Ashleigh House LTD

ANNUAL REPORT

Annual General Meeting #1

15/11/2023

SALE ELDERLY CITIZENS VILLAGE INC.
Minutes of the 38th Annual General Meeting held on
23rd of November 2022 at 5:00pm in the Resident's Library and via MS Teams

1. **Welcome to Members and Guests**
   George Foggo was allocated the role of meeting Chair and opened the meeting at 16:58 welcomed those attending and handed over to Board of Management Secretary Clare Adams to chair the meeting.

2. **Attendance***:*
   Present:
   George Foggo, Paul Telfer, Clare Adams, Chris Beckman, Darren McCubbin, Chris Colley, Darin Roy, Robin Lowe.

   Apologies :
   Ann Ferguson

3. **Notice of Meeting** Board Secretary, Clare Adams, confirmed that the notice of meeting has been given in accordance with the rules of the Association.

4. **Confirmation of Minutes of prior year** –
   Secretary, Clare Adams; made the recommendation as follows-
   That the minutes of the 37th Annual General Meeting held on Thursday 02nd December 2021 be taken as a true and correct record, and that the Chairperson be authorised to sign the minutes accordingly.
   Moved: *George Foggo* ***Seconded:*** *Paul Telfer* ***Carried***

5. **Annual Reports**
   Members received the following reports: The Company Secretary's report, the Board Chair's report, the CEO's report and the Audited Financials.

   Moved: Chris Colley **Seconded**: Darren McCubbin **Carried**

6. **Board Constitution**

   Darren McCubbin did not accept nominations for a further term. The Chair thanks Darren for his 5 terms (15 years) on the Board of SECV

   3 Nominations for Board members was received by the association being.
   Clare Adams (renewed term)
   Robin Lowe
   Darin Roy

   The association confirmed all nominations.

7. **General Business**
   No general business was tabled.

8. **Meeting Close**
   The meeting was closed at 17.10pm

ASHLEIGH HOUSE LTD
ANNUAL GENERAL MEETING
REPORT FROM THE COMPANY SECRETARY

Dear Members,

In 2023 Sale Elderly Citizens Village completed its metamorphosis from an Incorporated Association governed by the Associated Incorporations Act to become a public Company Limited by Guarantee and governed by the Corporations Act. This change in legal structure was resolved by members at an extra-ordinary general meeting of the association on the 23rd of June 2022 and relevant applications were made to the Australian Securities and Investments Commissions (ASIC). Ashleigh House Ltd officially became a public company on the 21/03/2023. Our official governing document, "The Constitution" sets out the rules as to how we operate within the public interest and, also describes the terms of the limited liability guarantee offered by members. This document is viewable through application to ASIC or by searching the Australian Charities and Not for Profit Commission (ACNC).

Prior to the change in legal structure all members of the Board of Management discharged their duties in accordance with the Rules of Incorporation. 2 Board meetings were held for Sale Elderly Citizens Village after the final AGM with attendance as follows:

Ordinary Meeting 10/11/2023:
Ann Ferguson (Chair), George Foggo, Paul Telfer, Sam Forbes, Chris Colley (via phone), Clare Adams (apology), Darren McCubbin (apology)

Extraordinary Meeting 22/12/2022: George Foggo (Chair), Chris Colley, Clare Adams, Robin Lowe, Darin Roy, Chris Colley, Paul Telfer, Sam Forbes (proxy to the Chair). No apologies were recorded.

Ordinary Meeting 22/02/2023: George Foggo (chair), Clare Adams, Robin Lowe, Chris Colley, Darin Roy, Sam Forbes (apology), Paul Telfer (apology)

The Board of Directors of Ashleigh House Ltd consists of 9 persons. Members may appoint up to 5 persons at a General Meeting through an ordinary resolution as "Representative Directors". Directors may appoint an additional 4 members through a Board resolution as "Appointed Directors" to satisfy the needs of the Board (eg.to diversify the skills mix)..

Clause 8.2 of The Constitution describes the transitional arrangements of The Ashleigh House Ltd Board of Directors. The inaugural Board consists of those who were members of Sale Elderly Citizens Village Inc on the 21/03/2023 and they are all considered Representative Members. These members serve indefinitely with no term. The term of all subsequent directors may be decided and may not be any more than 3 years. Directors are not eligible for reappointment where they have served 12 years or more (except by special resolution). Terms expire at the AGM immediately after their anniversary for both Representative and Appointed Directors.

The newly formed Ashleigh House Ltd Board of Directors held 4 Board meetings and 8 sub-committee meetings (4 x Clinical Governance Committee and 4 x Finance Committee) since the inauguration. Various temporary subcommittees were formed during the year to consider various issues as they arose

Attendance at Board meeting is as follows:

Name	Appointment	Responsibilities*	Terms Served	Expiry	Board Meetings Attended
George Foggo	21/03/2023 (Representative Director)	Chair of the Board Member of the Finance Committee Member of the Clinical Governance Committee	N/A	Indefinite	04/04/2023 08/06/2023 23/08/2023
Sam Forbes	21/03/2023 (Representative Director)	Deputy Chair of the Board Chair of the Clinical Governance Committee Member of the Finance Committee	N/A	Indefinite	04/04/2023 08/06/2023 23/08/2023
Paul Telfer	21/03/2023 (Representative Director)	Member of the Finance Committee	N/A	Indefinite	04/04/2023 08/06/2023 23/08/2023
Chris Colley	21/03/2023 (Representative Director)	Member of the Clinical Governance Committee	N/A	Indefinite	04/04/2023 23/08/2023
Clare Adams	21/03/2023 (Representative Director)		N/A	Resigned: 31/05/2023	04/04/2023
Robin Lowe	21/03/2023 (Representative Director)		N/A	Resigned: 07/07/2023	08/06/2023
Darin Roy	21/03/2023 (Representative Director)	Member of the Clinical Governance Committee	N/A	Indefinite	04/04/2023 08/06/2023 23/08/2023
Justin Robson	06/09/2023 Appointed Director	Member of the Finance Committee	0	AGM 2026	05/10/2023
Cassandra Mayman	28/09/2023 Appointed Director	Member of the Clinical Governance Committee	0	AGM 2026	05/10/2023
Jessica Saunders	03/11/2023		0	AGM 2026	Nil

*on 08/11/2023

The constitution of the Board of Directors on 08/11/2023 is:
5 x Representative Directors
3 x Appointed Directors

There are no vacant positions for Representative Directors and so no request for nominations has been sent to Members.

