Financial Report

For the year ended 30 June 2022

ABN 49 389 819 484

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Statement by Members of the Board

In the opinion of the Board, the accompanying accounts, as set out on pages 5 to 39, are in accordance with the Australian Charities and Not for Profits Commission Act 2012 and present fairly the financial position of Catholic Homes Incorporated as at 30 June 2022 and its performance for the year ended on that date and comply with Australian Accounting Standards and the Australian Charities and Not for Profits Commission Regulation 2013.

Notwithstanding the shortfall in working capital, the Board considers that at the date of this statement there are reasonable grounds to believe that Catholic Homes Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:

John Ogilvie
Chairperson

Marina Re
Deputy Chairperson

Dated: 19 October 2022

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Independent Auditor's Report

To the Members of Catholic Homes Incorporated

Report on the audit of the financial report

Opinion

We have audited the financial report of Catholic Homes Incorporated (the "Entity"), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Directors' declaration.

In our opinion, the accompanying financial report of Catholic Homes Incorporated:

a Presents fairly, in all material aspects, the entity's financial position as at 30 June 2022 and of its performance and cash flows for the year then ended; and

b Complies with Australian Accounting Standards, the Australian Charities and Non-for-profits Commission Act 2012, the Australian Charities and Not-for-profits Commissions Regulation 2013, and other statutory requirements including the Accountability Principals 2014 pursuant to the Aged Care Act 1997.

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.

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

Information Other than the Financial Report and Auditor's Report Thereon

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

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

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

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

Responsibilities of the management and those charged with governance for the financial report

The Directors of the Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the Australian Charities and Non-for-profits Commission Act 2012, the Australian Charities and Not-for-profits Commissions Regulation 2013, and other statutory requirements including the Accountability Principals 2014 pursuant to the Aged Care Act 1997. This responsibility also includes such internal control as management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is 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 management either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C A Becker
Partner – Audit & Assurance

Perth, 19 October 2022

	Notes	2022 $	2021 $
REVENUE			
Revenue	3(a)	47,497,279	40,968,525
Other Income	3(a)	480,254	2,811,935
		47,977,533	**43,780,460**
EXPENSES			
Employee Expenses		32,305,967	30,193,640
Food and Provision Expenses		1,392,729	1,296,962
Cleaning and Domestic Expenses		879,284	885,611
Care and Support Expenses		4,808,493	3,227,184
Property Services, Repairs and Maintenance		2,440,832	2,437,736
Corporate Costs		3,120,217	2,681,568
Borrowing Costs		5,794	5,810
RAD Expense	3(b)	2,149,779	2,052,369
Depreciation and Amortisation		2,466,482	2,215,629
Loss on Investment Properties		-	2,851,500
Increase in Fair Value of Resident Loans		34,651	-
De-recognition of Buildings Demolished		-	2,484,725
		49,604,228	**50,332,734**
SURPLUS/(DEFICIT)		**(1,626,695)**	**(6,552,274)**

The accompanying notes form part of this financial report

	Notes	2022 $	2021 $
SURPLUS/(DEFICIT) FROM OPERATIONS		**(1,626,695)**	**(6,552,274)**
OTHER COMPREHENSIVE INCOME			
Items that cannot be reclassified subsequently to profit or loss:			
Net gain/(loss) on revaluation of land & buildings		(337,514)	106,152
TOTAL COMPREHENSIVE INCOME		**(1,964,209)**	**(6,446,122)**

The accompanying notes form part of this financial report

	Notes	2022 $	2021 $
CURRENT ASSETS			
Cash at Bank and in Hand	4	266,433	3,323,473
Cash on Short Term Deposit	5	8,152,860	17,763,628
Trade and Other Receivables	6	1,461,359	1,026,192
Other Current Assets	7	647,852	286,200
Total Current Assets		**10,528,504**	**22,399,493**
NON-CURRENT ASSETS			
Property, Plant & Equipment	8	80,935,023	70,744,455
Investment Properties	9	46,705,564	46,705,564
Total Non-Current Assets		**127,640,587**	**117,450,019**
TOTAL ASSETS		**138,169,091**	**139,849,512**
CURRENT LIABILITIES			
Trade and Other Payables	10	4,402,408	5,786,233
Resident Bonds and RADs	11	48,663,176	46,812,038
Resident Loans	11	28,043,706	28,184,045
Provisions	12	733,553	748,532
Total Current Liabilities		**81,842,843**	**81,530,848**
NON-CURRENT LIABILITIES			
Trade and Other Payables	10	1,118,112	1,098,311
Long Term Provisions	12	296,347	344,355
Total Non-Current Liabilities		**1,414,459**	**1,442,666**
TOTAL LIABILITIES		**83,257,302**	**82,973,514**
NET ASSETS		**54,911,789**	**56,875,998**
EQUITY			
Asset Revaluation Reserve		11,804,311	12,141,825
Accumulated Surplus		43,107,478	44,734,173
TOTAL EQUITY		**54,911,789**	**56,875,998**

The accompanying notes form part of this financial report

	Notes	Asset Revaluation Reserve	Accumulated Surplus	Total
		$	$	$
Balance at 1 July 2020		**14,520,398**	**48,801,722**	**63,322,120**
Surplus Attributable To Members		-	(6,552,274)	(6,552,274)
Recognition of Gain on Buildings Demolished	8	(2,484,725)	2,484,725	-
Other Comprehensive Income		106,152	-	106,152
Balance at 30 June 2021		**12,141,825**	**44,734,173**	**56,875,998**
Balance at 1 July 2021		**12,141,825**	**44,734,173**	**56,875,998**
Surplus Attributable To Members		-	(1,626,695)	(1,626,695)
Other Comprehensive Income		(337,514)	-	(337,514)
Balance at 30 June 2022		**11,804,311**	**43,107,478**	**54,911,789**

