

ANNUAL REPORT

2021



Vision, Mission and Values of Orana Gardens Ltd

VISION

To be a dynamic, innovative and creative aged care business, providing premium quality services, through effective management by a dedicated professional team.

MISSION STATEMENT

Our mission is to promote and enhance the quality of life of residents in our care by making our residents the focus of everything we do. This will be achieved in an environment which fosters connection, sense of belonging, inclusion, respect and dignity. Our plan is to build a reputation within the community for delivering a high standard of care that has as its core focus, continuous quality improvement.

STATEMENT OF VALUES

Teamwork

Empower each other with a culture of collaboration.

Respect

Work in an environment where individuals are valued and ideas are fostered.

Trust

Feel safe to express your ideas and listen to those that express theirs.

Connection

A family of community members, living and working as one.



FACILITIES

Orana Gardens

Corner of Windsor Parade and Coronation Drive
DUBBO NSW 2830
125 place aged care facility including:
35 bed dementia specific unit
Respite available

Orana Gardens Estate

Windsor Parade, Royal Parade, Charles Crescent
and Coronation Drive
DUBBO NSW 2830
148 independent living units including:
140 x 2 bedroom units
8 x 1 bedroom units

Orana Gardens Country Club

Corner of Charles Crescent and Coronation Drive
DUBBO NSW 2830
Fully equipped recreational centre for residents
including:
- Indoor heated swimming pool and
- Snooker table
- Dance floor
- Commercial Kitchen & Function Centre

Bellhaven

(Under Offer)

Warruga Place
WELLINGTON NSW 2820
46 bed facility

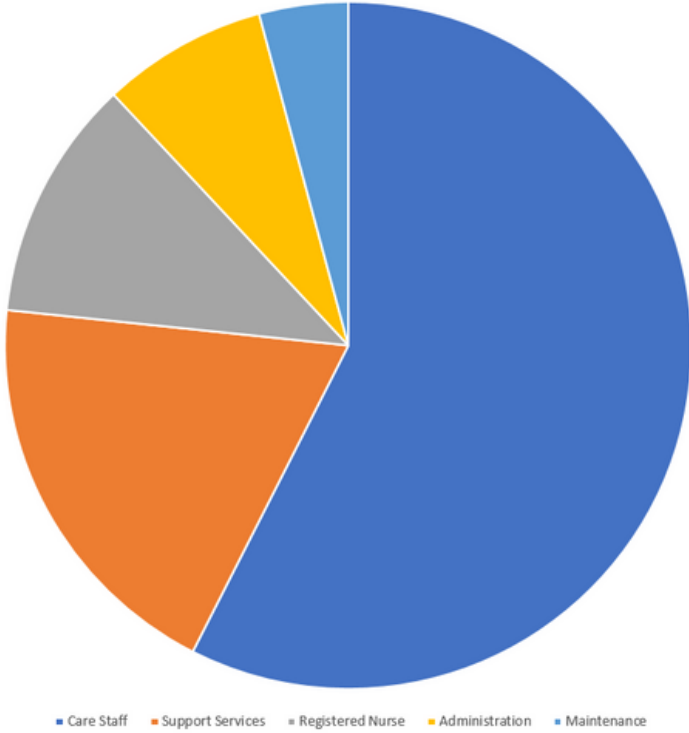
TABLE OF CONTENTS

Mission, Vision and Values.....	2
Facilities.....	3
Table of Contents.....	4
Our Workforce.....	5
Board of Directors.....	6
Executive Team	7
Chairman’s Report	8-9
Chief Executive Officer’s Report.....	10-11
Chief Financial Officer’s Report.....	12-13
Financial Statements.....	14 - 40

We acknowledge the Traditional Custodians of the lands on which we live and work. We pay our respects to Elders past, present and emerging. We extend that respect to our Aboriginal and Torres Strait Islander staff, clients, participants, residents, partners and stakeholders.