The Board considered and confirmed a standing conflict of interest at every Board meeting as well as conflicts pertaining to the tabled agenda. Conflicts included pecuniary interests, directorships, and relational conflicts where there is a differential in role power and included the Management team.

The Board confirmed a re-written of Instrument of Delegation in November 2022 and monitored the Organisations adherence to this throughout the year.

The Conflicts of Interest Register and the Instrument of Delegation both form part of the official company audit completed by Forefront Pty Ltd.

Forefront Pty Ltd's approved term as Company Auditor concludes at this AGM. Their comprehensive audit report for Financial Year ending 2023 together with our unqualified audit opinion is included in this report. I am requesting from members a motion to appoint Auditors for Financial Year ending 30/06/2024

Sincerely,

Chris Beckman
Company Secretary
Ashleigh House Ltd

ASHLEIGH HOUSE LTD
ANNUAL GENERAL MEETING
REPORT FROM THE CHAIR OF THE BOARD

Dear Members,

It's my pleasure to present the inaugural Chair's report to members. This is my first report as Chair and it is an honour to be the first Chair to deliver this report as Ashleigh House Ltd. I wish to acknowledge and thank Ann Ferguson for her 20 years of service to the Board of Sale Elderly Citizens Village Inc with many years as Chair of the Board.

Australia's framework for supporting Older Australians through suitable housing, home care and residential aged care has continued to change at an unprecedented rate. The Board through the Clinical Governance Subcommittee considered significant changes to the compliance regime within the industry. Through the federal Labour governments, The Aged Care Amendment (Implementing Care Reform) Bill 2022 which expanded on the previous Government's acceptance of the Aged Care Royal Commission's recommendations. The increased regulation challenged all residential aged care providers and disproportionately impacted smaller regional providers where the change management could not be delegated to specialist legal and compliance teams.

The need for the Board to keep abreast of compliance and regulatory changes was made more pressing with the reaccreditation process. The application for reaccreditation includes many parts, critically providers receive an unannounced visit from the Aged Care Quality and Safety Commission which we expected any time from January to June. This visit assesses the facilities compliance with the 42 requirements of the 8 Aged Care quality standards. The preparation for our accreditation and this was exhaustive. With our unannounced visit looming the Board resolved to engage with an independent Aged Care Consulting firm as an additional assurance activity on top of the advice received by the management team. This was a particularly stressful period for the Board and the management team and regretfully resulted in some changes in our key personnel. The in April the Board welcomed the news that we had met 100% of requirements and received accreditation as an approved provider for a further 3 years.

In October 2022 we started reporting on mandatory care minutes and we observed the coupling of this with the Aged Care star rating system. From this October facilities on average must be staffed for 40 minutes of a Registered Nurse per occupied bed day and 200 minutes of total Care staff. This is 3 hours and 20 minutes each day for every resident. In the after shadow of COVID lockdowns unemployment nation-wide is at record lows, this is especially true of the local area and the Aged Care and Healthcare industries. The Board observed significant competition for staff and significantly increased staff turn over within Ashleigh House. Expenses for recruiting and onboarding staff escalated significantly, and the management team were encouraged in their efforts to foster and protect the culture of being an employer of choice as well as streamline the onboarding process to increase the speed that staff needed to get up to speed. The management team reported a staff head count of 121 at our October Board meeting which is the highest it has ever been and is impressive given the high turnover. Unfortunately, we are not yet meeting Care minutes due to the difficulties in recruiting Registered Nurses (RNs). The agency staff allocated to the facility are expensive and not financially sustainable in the long term.

The changes in the regulatory environment and the pending accreditation shifted the balance of the Board's focus from strategic activities to quality and assurance activities. The Capital Master Plan (developed in 2021) was put on hold and capital expenditure and resources were focused on equipment turnover and strengthening our balance sheet.

The Governance Committee's focus during the year was the development of a new Clinical Governance Framework. This framework needed to be scalable and flexible to guide the Board and Committee in their response the highly variable industry and regulatory environment. With the development of this framework we have developed our understanding of Clinical Governance reporting and what information best serves to offer the Board the required level of assurance. WE engaged Clinical Governance consultant Lauren Daly who has many years of experience working with Boards such as ours to help us develop this framework. We have focused on the Board's capability and capacity as a whole, developed skills matrices and sought to recruit those skills to the Board that we believe can best help us serve Ashleigh House. Next year 2 Directors will be completing the Company Directors course through the Australian Institute of Company Directors to further increase the skillset offered to the Board.

At the end of 2022 Ashleigh House was asked to consider taking on the Management Rights of a Retirement Village in WyYung (Bairnsdale). Clifton Waters Village contains 93 Independent Living Units owned by the Anglican Diocese of Gippsland and is beautifully situated on a hill looking over Clifton Creek. The Diocese recognised the opportunity to partner with a Not for Profit with a similar ethos to help them alleviate the administrative burden of running such a village. On the 01/01/2023 we resolved to accept 12 month trial contract for these management rights and on 6 month review we have decided that we will continue to work with the Diocese to grow our presence helping to provide better services for Gippsland's elderly citizens.

The Board are acutely aware of the demand for affordable housing. The desperation and anxiety in the community is noticeable. Waiting lists for Northwood Park, Eastwood Park and Clifton Waters now exceed 20 applications and is higher than ever observed in the history of SECV. Demand for respite beds or permanent beds increased from the already high levels as family carers return to work from COVID induced work from home arrangements. The care requirement for those entering the facility and the demands on care staff are also increasing as people stay at home longer.