The accompanying notes form part of this financial report

	Notes	2022 $	2021 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Government Subsidies		34,184,111	29,151,109
Receipts from Residents		10,023,630	8,490,273
Payments to Suppliers and Employees		(48,212,115)	(42,210,435)
Interest Received		147,088	257,677
Other Receipts		1,278,002	769,563
Interest Expensed		(5,794)	(5,810)
Net Cash Used In Operating Activities	**17**	**(2,585,078)**	**(3,547,623)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Fixed Assets		(2,354,642)	(2,786,199)
Construction Work in Progress		(10,747,557)	(1,375,149)
Proceeds from Sale of Fixed Assets		201,308	12,700
Net Cash Flows Used In Investing Activities		**(12,900,891)**	**(4,148,648)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Bonds and RADs Received		16,705,154	17,291,253
Bonds and RADs Refunded		(14,555,287)	(12,828,469)
Resident Loans Received		2,635,000	3,815,000
Resident Loans Repaid		(1,966,706)	(2,734,312)
Net Cash Flows Provided By Financing Activities		**2,818,161**	**5,543,472**
Net Decrease In Cash Held		**(12,667,808)**	**(2,152,799)**
Cash at the Beginning of the Financial Year		21,087,101	23,239,900
Cash at the End of the Financial Year	**4,5**	**8,419,293**	**21,087,101**

The accompanying notes form part of this financial report

1. CORPORATE INFORMATION

The financial report of Catholic Homes Incorporated ("Association") for the year ended 30 June 2022 was authorised for issue with a resolution by the Board on 19 October 2022.

Catholic Homes Incorporated is an Association incorporated in Western Australia under the Associations Incorporations Act 2015. Catholic Homes Incorporated is a not-for-profit entity for the purpose of preparing financial statements. The nature of the operations and principal activities are described in Note 18.

2. BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Basis of Accounting

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Accountability Principles 2014, the Australian Charities and Not for Profits Commission Act 2012* and the *Associations Incorporation Act, 2015.*

The financial report has been prepared on an accrual basis, except for certain financial instruments, investment properties and land and buildings that have been measured at fair value.

(b) Changes in Accounting Policies

In the current year, the Association has not applied any new or revised Standards issued by the Australian Accounting Standards Board (AASB).

(c) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include International Financial Reporting Standards as adopted in Australia (IFRS) and other authoritative pronouncements of the Australian Accounting Standards Board.

(d) Summary of Significant Accounting Policies

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

(i) Significant Accounting Judgments, Estimates and Assumptions

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, will seldom equal the related actual results. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally, and from within the Association. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2. BASIS OF PREPARATION OF THE FINANCIAL REPORT (Cont.)

Investment Properties
Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model. The Association has certain assets classified as Investment Properties for the purposes of *AASB 140 Investment Property*, principally retirement villages and associated land held for development purposes.

Investment properties are re-valued annually and are included in the statement of financial position at their open market value (2022: $46,705,564; 2021: $46,705,564). The Association considers information from a variety of sources including recent sales evidence and guidance from real estate agents when arriving at the carrying value. Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss within change in fair value of investment property.

There were no judgements, other than those involving estimations that the Association has made in the process of applying the entity's accounting policies that had a significant effect on the amounts recognised in the financial report.

Impairment of Assets
The Association assesses impairment at each reporting date by evaluating conditions specific to the Association that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Valuation calculations performed in assessing recoverable amounts incorporate a number of key estimates.

A loss of $337,514 (2021: Loss of $2,378,573) on revaluation of assets was recognised in the year. No other impairment expense has been recognised for the year ended 30 June 2022.

(ii) Investment Property

Investment properties are initially measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair value of investment properties are included in the Statement of Profit or Loss in the period in which they arise.

Investment properties are de-recognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

Any gains or losses on de-recognition of an investment property are recognised in the Statement of Profit or Loss in the period of de-recognition.

The Association makes a determination on a property by property basis as to whether a property should be considered an investment property. Factors taken into account include:

- Whether the property generates cash flows largely independent of other services provided to residents of the property;
- Whether the property is held for long term capital appreciation rather than for short term sale in the ordinary course of business; and
- The probable future use of land that is not currently generating cash flows.

Currently retirement villages governed by the Retirement Villages Act (WA) 1992 are classified as investment property.

2. BASIS OF PREPARATION OF THE FINANCIAL REPORT (Cont.)

(iii) Property, Plant and Equipment

Property, plant and equipment that do not meet the definition of investment property currently include the aged care facilities governed by the Aged Care Act 1997.

Land and Buildings
Land is measured at fair value. Buildings are measured at fair value less accumulated depreciation and any impairment in value. Fair value measurement is based on periodic, but at least every five years, valuations by external independent valuers, less subsequent depreciation for buildings.

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

Plant and Equipment
Plant and equipment, furniture and fittings, and motor vehicles are all stated at cost less accumulated depreciation and any impairment in value.

Depreciation
The depreciable amount of all fixed assets including buildings, excluding freehold land, are depreciated on a straight line basis over their useful lives to the Association, 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 asset are:

Class of Fixed Asset	Depreciation Rate
Buildings	lesser of 2.5% or life of asset
Plant and Equipment	10.0%-33.3%
Furniture and Fittings	10.0%
Motor Vehicles	20.0%

The asset's residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

2. BASIS OF PREPARATION OF THE FINANCIAL REPORT (Cont.)

Revaluations

Following initial recognition at cost, land and buildings, other than investment property, are carried at a revalued amount, which is the fair value at the date of the valuation less any subsequent accumulated depreciation on buildings and subsequent accumulated impairment losses. Fair value is determined on the basis of an independent valuation prepared by external valuation experts, based on discounted cash flows or capitalisation of net income (as appropriate), and, as a tax exempt body, capital gains tax is not required to be taken into account.

The fair values are recognised in the financial statements and will be reviewed at the end of each reporting period to ensure that the carrying values are not materially different from their fair values.

Any revaluation increment is credited to the Statement of Other Comprehensive Income and the asset revaluation reserve included in the equity section of the Statement of Financial Position unless it reverses a revaluation decrease of the same asset group previously recognised in the Statement of Profit or Loss, in which case the increment is recognised in the Statement of Profit or Loss.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the item, is included in the Statement of Profit or Loss in the period in which the asset is de-recognised.

