting to the changes in government and health directives. In all, the organisation experienced 13 (47 prior year) outbreaks, totalling 300 days, requiring outbreak responses under Doutta Galla IPC policy during the financial year and continued to divert significant resources and effort to combat these. These health responses and interventions continued to have a negative effect on the organisation's bottom line, which impacted this year's operating result.

The organisation has continued to apply for one-off funding to cover some of the costs of health interventions and outbreaks. At the time of writing this report, the organisation was still waiting on responses from the Commonwealth for a number of applications.

Towards the end of the financial year, the organisation refreshed its marketing strategy in an attempt to address the declining occupancy levels at some of its homes. This involved ramping up different channels to connect with potential clients.

Throughout the year, the organisation has faced challenges from the introduction of the ANN-ACC funding system, including fair value case wage funding and associated wage claims and preparation for an increase in the level of care minutes required from 1 October, and the obligation to have 24/7 nursing coverage which has required additional nurse recruitment activity. The organisation has recruited 39 registered nurses during the last financial year, and significantly, 26 of those nurses were recruited since March, as the organisation seeks to comply with its obligations under the higher care minute targets of the Government.

Doutta Galla has continued to invest significantly in technology to deal with changes in the current operating environment as well as to prepare for the future range of government changes being introduced to the aged care sector. The area of cyber security also continued to be an area of focus through a range of programs such as expanding system redundancies, training, enhancing staff awareness, and increasing contingencies.

During the year, the organisation has continued to review the operational, clinical, and financial frameworks to ensure that it was fit for purpose in meeting the current and forthcoming challenges of the organisation, which includes the new governance obligations announced by the Commonwealth.

In the 2021/22 financial year, the Government discontinued bed place allocations and moved to a client directed care model of funding. The Board reviewed the organisation's assets and decided it was the right time to impair the value of intangibles (bed places). This impairment was substantial in value and is reflected within the comparative balances in this year's financial accounts.
No further impairment of asset values has occurred during the current year.

Despite the continued impact of COVID-19 and the ongoing government changes on the aged care sector, the organisation was able to achieve a positive EBITDA. This was done while continuing to deliver services to its clients and achieving most of its objectives.

With the diminishing impact of COVID -19 in the wider community, the impact of COVID-19 on the entity's staff, operations, revenue, and costs, continued to be monitored by the Board as part of business as usual operations. The management team continues to provide the Board with regular reporting on outbreaks as part of its wider clinical governance plans.

Significant changes in state of affairs

No significant changes in the entity's state of affairs occurred during the financial year.

Principal activities

The principal continuing activity of the entity is the provision of aged care services. No significant changes in the nature of the entity's activity occurred during the financial year.

After balance date events

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

Future developments

In the new financial year there will be an ongoing focus and investment in the delivery of services to aged care clients in accordance with the Strategic plan and the Clinical Governance Framework. As the consumer/resident/client remains central to the operations of Doutta Galla, the organisation will expand its engagement with clients through a range of forums, mediums, and initiatives, in order to achieve positive outcomes.

There are a number of proposed reforms by the Government to the model of aged care. The most significant is the Places to People initiative, which will allocate place funding to the resident and the resident will have the power to choose which service provider to use. This may have an implication for the future funding of the organisation. Management will continue to work with stakeholders as the organisation adapts to the pace of reform in the sector.

The Board and its committees will maintain its continuous improvement philosophy and enhance the organisation's Governance framework to ensure compliance with new and emerging legislative requirements.

The organisation will also focus on improving its position as financial challenges persist to affect the aged care sector. Financial sustainability is of paramount importance as the Board and management continue to make changes and improvements in all facets of the business in order to deal with these. Similarly, the organisation will continue to ensure that its assets are maintained to a high standard. It is also investing in and progressing its Environmental sustainability strategy.

Finally, the organisation will maintain its investment in technologies in order to adapt to new government changes, while improving client experiences through assistive innovations and automating processes to create efficiencies. This will be led through the development of a new ICT Strategy that takes into account client needs, operational efficiencies, compliance obligations and incorporates changes taking place in the sector in future.

Short and long-term objectives and strategy

The entity's short and long-term objectives are to provide high quality aged care and accommodation services, especially to elderly people with diverse socioeconomic and cultural backgrounds.

Performance measures

The entity measures the performance of the entity through targets set in the annual business plan and these are outlined below:

	2023		2022	
	Target	**Actual**	Target	Actual
Supported Residents	**40%**	**46.5%**	40%	45.7%
Occupancy	**94%**	**92.6%**	93%	88.9%

Information on Directors

Scott Chapman
Chief Executive – Royal Flying Doctor Service (Victoria)
Bachelor of Education
Graduate Diploma in Management (RMIT)
Master of Business (RMIT)
Fellow – Australian Institute of Company Directors
Fellow - Leadership Victoria
Fellow-Governance Institute of Australia
Fellow Australian College of Health Services Management
Director or member of various government and non-profit organisations
Chair Enterprize Trust
Chair – Western Melbourne Tourism
Chair Dafydd Lewis Trust
Deputy Chair – Cottage by the Sea Children's Charity
Board Member – Awards Victoria
Chair – Committee for Melbourne NFP Taskforce
Alumni – Cranlana Centre for Ethics
Global Access Partner Taskforce
Australian Centre for Optimism
Board member of DGAS since 2012

Kirstin Fox
Bachelor of Nursing
Graduate Certificate of Business Administration
General Manager – Care Governance, Quality & Clinical Innovation (Care Connect)
Director Community College Gippsland
Director Lort Smith Animal Hospital, North Melbourne
Board member of DGAS since 2018

Justine Heath
BA, DipAcc, GAICD, Fellow – Institute of Chartered Accountants, Fellow – Governance Institute of Australia
Chief Financial Officer, Vision Australia
Chair and Non-executive Director, Care Connect
Board member of DGAS since 2021

Susan Hendy
Director - International Federation on Ageing (IFA)
Director - Missing Persons Advocacy Network (MPAN)
Former CEO of Council on the Ageing Victoria
Vice President – Tri Active Life Inc
Employment & Education Advisory Committee, Lord Mayors Charitable Foundation
Vice President – Marysville Gallipoli Park Precinct committee
Board member of DGAS since 2021

Peter Hertan
Director of Hertan Consulting
B Sc (Hons) (University of Melbourne)
MBA (RMIT University)
PhD (Monash University)
Fellow - Leadership Victoria
Fellow - Institute of Public Administration Australia
Former Deputy Secretary - Victorian Government
Former Chief Executive - Energy Victoria
Director - Western Leisure Services, Volleyball Victoria, RASV
Board member of DGAS since 2017.