The Finance Committee worked with the CEO and the Management Team to ensure that the facility operated inline with the agreed budget. The introduction of the AN-ACC funding model in 2022 and the lack of information as to how this would work during the budgeting process meant that we observed deviations in our budget income from what was received. Furthermore, the ability of the management team to grow revenue with very little understanding of the AN-ACC drivers as well as stable occupancy was limited. Expenditure growth was dominated by staffing costs and the management team had very little discretion in reducing those with the regulatory push to increase staffing numbers. The Finance Committee acted on business advice from PWC which was required as part of our application from a previous Capital Funding request. This advice recommended that resident deposits be invested in higher returning assets. The Finance Committee considered multiple alternatives available including local fund managers. In December we approved a business agreement with JB Were to be custodians of these reserves. Differently to a managed fund JBWere directly invests in securities on our behalf and inline with our Investment Strategy and our liquidity strategy. We have retained a conservative approach to our investment strategy and have received strong growth in our investment income as a result of this relationship. A break down of our financials for Financial Year Ending 30/06/2023 is contained within the CEO's report.

I would like to thank my fellow Directors for their collegial support during a very challenging year for Aged Care Boards. I would like to thank the management team for their partnership and their commitment to delivering on our strategy and regulatory changes. This year we said goodbye to Ann Ferguson who had served on our Board for 20 years, Clare Adams who had been on the Board since 2013 and we also had a short but valuable contribution from local accountant and community contributor Robin Lowe. We have welcomed Darin Roy, Justin Robson, Cassandra Mayman to the Board and look forward to their contribution in a healthy looking future in serving Ashleigh House Ltd and our community.

Sincerely

George Foggo

Chair of the Board of Directors.

ASHLEIGH HOUSE LTD

ANNUAL GENERAL MEETING

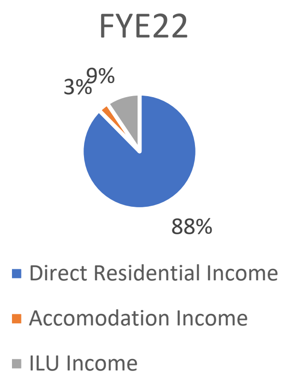
REPORT FROM THE CHIEF EXECUTIVE OFFICER

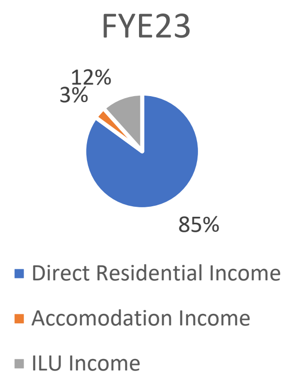
Dear Members,

In 2022 and 2023 The Aged Care Industry in Australia has experienced a rate of change never before observed. The legislative response to the Royal Commission into Aged Care Quality and Safety and the AN-ACC funding reforms have imposed changes on the business model and operational model of all Residential Aged Care Providers including Ashleigh House. As the industry prepares for the care requirements of Boomers (1946-1964) there is a pre-emptive move to those services that help people stay at home longer. Statewide and Nationwide community COVID lockdowns are no longer imposed and private enterprise is calling people back to on premise work. Unemployment is at historical lows and competition for workforce is fierce. Aged Care providers have newly introduced care minute ratios requiring a median of 40 Registered Nurse minutes per occupied bed day and 200 total Care Minutes. The Work value case submitted to Fairwork by the HSU, ANMF and SCHCD called for variations to classifications and minimum wages of 3 x modern awards. Decisions from these applications began to be published in November 2022. Residential Aged Care is experiencing very high levels of staff attrition and movement. This is turnover is occurring at an industry level and within healthcare. In July 23 Ashleigh House was experiencing annualised staff turnover in excess of 30% reducing to just over 20% in October 23. Focused recruitment campaigns, referral incentives and a sustained commitment to workplace culture, engagement and enablement of staff have been successful in increasing our staff headcount from 100 to 130 in this time (excludes agency staff). We have strengthened our reputation as an employer of choice locally. Staffing and recruitment costs have increased inline with care minuter requirements, low unemployment and the industrial environment and at rate higher than what is compensated through our funding models.

Locally demand for accommodation options has increased. With regional migration to the area, low building approvals, a high cash rate, pandemic related trade and supply chain issues (constraining new builds) there has been a significant decrease in available rentals. Applications per rental have increased and rental prices have increased with the demand over the supply. This has proven to be lead indicator for enquiries into Northwood Park and Eastwood Park and the waiting list for these ILUs now exceeds 25 people. Post pandemic demand on Ashleigh House has not yet abated and we are maintaining a prospective resident list of around 30 residents. We are expecting to maintain occupancy above 95% for all Ashleigh House assets over the next year.

Total revenue grew by 8.8% to $9.35Min financial year with total proportions year on year as follows:





The increase in ILU respective to other categories is driven by the newly acquired management contract for Clifton Waters retirement village in Wy-Yung. On 01/07/23 we amended the pricing of our ILUs to commencement a move to parity with the local tenancy market. In line with our ethos and 'for-purpose' mission, the Board's desire is that our housing remains affordable. This needs to be balanced with the need to be financially responsible and our obligation to ensure that accommodation is maintained safe, clean and provides a level of dignity to our residents.

With occupancy stable at more than 95% for the entire financial year, direct residential income (funding for care activities) is expected to be a direct factor of the care profile of our residents. In FYE23 the way that we are funded for these care requirements changed from the ACFI funding model to the AN-ACC funding model. We no longer receive funding based on the activities required we now receive a fixed component (which is the same for all residents) and a variable component which varies based on the level of capacity documented. The ACFI model is the use of external assessors to provide these categorisations based on the documented resident assessments rather than the internal assessments that ACFI utilised. Our current care system (Manad) provides a free form mechanism to document resident care activities. Driven by compliance reasons we have decided to move to a more advanced, modern care documentation system. We believe that this will have an additional positive impact on our direct residential income.

The basic daily fee, paid for by Ashleigh House residents is set by Services Australia set at 85% of the pension amount (currently $60.86), in FYE23 this increased in-line with pension increases and provided $1.6M of our total revenue. Accommodation services (dining, cleaning, laundry) totalled $1.65M for the year (excludes building, essential services and administrative costs).

Non-operating income is obfuscated by the impact on management revaluation of Northwood Park and Eastwood on a going concern basis and heavily affected by the number of refurbishments that are completed during the year. This in effect provides a double hit to our surplus as the costs of refurbishment are also expended directly from our profit and loss statement. Our current auditors have flagged a revue of this methodology this year believing that a valuation on a 'best use basis' would be a more accurate.