As a Not-for-Profit Association, Catholic Homes Incorporated applies revaluation increments and decrements to groups of assets in accordance with *AASB 116 Property, Plant and Equipment*.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Independent valuations are performed with sufficient regularity to ensure the carrying amount does not differ materially from the asset's fair value at the report date.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the item, is included in the Statement of Profit or Loss in the period in which the asset is de-recognised.

(iv) Finance Costs

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

All other finance costs are recognised in the Statement of Profit or Loss in the period in which they are incurred.

2. BASIS OF PREPARATION OF THE FINANCIAL REPORT (Cont.)

(v) Impairment of Non-Financial Assets

At each reporting date, the Association assesses whether there is any indication that an asset may be impaired. When an indicator of impairment exists, or when annual impairment testing for an asset is required, the Association makes a formal estimate of recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset. Where an asset's value in use cannot be estimated to determine fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, the asset is tested for impairment as part of the cash generating unit to which it belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money at balance date and the risks specific to the asset.

(vi) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short term deposits either at call deposits with banks or financial institutions and investments in money market instruments with an original maturity of twelve months or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash or cash equivalents as defined above, net of bank overdrafts.

(vii) Financial Instruments

Recognition, initial measurement and derecognition
Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

2. BASIS OF PREPARATION OF THE FINANCIAL REPORT (Cont.)

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

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- the entities business model for managing the financial asset
- the contractual cash flow characteristics of the financial assets

Impairment of financial assets
AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Association considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

2. **BASIS OF PREPARATION OF THE FINANCIAL REPORT (Cont.)**

Trade and other receivables
The Association makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Association uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Association assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Association allows 5% for amounts that are under 30 days, 10% for amounts that are 30 to 60 days past due, 25% for amounts that are between 60 and 90 days past due, 50% for amounts that are between 90 and 120 days past due, 75% for amounts that are between 120 and 150 days past due and writes off fully any amounts that are more than 150 days past due.

Classification and measurement of financial liabilities
As the accounting for financial liabilities remains largely unchanged from AASB 139, the Association's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Association's financial liabilities include trade and other payables and Resident Accommodation Bonds, RADs and Loans.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Association designated a financial liability at fair value through profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(viii) Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Association.

2. BASIS OF PREPARATION OF THE FINANCIAL REPORT (Cont.)

(ix) Resident Loans, Accommodation Bonds and Refundable Accommodation Deposits

Residents will have the option of paying a Refundable Accommodation Deposit (RAD), a Daily Accommodation Payments (DAP) or using a mix of RAD and DAP, with the choice impacted by the Maximum Permissible Interest Rate (MPIR).

RADs and DAPs are agreed between the resident and the Association and the resident has 28 days to elect their choice of payment method.

Resident loans, accommodation bonds and RADs are treated as liabilities at amortised cost.

Resident loans are measured at the principal amount less accrued annual loan reduction, plus the resident's share of capital gains based on the market value of the underlying property at the reporting date. Fair value movements on resident loans are recognised in the Statement of Profit or Loss in the period in which the revaluation occurs.

RADs are recorded at face value in accordance with the resident's agreement and any other amounts deducted from them at the election of the resident.

Resident loans, accommodation bonds and RADs are non-interest bearing liabilities and the net amount due is repayable on demand. The fair value of resident loans, accommodation bonds and RADs is not less than the amount payable on demand.

Resident loans, accommodation bonds and RADs are classified as current liabilities because the Association does not have an unconditional right to defer settlements for a period greater than twelve months. History suggests that a resident in a retirement village is staying on average for nine years and a resident in an aged care facility for an average of three years. The Association anticipates that it will repay approximately $20.4 million of resident loans, accommodation bonds and RADs in the next twelve months, which will largely be funded by contributions from incoming residents.

Resident loans, accommodation bonds and RADs are de-recognised when the obligation under the liability is discharged.

(x) Provisions

Provisions are recognised when, as a result of a past event, the Association has a present obligation, either legal or constructive, for which it is probable that an outflow resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risk aspect of the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Where the Association expects some or all of the provision to be reimbursed, for example under an insurance contract, the re-imbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

2. BASIS OF PREPARATION OF THE FINANCIAL REPORT (Cont.)

(xi) Leases

All leases other than short term and low value asset leases are recognised on the Statement of Financial Position as a right of use asset, representing the lessee's entitlement to the benefits of the identified asset over the lease term, and a lease liability representing the lessee's obligation to make the lease payments. For leases recognised as operating leases under AASB 117, the lease expense will be replaced by the amortisation of the right of use asset and interest expense on the lease liability.

(xii) Employee Benefits

Salaries, Wages and Annual Leave
Liabilities for salaries and wages, including non monetary benefits, and annual leave expected to be settled within twelve months of the reporting date are recognised in the accrual for employee benefits in respect of employees' service up to the reporting date. They are measured at the amount expected to be paid when the liabilities are settled.

Long Service Leave
The liability for long service leave is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date calculated using known pay rates. Consideration is given to periods of service and experience of employee departures and estimates a future salary and wage rate increase.

Expected future payments are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money at the reporting date.

Superannuation
Contributions are made by Catholic Homes Incorporated to an employee superannuation fund and are charged as expenses to the Statement of Profit or Loss when incurred.

(xiii) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Association and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Resident Income
Residents are charged a basic daily fee as a contribution to the provision of care and accommodation. The quantum of resident basic daily fees is regulated by the Government and typically increases in March and September each year. Resident basic daily fee revenue is recognised over time as services are provided. Residents are invoiced on a fortnightly basis payable in advance.

2. BASIS OF PREPARATION OF THE FINANCIAL REPORT (Cont.)

Government Revenue

Government revenue reflects the Association's entitlement to revenue from the Australian Government based upon the specific care and accommodation needs of the individual residents and Home Care clients. Government revenue comprises of basic subsidy amounts calculated in accordance with the Aged Care Funding Instrument (ACFI), accommodation supplements, Home Care Package funding, funding for short term 'respite' residents and other Government incomes. Revenue is recognised over time as services are provided. Funding claims are submitted monthly and Government revenue is paid at the start of the month in which the services have been performed for Residential Care and in the following month for Home Care.