Peter Kent
Partner, Mafic Consulting
Partner, Mt Franklin Estate
Director, Community Foundations Australia
Secretary, Hepburn Swiss Italian Festa
Board member of DGAS since 2021

Terry Larkins O.A.M., PSM, JP
Diploma of Business
Senior Executive in local Government and the Health sectors including Residential Aged Care
Experience as a Board member with Statutory Authorities and Not-for-profit associations
Extensive community involvement in west and north of Melbourne
Chair Northern Melbourne Partnership
Former Vice-President of the Victorian Local Government Association
Former Chairman of Western Water
Board member of DGAS since 2013.

Jen Wressell
Executive Director - Mindful Innovative Action
Registered Nurse & Behaviour Support Practitioner
Masters in Health Administration & Psychosexual Therapy (current)
Post Grad Critical Care Nursing, Rural and Remote Health & Psychology
Fellow & Associate Australian Rural Leadership Foundation
Member AICD & BSPA
Committee Member – People and Culture Committee @ Meli (formerly Barwon Child, Youth & Family)
National Practitioner Representative Panel Member BSPA (Behaviour Support Practitioners Australia).
Board member of DGAS since 2021.

Meetings of Directors

During the year, several meetings of the directors were held. Attendances by each director were as follows:

	Board		Risk, Audit, Finance & Assets Committee		Clinical Governance & Quality Committee		Governance, People & Culture Committee	
Name	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible
S Chapman	7	8	4	4	n/a	n/a	3	4
K Fox	7	8	n/a	n/a	4	4	3	4
J Heath	8	8	4	4	n/a	n/a	n/a	n/a
S Hendy	7	7	n/a	n/a	n/a	n/a	4	4
P Hertan	8	8	4	4	n/a	n/a	n/a	n/a
P Kent	7	8	n/a	n/a	n/a	n/a	4	4
T Larkins	8	8	4	4	4	4	n/a	n/a
J Wressell	8	8	n/a	n/a	4	4	n/a	n/a

Environmental issues

The entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Options

No options over issued shares or interests in the entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnifying directors, officers or auditors

During the financial year the entity paid a premium in respect of a contract insuring the directors and officers of the entity, against a liability incurred as such a director or officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The entity has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify the auditor of the entity against a liability incurred as such an auditor.

Rounding of amounts

The entity is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the director's report. Amounts in the directors' report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Proceedings on behalf of the entity

No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a part for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings.

The entity was not a party to any such proceedings during the year.

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 8.

Signed in accordance with a resolution of the Board of Directors

…………………………………………………………………………………
Scott Chapman – Chair of the Board of Directors

…………………………………………………………………………………
Peter Hertan – Director

Dated this 17th day of October 2023
Melbourne

McLean Delmo Bentleys
Audit Pty Ltd
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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012

TO THE DIRECTORS OF DOUTTA GALLA AGED SERVICES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

McLean Delmo Bentleys Audit Pty LTD

McLean Delmo Bentleys Audit Pty Ltd

John Delmo
Partner

Hawthorn
17 October 2023

Statement of Comprehensive Income
For the year ended 30 June 2023

	Notes	2023	2022
		$'000	$'000
Revenue			
Revenue from operating activities	2	**58,015**	53,122
Revenue from non-operating activities	2	**3,574**	5,696
Total revenue from transactions		**61,589**	58,818
Expenses			
Employee benefits expense	3	**(40,366)**	(41,769)
Depreciation and amortisation	3	**(4,594)**	(4,968)
Finance costs	3	**(3)**	(6)
Direct care expense		**(5,814)**	(5,955)
Property and maintenance expense		**(4,283)**	(4,451)
Other expenses		**(3,677)**	(3,447)
Impairment of Assets – Intangibles		**-**	(10,551)
Total expenses from transactions		**(58,737)**	(71,147)
Net result for the year		**2,852**	(12,329)
Asset revaluation - Land		**-**	13,128
Reduction in revaluation reserve - Intangibles		**-**	(2,577)
Total comprehensive income for the year		**2,852**	(1,778)

The statement of comprehensive income is to be read in conjunction with the accompanying notes.

Statement of Financial Position
As at 30 June 2023

	Notes	2023	2022
		$'000	$'000
ASSETS			
Current assets			
Cash and cash equivalents	5, 17	**36,374**	23,286
Trade and other receivables	6	**6,797**	9,623
Other assets		**2,699**	1,295
Total current assets		**45,870**	34,204
Non-current assets			
Investment property	7	**25,390**	25,390
Property, plant & equipment	8	**89,371**	91,939
Total non-current assets		**114,761**	117,329
Total assets		**160,631**	151,533
LIABILITIES			
Current liabilities			
Trade and other payables	9	**4,792**	5,935
Interest bearing liabilities	10	**50**	56
Provisions	12	**7,291**	7,449
Other financial liabilities	11	**96,535**	89,056
Total current liabilities		**108,668**	102,496
Non-current liabilities			
Provisions	12	**1,304**	1,147
Interest bearing liabilities	10	**-**	83
Total non-current liabilities		**1,304**	1,230
Total liabilities		**109,972**	103,726
Net assets		**50,659**	47,807
EQUITY			
Asset revaluation reserves	13	**43,325**	43,325
Accumulated surplus		**7,334**	4,482
Total equity		**50,659**	47,807

The statement of financial position is to be read in conjunction with the accompanying notes.