In FYE23 we engaged custodian JBWere to act on our behalf to manage our investment risk and diversify our previously cash only portfolio to higher yield investments. Our financial statements , the total value of our portfolio invested with JBWere grew from $6.00M to $6.15M on 30/06/2023 and now exceeds $6.2M (31/10/2023)

Wages costs for care staff grew from $3.86M in FYE22 to $4.50M in FYE23 and increase of 16.5%, with salary increases set at 3.2% on 01/07/2023 this increase was driven by additional shifts to meet care minute requirements and the increase in headcount to fill these shifts. The facility had not previously used agency staff to meet staffing requirements, in FYE23 $259k was expended on agency staff as we attempted as best we could to meet care minutes and the new 24/7 RN requirement. This cost is expected to increase again in FYE24 until strategies of building our permanent staff (such as Visa sponsorship) take effect.

Operational Expenditure increased on FYE22 and in excess of linear trends (from prior years) and budget in almost every expenditure account. Total opex for FYE23 was $10.1M against a budget of $8.7M. This is an increase of $1.67M (20%)on FYE22 and is driven almost entirely by increased wages expenses.

Discretionary opex is a very small proportion of our overall expenditure but is of interest to the perceived quality of the facility. Kitchen consumables increased by $52k (16%) to $386k in FYE23, lifestyle expenses increased by $2.9k (19%) to $18.4. Overall supplies and consumables slightly decreased on FYE22 levels primarily due to reduction in COVID19 related expenditure (through decreased COVID events and use of existing stock).

Excluding revaluation of Northwood and Eastwood parks our Operational result was a deficit of $648k which is $1.1M down on the $513k surplus generated in FYE22. We also operated at a cash deficit of $126k and spent $130k on depreciating assets (medical equipment etc..).

Budget FYE24 predicts an operational loss which is based on the occupancy and resident care profile in May and staffing profile required to meet care minute targets. The 'work value case' on top of standards award increases increased some wages by as much as 21% and served an equivalent increase to all held employee entitlements. At the time of budgeting there were no details released as to how facilities would be compensated for this and so this funding wasn't budgeted for. Our actual operating result will be largely based on the success of our sponsorship of international nurses and how we can transition away from the use of agency staff.

With the exhaustive process of reaccreditation as well as keeping pace with the fast-changing compliance environment, the Board's resource allocation and attention has been on assurance and governance activities. The process identifying collating and presenting information that not only provides this assurance but also attempts to forecast the intelligence levers that may be of importance to the Board in the future is onerous. To assist with this and to meet the needs of accreditation the management team directed time to refining our information architecture and cleaning up our domain model. Most importantly, we build up on subscription to ACCPA and migrated our governance information to their CentroAssist service. Procedures, policies and risk and assurance registers that are not directly related to the care assessment and planning of our residents have been decommissioned from our care systems and federated shared drives. The version control approval and reporting of these documents has been strengthened. This work was a key part of us meeting all 42 of our accreditation requirements. We have commenced internal audits using CentroAssist to ensure that our processes reflect what is documented and is compliant with our policy. With the expected finalisation of our clinical governance framework we will look at key interfaces between CentroAssist and this framework including the KPIs to ensure accountability to the high standard expected of us into the future.

At the time the 2022-2027 strategic plan was developed, we were still awaiting the recommendations from the Royal Commission into Aged. With changes to the standards, care minutes and funding changes after this time the Board has decided to review our strategic plan. The industry is changing at a rapid pace and we have found that changes are made prior to the information being distributed to providers. The ACFI funding model went live and we were required to budget for revenue with only a median $ per bed being issued to providers. We were required to budget for and implement wage increases from the wage value case with only a very small amount of information as to what would be passed on in funding. (1 part of this funding application only just came through in the last week). What we know now is that the department's focus is on funding the core care components and there is an implication that providers look for efficiencies and cost savings in other parts of their businesses. Administrative, lifestyle and maintenance costs are not included in the price of providing care and are largely ignored when assessing the financial pressures that facilities are under. This favours the larger franchised businesses which can centralise core administration and then use contractor relationships to flex up and down these services as their business cycles.

For larger providers where Aged Care is one part of their business (Wesley Mission, Royal Freemasons) we have seen a strategic shift of their investment away from Aged Care. Royal Freemasons have sold several of their assets and is attempting to sell its Sale facility, Wesley mission very publicly closed 3 facilities in New South Whales quoting cost pressures and staffing pressures as rationale. We have seen growth of not-for-profit organisations Mecwacare and Respect who have completed several take overs in the last year primarily of smaller community based organisations that struggle to keep pace with the compliance environment. Through the department of health Ashleigh House has taken a lead role in forming a collaborative of community based organisations in Gippsland. Gippsland Regional Aged Care Enterprises Ltd (GRACE) now consists of 5 official members and 11 facilities who have combined to collaborate, share knowledge and promote shared services across community based providers in Gippsland. Whilst this organisation is in its early stages, Ashleigh House is already benefiting from the collaboration and knowledge sharing. This year GRACE is focused on peer benchmarking of our clinical governance, shared AN-ACC consulting, HR services and employee benefit schemes.

The Ashleigh House management team is made up of:

- Business Manager, Marinda Botes: Looks after administration, accounts, payroll and is responsible for our community outreach and interfacing. Marinda manages contracts admissions and exits across Ashleigh House, Northwood Park, Eastwood Park and Clifton Waters
- Care Manager, Dhane Ware: Is responsible for the safe and quality delivery of nursing and care activities within Ashleigh House. Dhane is the line manager for all RNs, ENs and PCAs
- Facilities Manager, Nicole Payne: Currently on maternity leave Nicole is responsible for the delivery of all non-care related services and projects in Ashleigh House, Northwood Park, Eastwood Park and Clifton Waters
- Facilities Manager (maternity leave replacement) and Project Manager: Rod was originally employed to progress the capital development of Clifton Waters. With Nicole on maternity leave and an increased appetite to progress capital works in Sale Rod has taken over the project's component of Nicole's work in Sale and has joined the management team due to the Board's increased focus in this area.
- Tracey Sheen: Tracey was promoted to the management team this year recognising her leadership as a PCA. Tracey is responsible for the line management and delivery of non-care related services within Ashleigh House, Northwood Park and Eastwood Park. Tracey is the manager for Lifestyle, Kitchen, Cleaning, Laundry and Maintenance.