Our Workforce

Orana Gardens - Roles



167 staff members

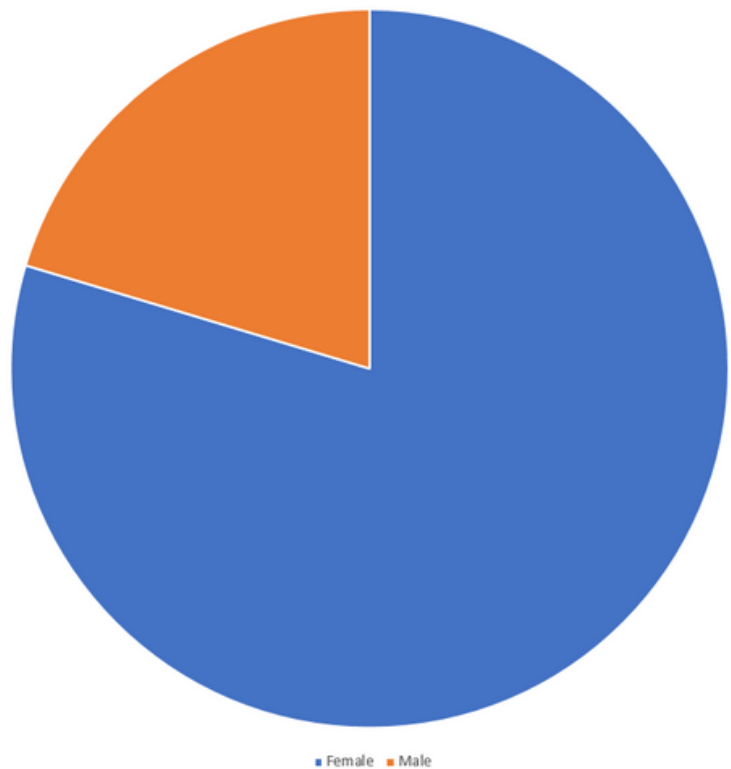
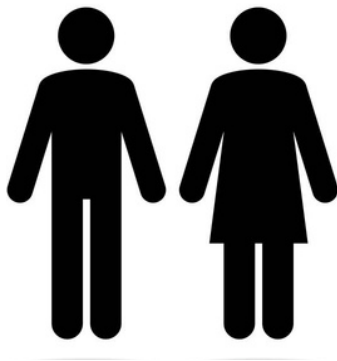
Care workers - 57%, Support Services Staff - 19%,

Registered Nurses - 11%, Administration - 8%

Maintenance - 4%

Orana Gardens - Gender

Male - 20%
Female - 80%



Board of Directors



Bruce Henderson - Chairman



Bill Greenwood - Vice Chairman
and Consumer Representative



Geoff Ballard - Director



Doug Butcherine - Treasurer



John Dixon - Director



Dr Joseph Canalese - Director



Mary McCarthy - Director



Cate Whiteley - Director

Executive Team



Clint Grose - Chief Executive Officer



Andrew McKay - Chief Financial Officer



Tim Sykes - Facility Manager



Sue Trudgett - Estate Manager

Chairman's Report

This year was indeed another year of difference brought about by the ongoing presence of the COVID-19 Virus which resulted in periods of restrictions imposed on everyone including some weeks of “Stay at home orders”. This meant that there were periods that Orana Gardens had to be locked down again, stopping our residents from going out and from having visitors and of course meaning that we were unable to accept new residents into our Care Facility. This, of course has had a serious impact on our finances, causing us to record a significant deficit this year. I would like to record the appreciation of the Board, for the tireless efforts made by our management and staff in working through these circumstances and ensuring that our residents and staff were kept safe.

In early February we welcomed a new CEO, Mr Clint Grose, a local Dubbo person, who is well qualified and experienced in managing a business such as Orana Gardens. Mr Grose has settled in well and is making a positive impact on all aspects of our business. During the year we also welcomed a new Facility Manager, Mr Tim Sykes. Aged Care Facilities are complex businesses that are heavily regulated which bring constant challenges. The Board is very confident that we have the right structure and senior management to navigate their way through the rules and regulations to provide a safe environment for our residents and staff and make Orana Gardens the Aged Care Facility of choice for residents and staff not only for Dubbo but for the surrounding region.

Our Residential Care Facility was subjected to a reaccreditation audit during the year which, although there were some areas of concern, culminated in being re accredited for 18 months. The Aged Care Quality Standards are very onerous, and we are most grateful to the Commission for the way in which they have worked with us to ensure that any short comings were rectified.

Our Independent Living Units continue to be sought after with any vacancies being quickly filled, a credit to our Manager, Mrs Sue Trudgett. The Board is very conscious of the age of these units, in some cases now over 30 years old. As they are vacated each unit undergoes refurbishment and modernisation to remain attractive to prospective new residents. We also have an Asset Management Plan to enable us to ensure that other maintenance matters are addressed in a timely fashion. The Board is aware that our Units are considerably cheaper than those offered by our competitors and compared to the cost of other real estate and are currently reviewing our pricing.

In recent years Australia, like most developed countries, have had historically low interest rates. Orana Gardens holds significant funds from entry fees paid by incoming residents, which they can invest, to provide funds to reinvest in our facilities and to supplement ongoing fees paid by our residents and the Government Funding we receive.