Statement of Changes in Equity
For the year ended June 2023

2023	**Equity at 1 July 2022**	**Comprehensive income**	**Changes in Asset Revaluation Reserves**	**Equity at 30 June 2023**
	$'000	**$'000**	**$'000**	**$'000**
Accumulated surplus	**4,482**	**2,852**	**-**	**7,334**
Asset revaluation reserves	**43,325**	**-**	**-**	**43,325**
Total equity at end of financial year	**47,807**	**2,852**	**-**	**50,659**

2022	Equity at 1 July 2021	Comprehensive income	Changes in Asset Revaluation Reserves	Equity at 30 June 2022
	$'000	$'000	$'000	$'000
Accumulated surplus	16,811	(12,329)	-	4,482
Asset revaluation reserves	32,774	-	10,551	43,325
Total equity at end of financial year	49,585	(12,329)	10,551	47,807

The statement of changes in equity is to be read in conjunction with the accompanying notes.

Statement of Cash flows
For the year ended June 2023

	Notes	2023	2022
		$'000	$'000
Cash flow from operating activities			
Receipts from government operating grants		**44,226**	44,204
Receipts from residents		**15,365**	11,642
Payments to suppliers and employees		**(55,283)**	(52,492)
Interest received		**2,965**	1,980
Interest on lease payments		**(3)**	(6)
Donations and other receipts		**454**	992
Net cash flows provided by operating activities	17 (b)	**7,724**	6,320
Cash flow from investing activities			
Payments for property, plant, and equipment		**(2,026)**	(2,695)
Proceeds on assets held for sale		**-**	(540)
Net cash flows used in investing activities		**(2,026)**	(3,235)
Cash flow from financing activities			
Repayments of borrowings		**(89)**	(91)
Net receipts / (payments) accommodation bonds		**7,479**	(2,584)
Net cash provided / (used in) by financing activities		**7,390**	(2,675)
Net increase in cash held		**13,088**	410
Cash and cash equivalents at the beginning of the financial year		**23,286**	22,876
Cash and cash equivalents at the end of the financial year	17(a), 5	**36,374**	23,286

The statement of cash flows is to be read in conjunction with the accompanying notes.

Note 1 Summary of significant accounting policies

Statement of Compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (AAS's) (including Australian Accounting Interpretations), the Australian Charities and Not-for-profit Commission Act 2012, and the Australian Charities and Not-for-profit Commission regulations 2022.

The entity is a not-for-profit entity and therefore applies the additional paragraphs applicable to "not-for-profit" entities under the AAS's.

The financial report covers Doutta Galla Aged Services Limited as an individual entity. Doutta Galla Aged Services Limited is a public company limited by guarantee, incorporated, and domiciled in Australia.

The financial report of Doutta Galla Aged Services Limited as an individual entity complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

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

Basis of Preparation

The financial report has been prepared on an accruals basis in accordance with the historical cost convention, except for the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

In the application of AAS's management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.

The accounting policies set out below have been applied in preparing the financial report for the year ended 30 June 2023, and the comparative information presented in these financial statements for the year ended 30 June 2022.

Accounting policies

(a) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(b) Property, plant, and equipment

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

Property

Freehold land and buildings are measured on a fair value basis.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

(b) Property, plant, and equipment (Continued)

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Recognition of intangible assets (aged care bed licences)

Aged care bed licences are initially recognised in the accounts based on fair value and the recognition of new bed licences received in the statement of comprehensive income. An annual review for impairment of the carrying value of the assets is undertaken and where the recoverable amount exceeds the carrying value, the asset will be written down to the recoverable amount.

Depreciation

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

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

Class of fixed asset	*Depreciation rate*	*Depreciation basis*
Buildings	2.5% to 5%	Straight line
Plant, fixture & fittings & motor vehicles	5% to 33%	Straight line

The asset's residual value and useful lives are reviewed, and adjusted if appropriate, at each financial reporting date.

The asset classes 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 disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Financial instruments

Initial recognition and measurement

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

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in 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.

(c) Financial instruments (continued)

Financial assets
A financial asset is subsequently measured at amortised cost when it meets the following conditions:
- the financial asset is managed solely to collect contractual cash flows; and
- 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.

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.

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.
All of the following criteria need to be satisfied for 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
- the entity no longer controls the asset (i.e., it has no practical ability to make unilateral decisions 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.

Impairment
The entity 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.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due, and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity used the simplified approaches to impairment, as applicable under AASB 9:

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

This approach is applicable to:
- trade receivables or contract assets that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was 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).

Recognition of expected credit losses in financial statements
At each reporting date, the entity recognised 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.

(d) Impairment of assets

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

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 entity would, if deprived of the asset, replace its remaining future economic benefits, the value in use is the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

(e) Employee benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to the financial reporting date. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the net present value.

Contributions are made by the entity to various employee superannuation funds and are charged as expenses when they are incurred.

(f) 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 the outflow of economic benefits will result, and that outflow can be reliably measured.

(g) Unearned accommodation bonds

Aged care providers are entitled to retain a portion of a resident's accommodation bond. The amount which may be retained depends on the amount of the contribution and the length of time the resident has stayed with the provider. The Accommodation bond liability at the balance date represents the gross value of the accommodation bonds received by the entity.

Amounts due to the entity in respect of outstanding accommodation bonds, deferred management fees, interest and other fees are recorded in the receivable balance. Amounts receivable will be deducted from amounts payable to residents should they leave the facility.