Deferred Management Fee (DMF) Revenue

DMF revenue associated with occupancy of retirement village villas is calculated with regard to the terms and conditions laid down in the signed Resident Agreement. Where the lease term is expected to exceed the payment terms in the Resident Agreement, accrued income is deferred and amortised on a straight line basis over the life of the lease. The Association has estimated an average length of life for leases based on experience and industry information.

Interest Revenue

Interest revenue is recognised as interest accrues using the effective interest rate where appropriate.

Donations and Bequests

The Association recognises all donations and bequests as income in the period in which they are received. Where a donation or bequest in the form of cash is for a specific purpose, the Association will treat the donation or bequest as a restricted current asset, until it is able to be used for the intended purpose. Non-cash assets are recognised at fair value. Where a non-cash bequest is provided which is intended for sale, it is recognised as a non-current asset held for sale, and valued at the lesser of valuation and fair value less costs to sell.

Government Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the Statement of Profit or Loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant neither relates to a specific cost or asset but is provided for general development the fair value is recognised as income at the time of receipt.

2. BASIS OF PREPARATION OF THE FINANCIAL REPORT (Cont.)

Leases

All leases other than short term and low value asset leases are recognised on the Statement of Financial Position as a right of use asset, representing the lessee's entitlement to the benefits of the identified asset over the lease term, and a lease liability representing the lessee's obligation to make the lease payments. For leases recognised as operating leases under AASB 16, the lease expense will be replaced by the amortisation of the right of use asset and interest expense on the lease liability.

For residents who have chosen a Refundable Accommodation Deposit (RAD) or Bond arrangement, the Association has determined that the adoption of AASB 16 will define these arrangements to be a lease for accounting purposes with the Association acting as the lessor.

Under a RAD or Bond arrangement the Association has recognised an imputed non-cash charge for accommodation representing the resident's right to occupy a room under the arrangement. The accounting treatment required a non-cash increase in revenue for accommodation and a non-cash increase in finance cost on the outstanding RAD liability, with no net impact on the result for the period.

The imputed non-cash charge for the year ended 30 June 2022 was calculated based on applying the Maximum Permissible Interest Rate as at the date the RAD or Bond balance was received up to the date the balance was refunded. If the balance remained outstanding as at 30 June 2022, then the calculation was completed up to this date.

(xiv) Income Tax

The Association has an income tax exemption under the provisions of Section 50-5 of the Income Tax Assessment Act 1997 and is not, therefore, subject to income tax on income received.

(xv) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from or payable to the Australian Tax 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 expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

3. REVENUES AND EXPENSES

	2022 $	2021 $
a) Revenues from Continuing Operations		
Government Subsidies	33,672,397	27,390,528
Resident Income	8,897,154	8,837,441
Accommodation Charges	4,617	22,120
Daily Accommodation Payment	1,250,306	1,273,379
RAD Income[1]	2,149,779	2,052,369
ILU Management Fees	957,574	1,053,599
Interest	93,043	228,841
Donations and Bequests	335,445	1,392
Sundry Income	136,964	108,856
	47,497,279	40,968,525
Other Income		
Gain on Disposal of Plant and Equipment	93,673	12,700
Decrease in Fair Value of Resident Loans	-	2,178,012
Grant	386,581	621,223
	480,254	2,811,935
Total Revenue	**47,977,533**	**43,780,460**

[1]RAD income is the non-cash charge for accommodation revenue arising as a result of the adoption of AASB 16 Leases. An equivalent non-cash charge is recorded as an expense therefore the net impact on the Association's surplus is nil.

b) Expenses

Included within expenses in the Statement of Profit or Loss are the following items:

	2022 $	2021 $
Depreciation	2,466,482	2,215,629
Operating Lease Expense	12,532	12,532
Remuneration of Auditor:		
Auditing the Financial Report	72,236	58,228
Finance Costs Expensed	5,794	5,810
RAD Expense	2,149,779	2,052,369
Defined Contribution Superannuation Expense	2,498,743	2,188,973

c) Significant Revenue and Expenses

The following significant revenue and expense items are relevant in explaining the financial performance:

	2022 $	2021 $
Net Loss on Revaluation of Investment Properties	-	(2,851,500)
De-recognition of Buildings Demolished	-	(2,484,725)
Net Gain/(Loss) on Resident Loans on Decrease in Market Value of Investment Property	(34,651)	2,178,012
	(34,651)	**(3,158,213)**

4. CASH AND CASH EQUIVALENTS

	2022 $	2021 $
Cash at Bank and in Hand	266,433	3,323,473
	266,433	**3,323,473**

5. CASH ON SHORT TERM DEPOSIT

	2022 $	2021 $
Cash on Short Term Deposit	8,152,860	17,763,628
	8,152,860	**17,763,628**

The average effective interest rate on short term bank deposits was 0.35% (2021: 0.78%); these deposits have an average maturity of 280 days (2021: 303 days).

6. TRADE AND OTHER RECEIVABLES

	2022 $	2021 $
Current		
Trade Receivables	1,178,780	990,991
GST	399,740	130,218
Other Receivables	5,540	4,983
Expected Credit Losses	(122,701)	(100,000)
	1,461,359	**1,026,192**

Trade receivables are generally non–interest bearing and on 7 day terms. The net carrying value of trade receivables is considered to be a reasonable approximation of fair value.