In March 2023 we said goodbye to our Clinical Governance Manager, Leah Adams. Leah was critical in the evolution of Clinical Governance as a concept within Ashleigh House and formed the foundation of the clinical governance capability that we now enjoy. Leah has moved on to a Clinical Governance role with Warragul Hospital to be closer to her partner. We thank Leah for her contribution to Ashleigh House and wish her well for her future career.

Unfortunately, I have accepted the resignation of Marinda Botes who will be leaving us in March next year. Marinda's husband has accepted an exciting career opportunity, and they are looking forward to moving to Perth (where Marinda's son currently lives). Marinda has invested a huge amount both personally and professionally into the success of Ashleigh House and she will be very difficult to replace. We will look to commence recruiting for our new Business Manager in January 24.

The last year has been especially busy for the management team. We have had lots of success despite the challenging variable environment. The team worked in a collegial and supportive manner to achieve our strategic goals.   I wish to thank the management team for their dedication and commitment to implementing the Board's strategy and bettering the lives of our elderly citizens who have given their lives to our community. I am looking forward to 2024 where the changes from the last 2 years will be embedded in our operating rhythm and we can shift our attention to capital and strategic projects that are responding to the increasing needs of the community that we serve.

Thank-you to all members for taking an interest in the corporate governance of Ashleigh House.

Sincerely,

Chris Beckman

Chief Executive Officer
Ashleigh House Ltd

Ashleigh House Limited

Financial Report
For The Year Ended 30 June 2023

Ashleigh House Limited

Statement Of Financial Position

As at 30 June 2023

	Note	2023	2022
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	3,341,413	7,581,451
Trade and other receivables	5	372,004	237,730
Other financial assets	6	6,160,031	-
TOTAL CURRENT ASSETS		9,873,448	7,819,181
NON-CURRENT ASSETS			
Property, plant and equipment	7	9,283,086	8,996,658
Investment property	8	8,519,100	8,976,962
TOTAL NON-CURRENT ASSETS		17,802,186	17,973,620
TOTAL ASSETS		27,675,634	25,792,801
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	441,263	474,034
Provisions	10	822,345	781,585
Accommodation bonds and refundable deposits	11	9,754,062	7,929,715
Retirement village resident loans	11	2,118,998	1,894,317
Other liabilities	12	19,873	16,199
TOTAL CURRENT LIABILITIES		13,156,541	11,095,850
NON-CURRENT LIABILITIES			
Provisions	10	282,675	231,331
TOTAL NON-CURRENT LIABILITIES		282,675	231,331
TOTAL LIABILITIES		13,439,216	11,327,181
NET ASSETS		14,236,418	14,465,620
EQUITY			
Reserves	13	11,282,597	10,405,394
Accumulated surplus		2,953,821	4,060,226
TOTAL EQUITY		14,236,418	14,465,620

The accompanying notes form part of this financial report.

Ashleigh House Limited

Statement of Comprehensive Income

For The Year Ended 30 June 2023

	Note	2023	2022
		$	$
Revenue	2	9,521,870	9,026,253
Employee benefits		(7,205,321)	(5,940,823)
Supplies and consumables		(862,534)	(885,374)
Depreciation		(593,596)	(494,603)
Finance costs		(5,147)	(7,130)
Other expenses		(1,503,815)	(1,184,658)
Fair value movement of investment properties	8	(457,862)	(973,038)
Surplus/ (deficit) for the year		(1,106,405)	(459,373)
Other comprehensive income			
Revaluation of land and buildings	13	750,000	-
Equity instrument at FVOCI - fair value change	1(e),13	127,203	-
Total other comprehensive income for the year		877,203	-
Total comprehensive income for the year		(229,202)	(459,373)

The accompanying notes form part of this financial report.

Ashleigh House Limited

Statement Of Changes In Equity

For The Year Ended 30 June 2023

	Note	Accumulated Surplus $	Reserves $	Total $
Balance at 1 July 2021		4,519,599	10,405,394	14,924,993
Surplus/(deficit) for the year		(459,373)	-	(459,373)
Balance at 30 June 2022		**4,060,226**	**10,405,394**	**14,465,620**
Balance at 1 July 2022		**4,060,226**	**10,405,394**	**14,465,620**
Surplus/(deficit) for the year		(1,106,405)	877,203	(229,202)
Balance at 30 June 2023		**2,953,821**	**11,282,597**	**14,236,418**

The accompanying notes form part of this financial report.

Ashleigh House Limited

Statement of Cash Flows

For The Year Ended 30 June 2023

	Note	2023	2022
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customer/residents		10,289,070	8,960,245
Payments to suppliers and employees		(10,447,707)	(8,022,692)
Investment income received		37,570	-
Interest paid		(5,147)	(7,130)
Net cash provided by/ (used in) operating activities	14	(126,214)	930,423
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(130,024)	(929,336)
Purchase of financial assets		(6,032,828)	-
Net cash provided by/ (used in) investing activities		(6,162,852)	(929,336)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net accommodation bonds and ILU ingoings received		2,049,028	1,731,414
Loan repayments		-	(155)
Net cash provided by/ (used in) financing activities		2,049,028	1,731,259
Net increase/ (decrease) in cash and cash equivalents		(4,240,038)	1,732,346
Cash and cash equivalents at beginning of financial year		7,581,451	5,849,105
Cash and cash equivalents at end of financial year	14	3,341,413	7,581,451

The accompanying notes form part of this financial report.

Ashleigh House Limited
Notes To The Financial Statements
For The Year Ended 30 June 2023

Note 1: Summary of Significant Accounting Policies

These financial statements cover Ashleigh House Limited as an individual entity. Ashleigh House Limited is a limited by guarantee company for financial reporting purposes.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures of the Australian Accounting Standards Board (AASB) and *Australian Charities and Not-for-profits Commission Act 2012*. The entity is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

During the year the entity changed from Sale Elderly Citizens Village Inc (incorporated association) to Ashleigh House Limited (limited by guarantee company). The entity remains *Australian Charities and Not-for-profits Commission Act 2012 (* ACNC) and there has been no change to the framework being general purpose financial statements prepared in accordance with Australian Accounting Standards - Simplified Disclosures. The entity remains a not for profit for financial reporting purposes.