(h) Cash and cash equivalents

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

(i) Leases

At inception of a contract, the entity assesses whether a contract is, or contains a lease. A contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The entity assesses whether:

- The contract involves the use of an identified asset – The asset may be explicitly or implicitly specified in the contract. A capacity portion of larger assets is considered an identified asset if the portion is physically distinct or if the portion represents substantially all of the capacity of the asset. The asset is not considered an identified asset if the supplier has the substantive right to substitute the asset throughout the period of use.
- The customer has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The customer has the right to direct the use of the asset throughout the period of use only if either:
    - The customer has the right to direct how and for what purpose the identified asset is used throughout the period of use; or
    - The relevant decisions about how and for what purposes the asset is used is predetermined and the customer has the right to operate the asset, or the customer designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

(i) Leases (Continued)

Right-of-use asset
A right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability adjusted for any lease payments made before the commencement date (reduced by lease incentives received), plus initial direct costs incurred in obtaining the lease and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The lease term is the non-cancellable period of a lease together with the lease period under reasonably certain extension options and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Lease Liability
A lease liability is initially measured at the present value of unpaid lease payments at the commencement date of the lease. To calculate the present value, the unpaid lease payments are discounted using the interest rate implicit in the lease if the rate is readily determinable. If the interest rate implicit in the lease cannot be readily determined, the incremental borrowing rate at the commencement date of the lease is used.

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

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

Incremental borrowing rate
The incremental borrowing rate (IBR) is the rate of interest that the entity would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR reflects what the entity would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The entity estimates the IBR using observable inputs, such as market interest rates, when available and is required to make certain estimates specific to the entity such credit rating.

Concessionary leases
For leases that have significantly below-market terms and conditions principally to enable the entity to further its objective (commonly known as peppercorn/concessionary leases), the entity has adopted the temporary relief under AASB 2018-8 and measures the right-of-use assets at cost on initial recognition.

Resident agreements are to be considered a lease under AASB 16. The entity has concluded that the lease term for these arrangements is 7 days (being the notice period required from a resident upon departure), and therefore the application of AASB 16 to these arrangements does not have material impact on the recognition or measurement of revenue.

(j) Construction costs

Buildings included in non-current assets comprise all construction costs incurred by external contractors and consultants together with borrowing costs incurred on projects that exceed 12 months construction time.

(k) Revenue

Revenue and other income revenue comprise of daily Federal Government care and accommodation funding and resident fees, the majority of which are determined in accordance with Federal Government authorised rates.
The Federal Government assesses the entity's entitlement to revenue in accordance with the provisions of the Aged Care Act 1997. The subsidy received is based on the Aged Care Funding Instrument (ACFI) assessment and recognised on an ongoing daily basis. The amount of Government revenue received is determined by Federal Government

(k) Revenue (Continued)

regulation rather than a direct contract with the customer. The funding is determined by a range of factors, including the resident's care needs; whether the home has been significantly refurbished; levels of supported resident ratios at the home; and the financial means of the resident. For each resident, a single performance obligation that reflects a series of distinct services that are substantially the same and have the same pattern of transfer has been identified, being the ongoing daily delivery of care to the resident. The entity recognises revenue on a daily basis in line with the care given to residents. Funding is received monthly in advance from the Federal Government.

The basic daily fee is a daily living expense paid by all residents as a contribution towards the provision of care and accommodation in accordance with the Aged Care Act 1997. This fee is calculated daily in accordance with the rates set by Federal Government and invoiced on a monthly basis. In addition to the basic daily fee, if the resident has been assessed by the Federal Government as having the financial means, an additional means tested care fee is payable by the resident as a contribution to their care fees. This is also calculated on a daily basis and invoiced monthly. For each resident, a single performance obligation that reflects a series of distinct services that are substantially the same and have the same pattern of transfer has been identified, being the ongoing daily delivery of care to the resident. The entity recognises revenue on a daily basis in line with the care given to residents. Residents are invoiced on a monthly basis for services provided, with payment due upon invoicing.

Unexpended grants
When the company receives operating grant revenue, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.
When both these conditions are satisfied, the company:
- identifies each performance obligation relating to the grants.
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the company:
- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards;
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue, or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the company recognises income in profit or loss when or as it satisfies its obligations under the contract.

Resident deferred management fees are recognised as revenue as they accrue to the entity.

All revenue is stated net of the amount of goods and services tax (GST).

(l) 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 the statement of comprehensive income in the period in which they are incurred.

(m) 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST receivable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(n) Comparative figures

Where required by accounting standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(o) Company status

The Australian Securities & Investments Commission pursuant to Section 150 of the Corporations Act 2001 has authorised Doutta Galla Aged Services to be registered as a Company with limited liability without the addition of the word "Limited" to its name.

(p) Contributions

Doutta Galla Aged Services receives contributions from the government and other parties for no or a nominal value. These contributions are recognised at the fair value on the date of acquisition upon which time an asset is taken up in the statement of financial position and revenue is in the statement of comprehensive income.

(q) Economic dependence

Doutta Galla Aged Services is dependent on the Commonwealth Government for the majority of its revenue used to operate the business. At the date of this report the Board of Directors have no reason to believe the Commonwealth Government will not continue to support Doutta Galla Aged Services.

(r) Critical accounting estimates and judgements

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

Key estimates – impairment
The entity assessed impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. When the impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to sell or current replacement costs calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Estimation of useful lives of assets
The entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated, or technically obsolete or non-strategic assets that have been abandoned or sold or will be written off or written down.

Intangible assets
The company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1(b).

(s) Rounding of amounts

The entity is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(t) Investment properties

Investment properties include Independent Living Units held to earn rentals or for capital appreciation or both. These properties are recognised in accordance with AASB 140: *Investment Property*.