Reconciliation of Expected Credit Losses

	2022 $	2021 $
Opening Balance	(100,000)	(100,000)
Receivables Written Off	1,714	702
Increase in Provision	(24,415)	(702)
Closing Balance	**(122,701)**	**(100,000)**

7. OTHER CURRENT ASSETS

	2022 $	2021 $
Prepayments	267,798	205,682
Accrued Revenue	380,054	80,518
Total Other Current Assets	**647,852**	**286,200**

8. PROPERTY, PLANT AND EQUIPMENT

	2022 $	2021 $
Land at Fair Value	18,725,000	18,725,000
Buildings at Fair Value	48,065,093	47,784,205
Less: Accumulated Depreciation	(2,629,338)	(1,960,726)
	45,435,755	45,823,479
Building WIP at Cost	13,086,095	2,338,538
Plant & Equipment at Cost	3,961,328	3,053,246
Less: Accumulated Depreciation	(2,136,176)	(1,366,205)
	1,825,152	1,687,041
Furniture & Fittings at Cost	3,965,472	4,072,862
Less: Accumulated Depreciation	(2,424,964)	(2,352,319)
	1,540,508	1,720,543
Motor Vehicles at Cost	802,439	858,212
Less: Accumulated Depreciation	(479,926)	(408,358)
	322,513	449,854
Total Property, Plant and Equipment	**80,935,023**	**70,744,455**

8. PROPERTY, PLANT AND EQUIPMENT (Cont.)

Reconciliation of Assets

Reconciliations of the carrying amounts for each class of property, plant and equipment at the beginning and end of the previous financial year and current financial year:

	Land at Fair Value	Buildings at Fair Value	WIP at Cost	Plant and Equipment at Cost	Furniture and Fittings at Cost	Motor Vehicles at Cost	Total
	$	$	$	$	$	$	$
Carrying amount at 1 July 2020	18,720,000	47,710,814	1,594,458	746,699	1,881,739	523,599	71,177,309
Additions	-	1,718,679	1,375,149	951,305	131,715	90,691	4,267,539
Disposals	-	(2,484,725)	-	(106,191)	-	-	(2,590,916)
Transfers	-	55,790	(631,069)	575,279	-	-	-
Revaluation	5,000	101,152	-	-	-	-	106,152
Depreciation Expense	-	(1,278,231)	-	(480,051)	(292,911)	(164,436)	(2,215,629)
Carrying amount at 30 June 2021	**18,725,000**	**45,823,479**	**2,338,538**	**1,687,041**	**1,720,543**	**449,854**	**70,744,455**
Carrying amount at 1 July 2021	18,725,000	45,823,479	2,338,538	1,687,041	1,720,543	449,854	70,744,455
Additions	-	1,067,394	10,747,557	908,082	293,018	86,148	13,102,199
Disposals	-	113,008	-	-	(187,095)	(33,548)	(107,635)
Transfers	-	-	-	-	-	-	-
Revaluation	-	(337,514)	-	-	-	-	(337,514)
Depreciation Expense	-	(1,230,612)	-	(769,971)	(285,958)	(179,941)	(2,466,482)
Carrying amount at 30 June 2022	**18,725,000**	**45,435,755**	**13,086,095**	**1,825,152**	**1,540,508**	**322,513**	**80,935,023**

Depreciation expense includes adjustments to depreciation on disposal of assets.

Valuations

The Association has adopted a five-year valuation cycle; each site is valued at least once every five years, with at least one site valued per year. Archbishop Goody Hostel was valued as at 30 June 2022 by an independent valuer, Property Valuation & Advisory (WA). The Board and management believe that there is no impairment to the carrying amount of the remaining Land and Buildings. Valuations were independent market valuations determining fair value by reference to market based evidence, which is the amounts by which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable seller in an arms length transaction at the valuation date.

9. INVESTMENT PROPERTIES

	2022 $	2021 $
Retirement Villages at Fair Value	46,705,564	46,705,564
	46,705,564	**46,705,564**

Reconciliation of Assets
Reconciliation of the carrying amounts for investment properties at the beginning and end of the current financial year:

Carrying amount at the beginning of the financial year	46,705,564	49,557,064
Fair value adjustment	-	(2,851,500)
Carrying amount at the end of the financial year	**46,705,564**	**46,705,564**

Valuations
Investment properties were valued by the Association at 30 June 2022. Utilising recent sales data and independent market valuations provided by external real estate agents, management determined fair value by reference to market based evidence; the amounts by which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arms length transaction at the valuation date.

10. TRADE AND OTHER PAYABLES

Current		
Trade Creditors	2,113,067	1,876,900
Contract Liability	142,885	1,790,445
Accrued Annual Leave	2,146,456	2,118,888
	4,402,408	5,786,233
Non-Current		
Deferred Management Fee Income	1,118,112	1,098,311
	5,520,520	**6,884,544**

Payables are non-interest bearing and are normally settled on 30 day terms. The carrying values are considered to be a reasonable approximation of fair value.

11. RESIDENT LOANS, ACCOMMODATION BONDS AND RADS

	2022 $	2021 $
Current		
Resident Accommodation Bonds and RADs	48,663,176	46,812,038
Resident Loans	28,043,706	28,184,045
	76,706,882	**74,996,083**

Resident accommodation bonds, RADs and resident loans are non-interest bearing and are settled between seven days and six months after a resident vacates the property, in accordance with the Aged Care Act 1997 and the Retirement Villages Act (WA) 1992.

Resident loans are reduced by annual loan reduction fees charged in accordance with the residency agreement. Residents may be entitled to a proportion of the increase in value of the villas on turnover in accordance with their residency agreement. Resident loans have been remeasured to reflect the share of capital gains payable to residents at the reporting date based on current market prices.

12. PROVISIONS

	2022	2021
Current		
Long service leave provision at the beginning of the year	748,532	709,514
Long service leave paid during the year	(202,555)	(193,657)
Increase in provision during the year	187,576	232,675
Long service leave provision at the end of the year	733,553	748,532
Non-Current		
Long service leave provision at the beginning of the year	344,355	319,754
Increase/(Decrease) in provision during the year	(48,008)	24,601
Long service leave provision at the end of the year	296,347	344,355
Aggregate Employee Entitlement Benefit	**1,029,900**	**1,092,887**

Provision for Long Term Employee Benefits
A provision has been recognised for non–current employee benefits relating to long service leave for employees where entitlement does not fall due within the next 12 months. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria for employee benefits has been included in Note 2(d)(xii).

13. CONTINGENT LIABILITIES

The Association is not aware of any outstanding issues that are contingent to a potential future liability, apart from the following:

Bankwest holds an unregistered fixed and floating charge over the Association, associated with the Direct Debit facility linked to the Association's banking services. The current limit on this facility is $600,000 (2021: $600,000).