The effect of the low interest rates is that our investment income is reduced by over one million dollars a year. To offset the effect of these reductions, the Board has instigated a new Investment Strategy and engaged the services of very experienced Investment Advisers to diversify our investments with the aim of producing an enhanced return, with minimal additional risk. Historically this approach has proved worthwhile but world events such as low interest rates, COVID outbreaks, floods, fire, and world conflicts all have an impact on investment returns, all of which are being closely monitored by the Board and our Advisers.

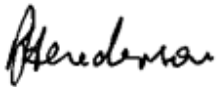
Chairman's Report continued

There have been some changes to our Board Membership with Dr David Shuster retiring after some 13 years of service to the Board. As a doctor he was a real asset to us in relation to the medical aspects of the Care we provide. Dr Shuster was appropriately thanked and recognised for his contribution to Orana Gardens with the award of Life Membership of our organisation. Three new Board Members joined the Board during the year, being, Mrs Cate Whiteley, Mrs Mary McCarthy and Dr Joe Canalese, all of whom bring a range of experience, qualifications and diversification of skills to the Board.

This year has certainly had many challenges, some of which will not go away. Orana Gardens is a not-for-profit organisation but it must make profits or at least generate cash surpluses to reinvest in the business and remain competitive.

In conclusion I would like to express my appreciation to all Board Members for their commitment and dedication to Orana Gardens and for their support of me as the Chairman, which has been a real honour. We would not be the organisation we are were it not for this and for the dedication of our management and staff.

Bruce Henderson



Orana Gardens Ltd

Chief Executive Officer Report

We have yet again been through another year where COVID has been the forefront of everyone's thoughts and actions. The disruptions, changes and lockdowns that the residents and their families have had to navigate have been relentless. The residents and staff of Orana Gardens have shown remarkable resilience over the past year as we moved to manage and mitigate the risk posed by the virus.

The COVID 19 Management Committee initially met weekly to establish effective communication strategies so that as an organisation we could keep residents, families and staff up to date on what was happening at the home and the retirement village. The focus of our meetings was to detect and mitigate the risk the virus posed and the impact on people and services in the event of an outbreak. We formulated action plans to obtain and maintain supplies and external services. We undertook an extensive and ongoing staff education and training program in infection control principles and practices. We also had to implement the safest approach to visitation and outings for our residents.

In August 2021 we placed the aged care service in lockdown as the new wave of COVID surged across the region and state. Everyone involved with our services were cooperative and helpful and have remained supportive throughout the ongoing pandemic. We were successfully able to keep COVID out of our service in 2021, one of the only Residential Aged Care Facilities to do this in the region. We made this a priority as not all residents were double or triple vaccinated.

As I reflect on my first 12 months at Orana Gardens, I am humbled daily by the work that our Registered Nurses, care staff and support services do to keep residents, their families and each other safe, in a vibrant atmosphere.

The Board continued to play an active role in governance and support throughout this challenging year. I would like to express my appreciation to Board for their support and assistance throughout 2021.

To my leadership team, I also thank you for your ongoing commitment and tenacity over the past year, a year of stabilization and rebuilding our culture and our community spirit.

During the year we saw our Customer Liaison Coordinator, Caroline May, leave to take on private practice and further education. This was an opportunity to rebadge the role and we welcomed Sarah Hutchinson to the role of Admissions and Engagement Coordinator, a clinical role. Sarah has post graduate qualifications in Aged Care and has been an excellent resource for families and residents, navigating the Residential Aged Care bureaucracy.

I would especially like to thank, Tim Sykes for the tireless work as the Facility Manager, assisting and supporting residents, families and staff throughout the year. Tim commenced in the role with the Residential Care Facility just as an unannounced audit from the Aged Care Quality and Safety Commission was conducted, his hard work over the past 10 months has made some excellent headway into rectifying the legacy he inherited. We also welcomed a new Clinical Care Manager, Rasmey Som, a Registered Nurse with extensive aged care experience. Rasmey and the team of Registered Nurses have made a significant impact in improving the care and nursing of our residents.

Chief Executive Officer Report continued

Mrs Sue Trudgett has had another good year managing the Estate while overseeing customer service, refurbishments and changes. Sue's experience in the sector continues to assist the organisation to remain commercially competitive and relevant to the needs of the local and regional community.

Andrew McKay as our CFO has also had a year of challenges, however, the work he and the finance team do, ensures that we are heading in the right direction.

Orana Gardens is also very fortunate to have Jennifer Ferguson back as the Executive Assistant, without Jen's organisational skills and corporate knowledge, I would be lost.