Investment properties are initially recognised at cost. Costs incurred subject to initial acquisition are capitalised when it is possible that future economic benefits in excess of the originally assessed performance of the asset will flow to the entity.

Subsequent to the initial recognition at cost, investment properties are revalued to fair value with changes in the fair value recognised as income or expenses in the period in which they arise. The properties are not depreciated.
Rental revenue from the leasing of investment properties is recognised in the statement of comprehensive income in the periods in which it is receivable, as this represents the pattern of service rendered through the provision of the properties.

(u) Interest bearing liabilities

Interest bearing liabilities in the statement of financial position are recognised at fair value upon initial recognition. Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the statement of comprehensive income over the period of the interest bearing liability using the effective interest rate method.

(v) Non-current assets classified as held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell and are not subject to depreciation.

Non-current assets are classified as held for sale if their carrying amount will be received through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probably, and the assets sale is expected to be completed within 1 year from the date of classification.

(v) Going concern basis of accounting

The financial report has been prepared in accordance with generally accepted accounting principles which are based on the entity continuing as a going concern.

The operating position of the entity remains stable over the last twelve months. Cash flows generated from operations remained positive.

The entity is considering whether it requires a Business Finance Agreement with its financier. To date, the entity has met all criteria in relation to the covenants and requirements of the previous agreement. Due to its cash position at the time, the entity allowed the previous Business Finance Agreement to expire several years ago.

Doutta Galla Aged Services is dependent on the Commonwealth Government for the majority of its revenue used to operate the business. At the date of this report the Board of Directors have no reason to believe the Commonwealth Government will not continue to support Doutta Galla Aged Services.

The proportion of liabilities that are classified as current liabilities in accordance with accounting standards are not expected to be settled within the next 12 months as discussed in Note 12 and 13.

The directors believe that the entity will continue as a going concern and consequently will realise assets and settle liabilities and commitments in the ordinary course of business and at the amounts stated in the financial report.

Note 2 Revenue

	2023 $'000	2022 $'000
Revenue from operating activities		
Revenue from government subsidies	**43,285**	39,540
Residents' accommodation fees and sundry charges	**11,868**	11,074
Accommodation bond retention and charges	**475**	568
Bond interest income	**2,211**	1,892
Donations, grants, and other income	**176**	48
	58,015	53,122
Revenue from non-operating activities		
Government Grants/subsidies to reimburse Covid-19 related costs	**2,542**	4,664
Bank interest	**755**	88
Other income	**277**	944
	3,574	5,696

The entity recognised $1.6m of reimbursement of Covid -19 related expenses which became receivable during the financial year, as prescribed by AASB 120. Related expenses were incurred in Covid affected previous financial years. Grants/ subsidies were received by the entity after 30 June 2023.

Note 3 Expenses

	2023 $'000	2022 $'000
Significant expenses		
Employee benefits		
Total employee benefit expense	**40,366**	41,769
Provision for Doubtful Debts	**130**	54
Depreciation		
Buildings	**2,678**	2,738
Plant & equipment	**1,834**	2,148
ROU Assets	**82**	82
Total depreciation	**4,594**	4,968
Finance costs - external		
Interest and finance charges paid/payable	**3**	6
Auditors remuneration		
Auditing or reviewing the financial report	**45**	42
Total audit remuneration	**45**	42

Note 4 Key management personnel compensation

	2023	2022
	$'000	$'000
Short term benefits	1,438	1,367
Post employment benefits	144	129
Total compensation	1,582	1,496

Total compensation includes Directors and Key Management personnel amounts in aggregate.

Note 5 Cash and cash equivalents

Cash on hand and at bank	36,374	23,286

Note 6 Trade and other receivables

	2023	2022
	$'000	$'000
Other receivables	7,006	9,704
GST refund due	160	245
Provision for doubtful debts	(369)	(326)
	6,797	9,623

The entity applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all accounts receivable. The entity do not expect to have any material loss allowance provision.

Note 7 Investment property

Independent living units	25,390	25,390
	25,390	25,390

Note 8 Property, plant, and equipment

	2023 $'000	2022 $'000
Land and buildings		
Land at fair value	**42,267**	42,267
Total land	**42,267**	42,267
Buildings at fair value	**80,683**	80,647
Accumulated depreciation	**(41,649)**	(38,971)
Total buildings	**39,034**	41,676
Work in progress	**1,143**	517
Total land and buildings	**82,444**	84,460
Plant and equipment		
Fixtures and fittings at cost	**19,280**	17,916
Accumulated depreciation	**(12,400)**	(10,566)
Total fixtures and fittings	**6,880**	7,350
Motor vehicles	**297**	297
Accumulated depreciation	**(297)**	(297)
Total motor vehicles	**-**	-
Total plant and equipment	**6,880**	7,350
Right of Use Assets		
ROU Assets	**245**	245
Accumulated depreciation	**(198)**	(116)
Total ROU Assets	**47**	129
Total property, plant, and equipment	**89,371**	91,939

Note 8 Property, plant, and equipment (continued)

(a) Movements in carrying amounts

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

	Freehold land	**Buildings**	**Work in progress**	**Fixtures & fittings**	**Motor vehicles**	**Right of Use Assets**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2022	**42,267**	**41,676**	**517**	**7,350**	**-**	**129**	**91,939**
Additions / Revaluations	**-**	**36**	**1,551**	**439**	**-**	**-**	**2,026**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfer from WIP			**(925)**	**925**	**-**	**-**	**-**
Depreciation & Amortisation	**-**	**(2,678)**	**-**	**(1,834)**	**-**	**(82)**	**(4,594)**
Balance at 30 June 2023	**42,267**	**39,034**	**1,143**	**6,880**	**-**	**47**	**89,371**