14. CAPITAL COMMITMENTS

During the financial year, Catholic Homes began construction of a new aged care facility with work in progress of $12,867,659 as at 30 June 2022. There is a further capital commitment in relation to this project of $20,949,170 as at 30 June 2022 (2021: $Nil). As at 30 June 2022 Catholic Homes had entered into a loan agreement with the Catholic Development Fund for a facility of up to $25,000,000 to fund the construction and fit out of the new aged care facility. The loan is secured with a mortgage over the new facility, as well as our St Vincent's facility in Guildford Western Australia. The amount of loan drawn down as at 30 June 2022 was $Nil (2021: $Nil).

15. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Association is not aware of any events after the Statement of Financial Position date that would have a material effect on the future operations of the Association.

16. KEY MANAGEMENT PERSONNEL DISCLOSURES

a) Details of Key Management Personnel

(i) Board Members

John Ogilvie	Chairperson
Marina Re	Deputy Chairperson
David Barnao	Board Member (Resigned 07/07/21)
Ward Italiano	Board Member (Appointed 13/04/22)
Daniel Lynch	Board Member
Helen Marchesani	Board Member
Stephen Psaila-Savona	Board Member
Julie Waylen	Board Member
Rosanna Capolingua	Board Member

(ii) Executive Management Personnel

Paul Andrew	Chief Executive
Bernadette Brady	Executive Manager Mission (Resigned 12/11/21)
Carey Bray	Executive Manager Property Services (Appointed 07/03/22)
Andrew Davidson	Executive Manager Property Services (Resigned 14/11/21)
Ben Foster	Executive Manager Finance
Jackie Hadida	Executive Manager Human Resources
Donna Kelly	Executive Manager Residential Care Services
Rose Santoro	Executive Manager Mission (Appointed 02/05/22)
Kylie Steel	Executive Home Care Services

16. KEY MANAGEMENT PERSONNEL DISCLOSURES (Cont.)

b) Compensation of Key Management Personnel

	2022 $	2021 $
Short Term	1,313,619	1,273,082
Post-employment Benefits	168,361	118,201
Other Benefits	105,663	103,030
Total Compensation	**1,587,643**	**1,494,313**

c) Related Party Disclosures

During the year, two Executives (2021: three Executives) had a relative that received care services from Catholic Homes; one as an Independent Living Villa resident, and one as a Home Care client. All agreements are made at arm's length and on commercial terms. The total value of transactions during the year was $59,555 (2021: $116,338).

17. CASH FLOW INFORMATION

Reconciliation of Net Cash Provided by Operating Activities

	2022 $	2021 $
Surplus for the Year	(1,626,695)	(4,067,549)
Non-Cash Flows in Surplus from Operating Activities:		
Depreciation	2,466,482	2,215,629
Net Gain on Disposal of Assets	(93,673)	(12,700)
Net (Gain)/Loss on Resident Loan on Decrease in Market Value of Investment Properties	34,651	(2,177,743)
Net (Gain)/Loss on Investment Properties	-	2,851,500
Retentions from Resident Bonds/Loans	(1,142,013)	(867,647)
Movements in:		
Receivables	(435,167)	(683,046)
Prepayments and Accrued Income	(361,652)	(100,980)
Payables	(1,364,024)	(768,706)
Provisions	(62,987)	63,619
Net Cash Used In Operating Activities	**(2,585,078)**	**(3,547,623)**

18. SEGMENT REPORTING

Catholic Homes Incorporated operates solely in Western Australia. Its principal activity is the provision of services relating to residential aged care and independent living.

As a Not for Profit Organisation, AASB 8: Segment Reporting does not apply. Reporting "Residential Aged Care" and "Home Care" as "reportable segments" is required by the Department of Health and as such these segments have been separately reported in the accounts by way of supplementary information. The remainder of Catholic Homes Incorporated's activities are not required to be reported and make up the "Other" category.

18. SEGMENT REPORTING (Cont.)

	Residential Aged Care		Home Care		Other		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
REVENUE								
Government Subsidies	21,507,780	21,627,290	7,941,919	3,021,321	4,222,698	2,741,917	33,672,397	27,390,528
Resident Charges	9,117,937	7,618,990	-	1,631,700	1,034,140	882,250	10,152,077	10,132,940
Interest Income	2,149,779	2,052,369	-	-	93,043	228,841	2,242,822	2,281,210
Donations & Bequest	-	-	-	-	335,445	1,392	335,445	1,392
Grants	353,581	-	-	-	33,000	621,223	386,581	621,223
Other Operating Revenue	56,364	83,051	-	-	1,081,721	1,100,756	1,138,085	1,183,807
Total Operating Revenue	**33,185,441**	**31,381,700**	**7,941,919**	**4,653,021**	**6,800,047**	**5,576,379**	**47,927,407**	**41,611,100**
Gain on Sale of Assets		-		-	93,673	12,700	93,673	12,700
Decrease in Fair Value of Resident Loans		-		-	-	2,178,012	-	2,178,012
Total Non-Operating Revenue		**-**		**-**	**93,673**	**2,190,712**	**93,673**	**2,190,712**

Reconciliation of Segment Revenue to Total Revenue:

Less: Internal Management Fees							(43,547)	(21,352)
Total Segment Revenue	**33,185,441**	**31,381,700**	**7,941,919**	**4,653,021**	**6,893,720**	**7,767,091**	**47,977,533**	**43,780,460**