The financial statements, except for 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.

(a) Income Tax

The entity is exempt from tax for income tax purposes.

(b) Property, Plant and Equipment

Property, plant and equipment

Property, plant and equipment is measured at cost or valuation less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of property, plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present. The recoverable amount is assessed as the depreciated replacement cost of an asset.

Depreciation

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

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

Plant and Equipment	15% - 33%
Motor vehicles	20%
Buildings	2.5%

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

Revaluation

Subsequent to the initial recognition as assets, land and buildings are measured at fair value. Revaluations are made with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at the reporting date. Revaluations are assessed annually and supplemented by independent assessments, at least every five years.

On 30 June 2021 land and buildings were revalued on the market value as provided by Gippsland Property Valuations - Certified Valuers #AAPI CPV 71139.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately in the net result.

(c) Leases

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

A single recognition and measurement approach is applied for all leases, except for short-term leases and leases of low-value assets. Where applicable to the entity, it recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Short term leases and leases of low value assets

The short-term lease recognition exemption is applied to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(d) 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 equivalent to the date that the entity commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories upon recognition:

• Amortised costs

• Equity instrument at fair value through other comprehensive income (FVOCI)

Subsequent measurement of financial assets

Financial assets at amortised costs

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit or loss (FVPL)):

• they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows

• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The entity's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments together with any long term deposits.

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities – JB Were.

Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party, whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(e) Impairment of Assets

At the end of each reporting period, 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 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.

(f) Employee Entitlements

Provision is made for the entity’s liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year of the end of the reporting period have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and related on-costs and the probability that the employee may not satisfy any vesting requirements. The estimated cash outflows are discounted using market yields on national government bonds with maturity terms that match the expected timing of cash outflows.

Obligations for long term employee benefits are classified as non-current except where there is no unconditional right to defer payment, in which case they are presented as current.

(g) 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 six months or less, and bank overdrafts.

(h) Trade and Other Receivables

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

Accounts receivable are initially measured at fair value and subsequently measured at amortised cost, less any provision for impairment.

(i) Revenue Recognition

Aged Care Subsidies, Rental Income and Resident Fees

When the entity receives aged care subsidies, rental income and resident fees, 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 entity:

• identifies each performance obligation relating to the grant;
• 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 co-operative:

• recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9. AASB 16, AASB 116 and AASB 138);
• 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 entity recognises income in profit or loss when or as it satisfies its obligations under the contract.

Capital Grants

When the entity receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards. The entity recognises income in profit or loss when or as the entity satisfies its obligations under terms of the grant.

Interest income

Interest income is recognised using the effective interest method.

(j) Investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the entity.
Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured at fair value. Movements in fair value are recognised directly to profit or loss. Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

(k) Accommodation Bonds and Refundable Accommodation Deposits

The liability for accommodation bonds and refundable accommodation deposits is carried at the amount that would be payable on exit of the resident. This is the amount received on entry of the resident, and in the instance of bonds, less deductions for fees and retentions pursuant to the *Aged Care Act 1997*. These liabilities are considered to be current as the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The obligation to settle could occur anytime on the death or departure of the resident.

Retirement Village Resident Loans

Resident loans are carried at the amount that would be payable on termination of the residents occupation rights to an independent living unit in the retirement village. The liability is recognised as the value of the loan at the balance date. The resident loans are classified as current liabilities.

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

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

(m) Accounts Payable and Other Payables

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

(n) Critical Accounting Estimates and Judgments

The entity evaluates estimates and judgments 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.

Ashleigh House Limited
Notes To The Financial Statements
For The Year Ended 30 June 2023

	2023	2022
	$	$
Note 2: Revenue		
Aged care subsidies	5,810,398	5,345,602
Government grants - capital	-	75,640
Resident fees	2,455,416	2,437,923
Rental income	889,825	851,791
Government grants - other non reoccurring (including Covid)	-	307,107
Other revenue	366,231	8,190
Total Revenue	9,521,870	9,026,253

Note 3: Surplus for the year

	2023	2022
Surplus for the year includes the following expenses:		
Contribution to defined contributions superannuation funds	625,657	548,481
Auditors remuneration		
- auditing the financial report	14,809	11,950
- audit of prudential compliance statement	1,195	1,060
- audit of funding acquittals	-	900

Note 4: Cash and cash equivalents

	2023	2022
Cash at bank and on hand	3,341,413	7,581,451

Refer to note 11 for restrictions on the use of cash and cash equivalent balances

Note 5: Trade and other receivables

	2023	2022
Resident fees	185,638	169,510
Provision for doubtful debts	(31,434)	(31,434)
Government subsidies	89,677	40,060
GST receivable	36,988	59,594
Other debtor	91,135	-
	372,004	237,730

	2023 $	2022 $
Note 6: Other financial assets		
JB Were investment portfolio measured at fair value through OCI (note 1(e))	6,160,031	-
Refer to note 11 for restrictions on the use of investment balances		
Note 7: Property, plant and equipment		
Land		
Land - at valuation 30 June 2021	1,057,043	1,057,043
Buildings		
Buildings - at valuation 30 June 2023	7,950,000	7,200,000
Less accumulated depreciation	(602,374)	(300,994)
	7,347,626	6,899,006
Plant and equipment		
Plant and equipment - at cost	2,654,184	2,535,677
Less accumulated depreciation	(1,862,775)	(1,584,250)
	791,409	951,427
Motor vehicles		
Motor vehicles - at cost	133,823	133,823
Less accumulated depreciation	(122,480)	(112,028)
	11,343	21,795
Work in progress		
Café project	75,665	67,387
Total property, plant and equipment	9,283,086	8,996,658

An independent valuation of the entity's land and buildings was performed by Gippsland Property Valuations, to determine the fair value of land and buildings. The valuation, which conforms to Australian Valuation Standards and in line with AASB116 and AASB13, was determined by reference to the basis of the land and site improvements. The effective date of the valuation was 30 June 2021.

Fair value assessments are completed annually thereafter by management. The fair values are based on a valuation taking into account land and building indices using comparable market data for similar properties. Where the assessed fair value movement is >10% from the last independent revaluation (30 June 2021), a managerial revaluation is recognised to ensure the land and buildings continue to be carried at fair value.