(b) Movements in carrying amounts

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

	Freehold land	Buildings	Work in progress	Fixtures & fittings	Motor vehicles	Right of Use Assets	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2021	29,139	43,703	468	7,562	1	211	81,084
Additions / Revaluations	13,128	635	1,163	897	-		15,823
Disposals	-	-	-	-	-	-	-
Transfer from WIP	-	76	(1,114)	1,038	-	-	-
Depreciation & Amortisation	-	(2,738)	-	(2,147)	(1)	(82)	(4,968)
Balance at 30 June 2022	42,267	41,676	517	7,350	-	129	91,939

(c) Fair value measurement hierarchy for assets as at 30 June 2023

	Fair value measurement at end of reporting period using (i)			
	Carrying amounts as at 30 June 2023	**Level 1**	**Level 2**	**Level 3**
	$'000	**$'000**	**$'000**	**$'000**
Land at fair value	**42,267**	**-**	**42,267**	**-**
Buildings at fair value	**39,034**	**-**	**39,034**	**-**
Total at 30 June 2023	**81,301**	**-**	**81,301**	**-**

(i) Classified in accordance with the fair value hierarchy, see Note 1.

There have been no transfers between levels during the period.

Land and Buildings are valued using a directors fair value approach, having consideration for valuations conducted by independent valuers Ernst & Young which compares assets to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value. To the extent that there are no significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

Note 9 Trade and other payables

	2023 $'000	2022 $'000
Trade payables	**627**	2,045
Accruals	**4,165**	3,890
	4,792	5,935

Note 10 Interest bearing liabilities

Current		
ROU Asset Leasing - Building	**50**	56
	50	56
Non-Current		
ROU Asset Leasing - Building	**-**	83
	-	83

Security for borrowings

Bank loans totalling $0 at 30 June 2023 (2022: $0) were secured by mortgage over land and buildings owned by the entity. The statutory charge over some of these properties under the *Retirement Villages Act* takes priority over that mortgage.

Financing arrangements

At balance date, the following facilities had been approved by ANZ Banking Group.

	Available $'000	Unused $'000
Commercial loan facility	100	69
	100	69

At balance date in the previous financial year, the following facilities had been approved by ANZ Banking Group.

	Available $'000	Unused $'000
Commercial loan facility	100	76
	100	76

Note 11 Other financial liabilities

	2023 $'000	2022 $'000
Current		
Accommodation bonds held	**71,145**	63,666
Unconditional & expected to be settled within 12 months	**23,478**	21,010
Unconditional & expected to be settled after 12 months	**47,667**	42,656
	71,145	63,666
Independent living units lease premiums		
Unconditional & expected to be settled within 12 months	**2,793**	2,793
Unconditional & expected to be settled after 12 months	**22,597**	22,597
	25,390	25,390
Total other liabilities	**96,535**	89,056

In accordance with the Lease and Management Agreement with each resident and the *Retirement Villages Act 1986* the above amounts are required to be repaid within a specified period to the respective residents under relevant conditions of the Lease and Management Agreement and the Act. Therefore, these amounts are recorded as a current liability in accordance with AASB 101 which required unconditional liabilities to be recorded as a current liability.

Security for borrowings

In accordance with the *Retirement Villages Act 1986*, the retirement village residents paying an ingoing contribution to the entity have a statutory charge over the relevant retirement village land to secure the repayable portion of their in-going contribution.

Note 12 Provisions

	2023 $'000	2022 $'000
Current		
Employee benefits - annual leave	**3,621**	3,769
Employee benefits - long service leave	**3,670**	3,680
	7,291	7,449
Non-current		
Employee benefits - long service leave	**1,304**	1,147
	1,304	1,147

The number of employees at 30 June 2023 was 671 (2022: 633).

Provision for long-term employee benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the value of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 of this report.

Note 13 Asset revaluation reserves

	2023 $'000	2022 $'000
Asset revaluation reserves		
Land revaluation reserve	**31,903**	31,903
Building revaluation reserve	**11,422**	11,422
Total asset revaluation reserves	**43,325**	43,325

(a) Movements in carrying amounts

Movement in carrying amounts for asset revaluation reserves between the beginning and the end of the current financial year.

	Bed licences $'000	Building $'000	Land $'000	Total $'000
Balance at 1 July 2022	-	11,422	31,903	43,325
Revaluations	-	-	-	-
Balance at 30 June 2023	**-**	**11,422**	**31,903**	**43,325**

(b) Movements in carrying amounts

Movement in carrying amounts for asset revaluation reserves between the beginning and the end of the previous financial year.

	Bed licences $'000	Building $'000	Land $'000	Total $'000
Balance at 1 July 2021	2,577	11,422	18,775	32,774
Revaluations	(2,577)	-	13,128	10,551
Balance at 30 June 2022	-	11,422	31,903	43,325

Note 14 Capital commitments

	2023	2022
	$'000	$'000
Capital commitments		
(i) Commitments in relation to capital projects:		
Not later than one year	-	223
Later than one year but not later than two years	-	-
Later than two years but not later than five years	-	-
Later than 5 years	-	-
	-	-

Note 15 Related parties

Board of directors

The names of persons who were directors during the year were:
Scott Chapman Kirstin Fox Justine Heath Sue Hendy Peter Hertan
Peter Kent Terry Larkins PSM Jen Wressell

Transactions with directors and directors related entities:

Doutta Galla Aged Services has previously purchased sponsorship and promotion at events of the Royal Flying Doctor Service (Victoria). Scott Chapman is Chief Executive of Royal Flying Doctor Service (Victoria). Total Fees 2023: $2,000 (2022: $0).