18. SEGMENT REPORTING (Cont.)

	Residential Aged Care		Home Care		Other		Total	
	2022 $	2021 $	2022 $	2021 $	2022 $	2021 $	2022 $	2021 $
EXPENDITURE								
Care Employee Wages	11,822,731	11,868,229	1,564,629	1,167,877	703,149	598,690	14,090,509	13,634,796
Admin Employee Wages	1,933,656	1,746,731	258,677	213,218	4,113,541	3,358,467	6,305,874	5,318,416
Other Employee Wages	2,413,182	1,970,223	-	-	-	356,609	2,413,182	2,326,832
Superannuation	1,773,227	1,619,168	199,883	138,976	525,633	430,829	2,498,743	2,188,973
Staff On-Costs	3,030,073	3,202,971	177,490	108,563	728,998	589,083	3,936,561	3,900,617
Management Fees	-	-	-	-	43,547	21,352	43,547	21,352
Interest Expense	2,155,573	2,058,179	-	-	-	-	2,155,573	2,058,179
Depreciation	1,548,420	1,752,632	-	-	918,062	462,997	2,466,482	2,215,629
Repairs & Maintenance	1,030,815	833,709	-	-	424,397	528,904	1,455,212	1,362,613
Utilities	642,695	646,439	-	-	193,881	218,711	836,576	865,150
Motor Vehicle Expenses	16,850	11,946	347,545	231,016	170,532	145,070	534,927	388,032
Other	6,116,508	5,917,491	2,477,351	1,354,138	4,316,730	8,801,868	12,910,589	16,073,497
Reconciliation of Segment Expenditure to Total Expenditure:								
Less: Internal Management Fees							(43,547)	(21,352)
Total Segment Expenditure	**32,483,730**	**31,627,718**	**5,025,575**	**3,213,788**	**12,138,470**	**15,512,580**	**49,604,228**	**50,332,734**
Segment Result	**701,711**	**(246,018)**	**2,916,344**	**1,439,233**	**(5,244,750)**	**(7,745,489)**	**(1,626,695)**	**(6,552,274)**

18. SEGMENT REPORTING (Cont.)

	Residential Aged Care		Home Care		Other		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
ASSETS								
Cash and Bank in Hand	7,450	7,450	-	-	258,983	3,316,023	266,433	3,323,473
Short Term Deposits	-	7,142,727	-	2,171,647	8,152,860	8,449,254	8,152,860	17,763,628
Trade and Other Receivables	-	-	-	-	1,461,359	1,026,192	1,461,359	1,026,192
Other Current Assets	-	-	-	-	647,852	286,200	647,852	286,200
Total Current Assets	**7,450**	**7,150,177**	**-**	**2,171,647**	**10,521,054**	**13,077,669**	**10,528,504**	**22,399,493**
Property, Plant & Equipment	74,917,095	65,344,501	-	-	6,017,928	5,399,954	80,935,023	70,744,455
Investment Properties	-	-	-	-	46,705,564	46,705,564	46,705,564	46,705,564
Total Non-Current Assets	**74,917,095**	**65,344,501**	**-**	**-**	**52,723,492**	**52,105,518**	**127,640,587**	**117,450,019**
TOTAL ASSETS	**74,924,545**	**72,494,678**	**-**	**2,171,647**	**63,244,546**	**65,183,187**	**138,169,091**	**139,849,512**

18. SEGMENT REPORTING (Cont.)

	Residential Aged Care		Home Care		Other		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	$	$	$	$	$	$	$	$
LIABILITIES								
Trade & Other Payables	1,844,101	1,836,377	31,384	1,541,547	2,526,923	2,408,309	4,402,408	5,786,233
Resident Accommodation Bonds and RADs	48,663,176	46,812,038	-	-	-	-	48,663,176	46,812,038
Resident Loans	-	-	-	-	28,043,706	28,184,045	28,043,706	28,184,045
Provisions (LSL)	373,664	225,030	8,334	3,793	351,555	519,709	733,553	748,532
Total Current Liabilities	**50,880,941**	**48,873,445**	**39,718**	**1,545,340**	**30,922,184**	**31,112,063**	**81,842,843**	**81,530,848**
Trade & Other Payables	-	-	-	-	1,118,112	1,098,311	1,118,112	1,098,311
Provisions (LSL)	192,626	344,355	-	-	103,721	-	296,347	344,355
Total Non-Current Liabilities	**192,626**	**344,355**	**-**	**-**	**1,221,833**	**1,098,311**	**1,414,459**	**1,442,666**
TOTAL LIABILITIES	**51,073,567**	**49,217,800**	**39,718**	**1,545,340**	**32,144,017**	**32,210,374**	**83,257,302**	**82,973,514**
NET ASSETS	**23,850,978**	**23,276,878**	**(39,718)**	**626,307**	**31,100,529**	**32,972,813**	**54,911,789**	**56,875,998**

19. FINANCIAL INSTRUMENTS

a) Financial Risk Management Policy

As at the 30 June 2022, the Association's principal financial instruments comprised of cash, short term deposits, receivables, payables, resident loans, accommodation bonds and RADs.

The main purpose of these financial instruments is to invest funds which are currently surplus to short term needs. The main risks arising from the Association's financial instruments include matching of cash flows from maturing investments and the operational requirements for funding.

Details of significant accounting policies and methods relating to measurement of financial instruments are disclosed in Note 2(d)(vii) to the financial statements.

Financial Risks
The main risks the Association is exposed to through its financial instruments are liquidity risk, credit risk and market risk. This note presents information about the Association's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout this financial report.

The Association's principal financial instruments comprised of cash, short term deposits, receivables, payables, resident loans, accommodation bonds and RADs.

(i) Credit Risk

Credit risk is the risk of financial loss to the Association if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Association's receivables from customers and other financial assets.

Trade and other receivables
The Association's exposure to collectability of debts is influenced mainly by the individual characteristics of each customer. The Association's customers primarily consist of individual residents occupying the residential aged care facilities and independent living villas in the retirement villages. Losses have occurred infrequently. An allowance for impairment is recognised when it is expected that any receivables are not collectible.

Other financial assets
The Association limits its exposure to credit risk by only investing in liquid securities with well established and reputable counterparties. Management does not expect any counterparty to fail to meet its obligations.

(ii) Liquidity Risk

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they fall due. The table below reflects all contractually fixed payouts and receivables for settlement, repayment and interest resulting from financial assets and liabilities. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2022.

19. FINANCIAL INSTRUMENTS (Cont.)

(ii) Liquidity Risk (Cont.)

Maturity analysis of financial assets and liabilities are based on management's expectation.