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

	Land	Building $	Plant & equipment $	Motor vehicles $	Work in progress	Total $
Balance at the beginning of the	1,057,043	6,899,006	951,427	21,795	67,387	8,996,658
Additions	-	-	121,746	-	8,278	130,024
Fair value movement increment / (decrement) - revaluation	-	750,000	-	-	-	750,000
Depreciation expense	-	(301,380)	(281,764)	(10,452)	-	(593,596)
Balance at the end of the year	1,057,043	7,347,626	791,409	11,343	75,665	9,283,086

	2023 $	2022 $
Note 8: Investment properties		
Investment properties - at fair value	8,519,100	8,976,962
Balance at the beginning of the year	8,976,962	9,950,000
Fair value movement increment/(decrement)	(457,862)	(973,038)
Balance at the end of the year	8,519,100	8,976,962

The basis of valuation of investment properties is fair value. The investment properties are formally revalued every 3-5 years based on independent assessments by a member of the Australian Property Institute. Investment properties were independently value as at 30 June 2021 by Gippsland Property Valuations. Valuations were based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment. Management have undertaken a fair value assessment in the current year using the same methodology.

Note 9: Trade and other payables		
Trade creditors	293,048	310,837
Accrued expenses	59,651	40,004
Income in advance	14,027	20,496
Other payables	74,537	102,697
	441,263	474,034

	2023	2022
	$	$
Note 10: Provisions		
CURRENT		
Annual leave	510,157	469,397
Long service leave	312,188	312,188
	822,345	781,585
NON-CURRENT		
Long service leave	282,675	231,331

Note 11: Accommodation bonds & retirement village resident loans

Refundable accommodation deposits - aged care	9,754,062	7,929,715

At year-end, the entity has $3,341,413 (2022: $$7,581,451) in cash & cash equivalents (note 4) plus $6,160,031 (2022: $nil) in investments (note 6). These balances include restricted amounts required to maintain a bond liquidity ratio of 75% ($7,929,715 and 2022: $5,947,286) in line with the entity's current liquidity management strategy and may therefore not be used for operating purposes.

Ingoing contributions - independent living units	2,118,998	1,894,317

Note 12: Other Liabilities

Monies held in trust - residents funds	19,873	16,199

Note 13: Reserves

Equity FVOCI reserve

This reserve records movements during the year in share prices in investments

Balance 1 July	-	-
Fair value movement increment/(decrement)		
JB Were Investments	127,203	-
Balance 30 June	127,203	-

Asset revaluation reserve

The asset revaluation reserve records revaluations of non-current assets

Balance 1 July	10,405,394	10,405,394
Revaluation increment/(decrement)		
Land	-	-
Buildings	750,000	-
	11,155,394	10,405,394
Total Reserves	11,282,597	10,405,394

	2023	2022
	$	$
Note 14: Cash flow information		
Cash in the statement of cash flows reconciled to the statement of financial position		
Cash and cash equivalents	3,341,413	7,581,451
Reconciliation of cash flows from operating activities		
Surplus/ (deficit) for the year	(1,106,405)	(459,373)
Depreciation	593,596	494,603
Fair value movement on investment properties	457,862	973,038
(Decrease)/ increase in payables and other liabilities	(32,771)	138,568
(Decrease)/increase in employee benefits	92,104	(150,405)
Decrease / (increase) in receivables	(134,274)	(71,432)
(Decrease) / increase in other liabilities	3,674	5,424
Net cash provided by/ (used in) operating activities	(126,214)	930,423

Note 15: Contingent Assets and Contingent Liabilities

The entity is currently managing one legal claim. It is not presently possible to estimate what the total amount of cost to the entity may be, if any. Such amounts will be determined by the outcomes of the claims and the entity's insurance arrangements. Although the outcome of the claim, if any, cannot be predicted with certainty, management has no reason to believe that an outcome will affect the ongoing financial sustainability of the entity (2022: nil).

Note 16: Events After the Reporting Period

There have been no events occurring after the reporting period that require disclosure.

Note 17: Key Management Personnel Compensation

Any person having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including board members, is considered key management personnel.

The totals of remuneration paid to key management personnel of the entity during the year are as follows:

	2023	2022
	$	$
Key management personnel compensation	184,500	179,592

Note 18: Related Party Transactions

There are no related party transactions during the year.

Note 19: Financial Risk Management

The entity's financial instruments consist mainly of deposits with banks, accounts receivable, investments, and payable, accommodation bonds and ingoing contributions.

The carrying amounts for each category of financial instruments are as follows:

	2023	2022
	$	$
Financial assets		
Cash and cash equivalents	3,341,413	7,581,451
Trade and other receivables	372,004	237,730
Other financial assets	6,160,031	-
Total financial assets	9,873,448	7,819,181
Financial liabilities		
Trade and other payables	441,263	474,034
Accommodation bonds and refundable deposits	9,754,062	7,929,715
Ingoing contributions	2,118,998	1,894,317
Other liabilities	19,873	16,199
Total financial liabilities	12,334,196	10,314,265

Note 20: Economic Dependence

Ashleigh House Inc is dependent on the ongoing financial support of the Government and in particular, the Department of Health & Aged Care. At the date of this report the Board have no reason to believe that the Department will not continue to support the entity.

Note 21: Working Capital Deficiency

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. For the year ended 30 June 2023, the entity recorded a working capital deficit of $3,283,093 (2022: $3,276,669). The entity recording a net deficit for the year of $1,106,405 (2022 net deficit of $459,373) and cash outflows from operating activities of $126,214 (2022 inflows: $930,423). There is some uncertainty relating to the future operating cash flows which are dependent on prompt replacement of independent living unit bonds and refundable accommodation bonds from residential aged care. As is typical for the aged care industry, accommodation bonds and refundable deposits are classified as current, however the Board is of the view that these will not be paid out all at once in a lump sum, and of those that are paid out periodically they will be replaced with new incoming bonds. The Board is also of the view that any shortfalls will be met out of operations and further utilisation of the independent living units. Other financial assets, investments in JB Were, are considered to be highly liquid in the event that they are required to meet cash flow needs. A portion of employee provisions are also classified as current where Ashleigh House Limited does not have the unconditional right to defer settlement, however these are not expected to be fully paid out in the next 12 months. This provides the Board with reasonable grounds to be of the view that the entity will be able to pay its debts as and when they fall due.