Note 16 Segment information

Primary reporting – business segments

The entity has the following three business segments:

2023	Residential aged care $'000	Independent living units $'000	Other $'000	Total $'000
Revenue				
Government subsidies	45,479	-	348	45,827
Resident charges	10,669	1,112	87	11,868
Other	3,894	-	-	3,894
Total segment revenue	60,042	1,112	435	61,589
Unallocated revenue				
Total revenue				61,589
Expenses				
Employee expenses	(39,798)	(174)	(394)	(40,366)
Depreciation	(4,525)	(69)	-	(4,594)
Finance costs (Interest expense)	(3)	-	-	(3)
Other	(12,769)	(872)	(133)	(13,774)
Total expense	(57,095)	(1,115)	(527)	(58,737)
Unallocated expense				
Total expense				(58,737)
Net result	2,947	(3)	(92)	2,852
Assets				
Current assets	39,123	6,705	42	45,870
Non-current assets	89,371	25,390		114,761
Total segment assets	128,494	32,095	42	160,631
Unallocated assets				
Total assets				160,631
Liabilities				
Current liabilities	83,236	25,390	42	108,668
Non-current liabilities	1,304	-		1,304
Total segment liabilities	84,540	25,390	42	109,972
Unallocated liabilities				
Total liabilities				109,972
Net Assets	43,954	6,705	-	50,659

Note 16 Segment information (continued)

2022	Residential aged care $'000	Independent living units $'000	Other $'000	Total $'000
Revenue				
Government subsidies	43,911	-	293	44,204
Resident charges	9,937	1,115	22	11,074
Other	3,540	-	-	3,540
Total segment revenue	57,388	1,115	315	58,818
Unallocated revenue				-
Total revenue				58,818
Expenses				
Employee expenses	(41,267)	(164)	(338)	(41,769)
Depreciation	(4,887)	(81)	-	(4,968)
Finance costs (Interest expense)	(6)	-	-	(6)
Other	(23,457)	(859)	(88)	(24,404)
Total expense	(69,617)	(1,104)	(426)	(71,147)
Unallocated expense				
Total expense				(71,147)
Net result	(12,229)	11	(111)	(12,329)
Assets				
Current assets	27,022	7,046	136	34,204
Non-current assets	91,939	25,390	-	117,329
Total segment assets	118,961	32,436	136	151,533
Unallocated assets				
Total assets				151,533
Liabilities				
Current liabilities	76,970	25,390	136	102,496
Non-current liabilities	1,230	-	-	1,230
Total segment liabilities	78,200	25,390	136	103,726
Unallocated liabilities				
Total liabilities				103,726
Net Assets	40,761	7,046	-	47,807

Note 17 Cash flow information

	2023	2022
	$'000	$'000
(a) Reconciliation of cash and cash equivalents		
Cash on hand and at bank at the end of the financial year	**36,374**	23,286
(b) Reconciliation of cash flow from operations with comprehensive result		
Comprehensive result	**1,251**	(1,778)
Depreciation and amortisation	**4,594**	4,968
Movement in assets and liabilities		
Decrease in receivables	**2,826**	933
(Decrease) / Increase in prepayments	**197**	(428)
(Decrease) / Increase in provisions	**(1)**	569
(Increase) / Decrease in payables	**(1,143)**	2,056
Net cash (used in)/provided by operating activities	**7,724**	6,320
(c) Credit stand-by arrangement and loan facilities		
Loan facilities	**100**	100
Unused Loan facilities	**69**	76

Note 18 Financial instruments

(a) Financial risk management

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

The entity does not have any derivative instruments at 30 June 2023.

i. Treasury risk management
Senior committee members meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii. Financial risks
The main risks the entity is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk
Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2023, all debt is fixed as no debt has been drawn on the loan facility.

Foreign currency risk
The entity is not exposed to fluctuations in foreign currencies.

Liquidity risk
The entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk
The maximum exposure to credit risk, excluding the value of any collateral or other security, at the balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the entity.

Price risk
The entity is not exposed to any material commodity price risk.

Interest rate risk

The entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial asset and financial liabilities, is as follows:

Note 18 Financial instruments (continued)

(b) Credit risk

Doutta Galla Aged Services exposure to credit risk and it's effective weighted average interest rate by ageing periods are set out in the following table.

Interest rate exposure and ageing analysis of financial assets as at 30 June 2023.

			Interest rate exposure				Past due but not impaired					
	Weighted average effective interest	Gross Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing	Not past due and not impaired	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	Over 5 years	Impaired financial assets
2023	**Rates (%)**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets												
Cash & cash equivalents	**3.95%**	**36,374**	**-**	**36,374**	**-**	**36,374**	**-**	**-**	**-**	**-**	**-**	**-**
Receivables	**-**	**7,166**	**-**	**-**	**7,166**	**-**	**205**	**405**	**1,180**	**2,948**	**2,059**	**369**
Total financial assets		**43,540**	**-**	**36,374**	**7,166**	**36,374**	**205**	**405**	**1,180**	**2,948**	**2,059**	**369**

			Interest rate exposure				Past due but not impaired					
	Weighted average effective interest	Gross Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing	Not past due and not impaired	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	Over 5 years	Impaired financial assets
2022	Rates (%)	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets												
Cash & cash equivalents	0.49%	23,286	-	23,286	-	23,286	-	-	-	-	-	-
Receivables	-	9,949	-	-	9,949	64	304	418	3,504	3,058	2,275	326
Total financial assets		33,235	-	23,286	9,949	23,350	304	418	3,504	3,058	2,275	326

Note 18 Financial instruments (continued)

(c) Liquidity risk

The following table discloses the contractual maturity analysis for Doutta Galla Aged Services financial liabilities.

Interest rate exposure and maturity analysis of financial liabilities as at 30 June 2023.