Year Ended 30 June 2022

	< 6 Months $	6 - 12 Months $	1 - 5 Years $	> 5 Years $	Total $
Financial Assets					
Cash and Cash Equivalents	266,433	8,152,860	-	-	8,419,293
Loans and Receivables	799,541	1,309,670	-	-	2,109,211
	1,065,974	**9,462,530**	**-**	**-**	**10,528,504**
Financial Liabilities					
At Amortised Cost:					
Trade and Other Payables	2,255,952	-	-	-	2,255,952
At Fair Value Through Profit or Loss:					
Resident Accommodation Bonds, RADs and Loans	10,198,678	10,198,678	45,092,043	11,217,483	76,706,882
	12,454,630	**10,198,678**	**45,092,043**	**11,217,483**	**78,962,834**
Net Maturity	**(11,388,656)**	**(736,148)**	**(45,092,043)**	**(11,217,483)**	**(68,434,330)**

Year Ended 30 June 2021

	< 6 Months $	6 - 12 Months $	1 - 5 Years $	> 5 Years $	Total $
Financial Assets					
Cash and Cash Equivalents	13,002,770	8,084,331	-	-	21,087,101
Loans and Receivables	167,465	1,144,927	-	-	1,312,392
	13,170,235	**9,229,258**	**-**	**-**	**22,399,493**
Financial Liabilities					
At Amortised Cost:					
Trade and Other Payables	3,667,345	-	-	-	3,667,345
At Fair Value Through Profit or Loss:					
Resident Accommodation Bonds, RADs and Loans	9,883,150	9,883,149	43,956,166	11,273,618	74,996,083
	13,550,495	**9,883,149**	**43,956,166**	**11,273,618**	**78,663,428**
Net Maturity	**(380,260)**	**(653,891)**	**(43,956,166)**	**(11,273,618)**	**(56,263,935)**

19. FINANCIAL INSTRUMENTS (Cont.)

The Association has a documented Liquidity Management Strategy, which assists the Association in meeting the requirements of the Aged Care Act 1997 by determining the level of funding that will be required to meet expected accommodation bond and RAD refunds as they fall due.

The Association's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meets its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Association's reputation. The Association's objective is to maintain a balance between continuity of funding and flexibility through maintaining appropriate liquid cash reserves.

Resident loans, accommodation bonds and RADs are measured as per Note 2(d)(ix). The Association monitors anticipated accommodation bond, RAD and loan turnover and ensures sufficient liquidity reserves are available to meet anticipated demand, with a significant allowance for stressed conditions.

(iii) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Association's income and expenses or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures with acceptable parameters, while optimising the return.

The Association'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 assets and financial liabilities, is as below:

Currency Risk
The Association is not exposed to currency risk.

Interest Rate Risk
Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest-bearing financial assets and liabilities that the Association utilises. Interest-bearing financial assets are generally short-term liquid assets.

The Association's interest rate liability risk arises primarily from external borrowing issued at variable interest rates, which exposes the Association to cash flow interest rate risk. At the reporting date, the Association had no external interest bearing borrowings. At the reporting date, the Association had the following assets and liabilities exposed to Australian variable interest rate risk:

	2022 **$**	**2021** **$**
Financial Assets		
Cash and Cash Equivalents	8,419,293	21,087,101
Financial Liabilities		
Interest Bearing Loans & Borrowings	-	-
Net Exposure	**8,419,293**	**21,087,101**

19. FINANCIAL INSTRUMENTS (Cont.)

(iii) Market Risk (cont.)

The following sensitivity analysis is based on the interest rate risk exposures in existence at the Statement of Financial Position date. At 30 June 2022, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post Tax Profit		**Equity**	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Judgements of reasonably possible movements:				
+ 1% (100 basis points)	121,313	210,687	121,313	210,687
-0.5% (50 basis points)	(55,598)	(105,343)	(55,598)	(105,343)

Other Market Price Risks

The Association is not exposed to other market price risks except to the extent that market values are a critical input into the investment property and resident loan valuation model used by the Association to determine appropriate carrying values of retirement village assets and resident loans in the Association's financial statements. Indirectly, movements in market values, in an accounting period, significantly influence accounting surplus for that period.

Assessment of market values requires significant judgement and cannot be reduced to a formulaic method. Management have created a replicable process that seeks input from relevant people and considers the following quantitative and qualitative information when assessing market value:

- Settled transactions, both during the period and historically;
- External valuations;
- Likely transactions, where a deposit has been received or an agreement entered into; and
- Other sources (economic data etc.)

At 30 June 2022, if the market price had moved, as illustrated in the table below, with all other variables held constant, the effect on resident liabilities, investment property carrying values, financial position and surplus would have been as follows:

19. FINANCIAL INSTRUMENTS (Cont.)

	Movement		Net Change	
	Resident Liability	**Investment Properties**	**Financial Position**	**Surplus**
	$	**$**	**$**	**$**
Movement in Market Price:				
+5%	(19,460)	2,335,278	2,315,819	2,315,819
-5%	19,460	(2,335,278)	(2,315,819)	(2,315,819)

(iv) Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

At 30 June 2022, the financial instruments classified using a fair value hierarchy is as follows:

Year ended 30 June 2022

	Level 1	Level 2	Level 3	Total
	$	$	$	
Financial Liabilities				
At Fair Value Through Profit or Loss:				
Resident accommodation bonds, RADs and loans	-	76,706,882	-	76,706,882

Year ended 30 June 2021

	Level 1	Level 2	Level 3	Total
	$	$	$	
Financial Liabilities				
At Fair Value Through Profit or Loss:				
Resident accommodation bonds, RADs and loans	-	74,996,083	-	74,996,083
	-	**74,996,083**	**-**	**74,996,083**

20. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

Certain new and revised Accounting Standards and Interpretations have been issued by the Australian Accounting Standards Board (AASB) which will be effective over the next one to three years. The Association will adopt these Standards and Interpretations from the date of mandatory application.

21. ASSOCIATION DETAILS

The registered office of the organisation is:

Catholic Homes Incorporated
123 Burswood Road
Burswood, WA, 6100

The principal place of business is:

Catholic Homes Incorporated
123 Burswood Road
Burswood, WA, 6100