Note 22: Fair Value Measurements

The entity measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income;
- freehold land and buildings; and
- investment properties.

Valuation techniques

The entity selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the entity are consistent with one or more of the following valuation approaches:

- the market approach, which uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities;
- the income approach, which converts estimated future cash flows or income and expenses into a single discounted present value; and
- the cost approach, which reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Recurring fair value measurements	2023 $	2022 $
Financial assets		
Investment portfolio - measured at fair value through OCI (i)	6,160,031	-
Property, plant and equipment		
Freehold land and buildings (ii)	8,404,669	7,956,049
Investment property		
Independent living units (iii)	8,519,100	8,976,962

(i) For investments in listed shares, the fair values have been determined based on closing quoted bid prices at the end of the reporting period.

(ii) For freehold land and buildings, the fair values are based on a valuation taking into account land and building indices and an external independent valuation performed previously in 2021, which used comparable market data for similar properties.

(iii) Independent living units fair values are based on the independent valuation undertaken at 30 June 2021 and thereafter, annual fair value assessment based on a consistent valuation methodology, using current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.

Note 23: Entity Details

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

20-25 Bergen Crescent

Sale VIC 3850

Note 24: Members Guarantee

The entity is incorporated under the *Australian Charities and Not-for-profit Commission Act 2012* and is a company limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $20 towards meeting any outstanding obligations of the company.

Ashleigh House Limited
Directors' Declaration
For The Year Ended 30 June 2023

The directors of Ashleigh House Limited declare that:

1. The financial statements and notes are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, and:

   (a) comply with Australian Accounting Standards - Simplified Disclosures applicable to the entity; and

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

2. In the directors' opinion there are reasonable grounds to believe that the entity 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 the directors.

Sam Forbes
Sam Forbes (Oct 27, 2023 14:33 GMT+11)

Name: Sam Forbes

Position: Director

Name: Justin Robson

Position: Director

Date: Oct 27, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Ashleigh House Limited

Opinion

We have audited the accompanying financial report of Ashleigh House Limited ("the Entity") 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, notes comprising a summary of significant accounting policies and other explanatory information, and board of management declaration.

In our opinion, the financial report of Ashleigh House Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) 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

(ii) complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the A*ustralian Charities and Not-for-profits Commission Act 2012*, which has been given to the board of management of the entity, would be in the same terms if given to the board of management 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 Management and the Board of Management for the Financial Report

Management of the Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as management determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

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

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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 the Australian Auditing Standards, we exercise professional judgement 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 board of management.

- Conclude on the appropriateness of the board of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

Rochelle Wrigglesworth
Director
Forefront Pty Ltd

Place: Sale
Date: 27 October 2023

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Ashleigh House Limited and the Secretary of the Department of Health and Aged Care

Report on Ashleigh House Limited compliance with the *Aged Care Act 1997* (the Act) and the *Fees and Payments Principles 2014 (No.2)* (Fees and Payments Principles).

We have audited the compliance of Ashleigh House Limited with the requirements of Part 5, Part 6, and Part 7 of the Fees and Payments Principles for the period 1 July 2022 to 30 June 2023.

Opinion

In our opinion, Ashleigh House Limited has complied, in all material respects, with the requirements of Part 5, Part 6, and Part 7 of the Fees and Payments Principles (as amended) for the period 1 July 2022 to 30 June 2023.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Guide to audit of an approved provider's compliance with the prudential requirements (the Guide), we are required to report all instances of non-compliance with the requirements of the Act and the Fees and Payments Principles by Ashleigh House Limited that came to our attention during the course of our audit. No instances of non-compliance with prudential requirements came to our attention.

Directors' Responsibility

The directors of Ashleigh House Limited are responsible for compliance with the Act and the Fees and Payments Principles and for such internal control as the directors determine is necessary for compliance with the Act and the Fees and Payments Principles. The responsibilities of the directors include requirements under the Act and the Fees and Payments Principles for the preparation and presentation of the Annual Prudential Compliance Statement (APCS) and compliance with the Prudential Standards contained within the Fees and Payments Principles.

Auditors' Responsibility

Our responsibility is to form and express an opinion on Ashleigh House Limited's compliance, in all material respects, with the prudential requirements of the Act and the Fees and Payments Principles.
Our audit has been conducted in accordance with the applicable Standards on Assurance Engagements (ASAE 3100 Compliance Engagements), issued by the Auditing and Assurance Standards Board and with the requirements of the Department of Health and Aged Care as set out in the Guide. Our audit has been conducted to provide reasonable assurance that Ashleigh House Limited has complied with the requirements of the Fees and Payments Principles. ASAE 3100 requires that we comply with relevant ethical requirements. Audit procedures selected depend on the auditor's judgement. The auditor designs procedures that are appropriate in the circumstances and incorporate the audit scope requirements set out in the Guide. The audit procedures have been undertaken to form an opinion on compliance of Ashleigh House Limited with Part 5, Part 6, and Part 7 of the Fees and Payments Principles. Audit procedures include obtaining evidence relating to refundable deposits, accommodation bonds and entry contributions held; refunds of refundable deposits, accommodation bond balances and entry contributions; limits on charging refundable deposits, accommodation bonds; compliance with the Prudential Standards relating to liquidity, records, governance and disclosure; and use of refundable deposits and accommodation bonds.

Use of Report and Restriction on Distribution

Use of report and restriction on distribution
This auditor's report has been prepared for the directors of Ashleigh House Limited and the Secretary of the Department of Health and Aged Care for the purpose of fulfilling the requirements of the Disclosure Standard. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the directors and the Secretary of the Department of Health and Aged Care, or for any purpose other than that for which it was prepared. Our report is intended for the directors of Ashleigh House Limited and the Secretary of the Department of Health and Aged Care and should not be distributed to other parties.

Inherent Limitations

Because of the inherent limitations of any compliance procedures, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements of the Act and Fees and Payments Principles, as the audit procedures are not performed continuously throughout the year and are undertaken on a test basis.

Rochelle Wrigglesworth
Registration Number 322537
Director
Forefront Pty Ltd
Registration Number 450322

Place: Sale
Date: 30 October 2023