			Interest rate exposure				Maturity date				
	Weighted average effective interest	**Carrying amount**	**Fixed interest rate**	**Variable interest rate**	**Non-interest bearing**	**Contractual cash flows**	**Less than 1 month**	**1-3 months**	**3 months – 1 year**	**1-5 years**	**Over 5 years**
2023	**Rates (%)**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**		**$'000**	**$'000**	**$'000**	**$'000**
Trade creditors & accruals		**4,792**	**-**	**-**	**4,792**	**4,792**	**4,792**	**-**	**-**		-
Interest bearing liabilities	**6.75%**	**50**	**50**	**-**	**-**	**50**	**7**	**21**	**22**	**-**	-
Other financial liabilities		**25,390**	**-**	**-**	**25,390**	**25,390**	**530**	**265**	**3,970**	**20,625**	-
Accommodation bonds	**2.25%**	**71,145**	**-**	**71,145**	**-**	**71,145**	**1,120**	**2,460**	**4,057**	**63,508**	-
Total financial liabilities		**101,377**	**50**	**71,145**	**30,182**	**101,377**	**6,449**	**2,746**	**8,049**	**84,133**	-

Note 18 Financial instruments (continued)

			Interest rate exposure				Maturity date				
	Weighted average effective interest	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing	Contractual cash flows	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	Over 5 years
2022	Rates (%)	$'000	$'000	$'000	$'000	$'000		$'000	$'000	$'000	$'000
Trade creditors & accruals		5,935	-	-	5,935	5,935	5,935	-	-		-
Interest bearing liabilities	3.75%	56	56	-	-	56	7	21	28	-	-
Other financial liabilities		25,390	-	-	25,390	25,390	-	-	3,475	21,915	-
Accommodation bonds	2.25%	63,666	-	63,666	-	63,666	525	3,467	22,672	37,002	-
Total financial liabilities		95,047	56	63,666	31,325	95,047	6,467	3,488	26,175	58,917	-

Note 18 Financial instruments (continued)

(d) Market risk

Interest risk
Exposure to interest rate risk might arise primarily through the entity's interest-bearing assets and liabilities.

Sensitivity disclosure analysis
Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the entity believes the following movements are 'reasonably possible' over the next 12 months – a parallel shift of +1% or -1% in market interest rates (AUD) from year-end rates.

The following tables disclose the impact on net operating results and equity for each category of financial instrument held by the Entity as presented to key management personnel if changes in the relevant risk occur.

		Interest rate risk			
		-1%		+ 1%	
2023	**Carrying amount**	**Profit**	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Cash & cash equivalents	**36,374**	**(364)**	**(364)**	**364**	**364**
Receivables	**6,797**	**(68)**	**(68)**	**68**	**68**
Financial liabilities					
Trade creditors & accruals	**4,792**	**-**	**-**	**-**	**-**
Interest bearing liabilities	**50**	**-**	**-**	**-**	**-**
Other financial liabilities	**25,390**	**-**	**-**	**-**	**-**
Accommodation bonds	**71,145**	**711**	**711**	**(711)**	**(711)**
		279	**279**	**(279)**	**(279)**

Note 18 Financial instruments (continued)

2022	Carrying amount	Interest rate risk -1% Profit	-1% Equity	+ 1% Profit	+ 1% Equity
	$'000	$'000	$'000	$'000	$'000
Financial assets					
Cash & cash equivalents	23,286	(233)	(233)	233	233
Receivables	9,623	(96)	(96)	96	96
Financial liabilities					
Trade creditors & accruals	5,935	-	-	-	-
Interest bearing liabilities	56	-	-	-	-
Other financial liabilities	25,390	-	-	-	-
Accommodation bonds	63,666	637	637	(637)	(637)
		308	308	(308)	(308)

Note 19 Subsequent events

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

Note 20 Members guarantee

The entity is limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $20 each towards meeting any outstanding obligations of the entity. At 30 June 2023 there were 3 members (2022 – 3 members).

Note 21 Company details

The registered office and principal place of business of the entity is Ground Floor, 75 Moreland Street, Footscray, Victoria.

Note 22 Contingent liabilities and contingent assets

1. As required under Section 29 of the Retirement Villages Act 1986, a charge has been created over land held by Doutta Galla Aged Services Limited. The charge has priority over all encumbrances created or arising in relation to the land. The amount of the charge is the amount of refundable contributions less any amount refunded to residents.
2. Section 173 agreements are in place with various Councils in respect of the facilities which impose certain obligations and restrictions upon Doutta Galla Aged Services Limited in respect to the particular property.

Note 23 COVID-19

The impact of COVID-19 on the entity's staff, operations, revenue, and costs, are being monitored by the Board. The management team continues to provide the Board with regular reporting and where necessary, mitigation plans, to ensure the safety and well-being of all residents, staff, visitors, and contractors as well as the ongoing ability of the entity to provide continuity of service for all contracts and stakeholders.

Directors' Declaration
30 June 2023

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 9 to 36, are in accordance with the Corporations Act 2001; and

   (a) comply with Australian Accounting Standards (including Australian Accounting Interpretations), the Australian Charities and Not-for-profit Commission Act 2012, and the Australian Charities and Not-for-profit Commission regulations 2022; and

   (b) give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the company.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

....

Scott Chapman – Chair of the Board of Directors

....

Peter Hertan – Director

Dated this 17th day of October 2023
Melbourne

McLean Delmo Bentleys
THINKING AHEAD

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DOUTTA GALLA AGED SERVICES LIMITED

Opinion
We have audited the financial report of Doutta Galla Aged Services Limited, which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the financial report of Doutta Galla Aged Services Limited is in accordance with the Division 60 of the *Australian Charities and Not-for-profit Commission Act 2012*, including:

(a) giving a true and fair view of the Entity's financial position as at 30 June 2023 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-profit Commission Regulation 2022.*

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 Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors as at the time of this auditor's report.

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

Responsibilities of the Directors for the Financial Report
The Directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of a 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DOUTTA GALLA AGED SERVICES LIMITED (CONTINUED)

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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

McLean Delmo Bentleys Audit Pty Ltd
McLean Delmo Bentleys Audit Pty Ltd

John Delmo
Partner

Hawthorn
17 October 2023