Finally, I am happy to say, Orana Gardens is heading in a positive trajectory, after a couple of years of change and massive challenges. I look forward to seeing our community organisation grow with a strong internal culture that spreads across our residents, families and staff.

Clint Grose



Chief Executive Officer
Orana Gardens Ltd

Chief Financial Officer Report

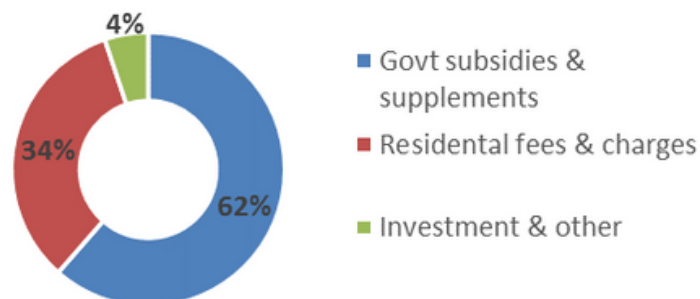
Orana Gardens Ltd had a challenging year, again dominated by the threat of a Covid-19 outbreak. This had a negative effect on occupancy, which is critical to the revenue of Orana Gardens.

Orana Gardens recorded an operating deficit of \$643,052 and total comprehensive income of \$622,985 deficit. The \$654,804 reduction in profit from 2020 is attributable to a decrease in Government Care Subsidies of \$480,560, an increase in capital gains payouts in the Estate, an increase in external consultants used to assist with the accreditation process with the Aged Care Commission, as well as increase in depreciation due to capital spend. The Aged Care Facility recorded an operating deficit of \$901,067 and the Estate (Retirement Village) recorded an operating surplus of \$258,015. The 2020 deficit in the Aged Care facility was \$263,492.

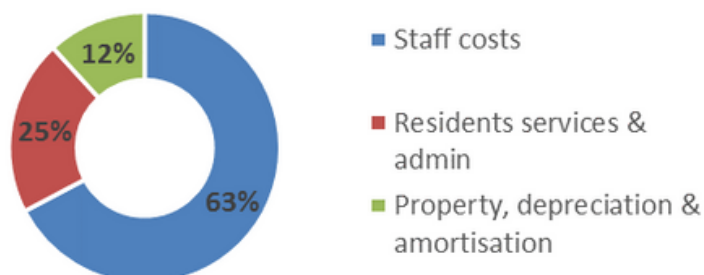
The impact Covid-19 has had on the organization cannot be understated. Not only have costs increased, which some will be offset with a 2022 grant, but occupancy dropped to 89.6% for the year, well below the budget of 92.4%. For each 1% drop in occupancy, our revenue drops by \$135,000. Unfortunately quite a few of our costs are fixed, so we do not see a similar reduction in costs. There is also the ongoing costs associated with the new aged care standards which came to effect on 1st July 2019. This includes additional management staff, consultation costs and investment in systems and technology.

Below is our financial snapshot for the year 2021:

Where our funding came from: Revenue \$13.45M

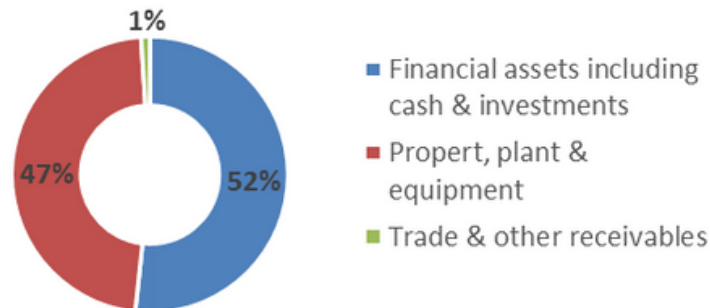


What we spent: Expenses \$14.09M



Chief Financial Officer Report continued

Our assets \$46.0M



Our liabilities \$28.8M



The organisation spent over \$1.3m in 2016, \$1.1m in 2017, \$1.6m in 2018, \$1.9m in 2019, \$1.0m in 2020, \$1.1m in 2021 with a further 1.0m planned for 2022 on various capital projects, equipment and refurbishments. Included in these completed capital projects is the fire safety program. Ongoing full internal quality refurbishments of all vacated independent living units continues to receive priority attention ensuring we stay in step with the times and continue to maintain the market attractiveness of Orana Gardens Estate.

The dedication of Assistant Accountant, Phillip Wheeler and Payroll Officer, Jody Blyton was crucial to the running of the Finance team and I thank them both.

We remain committed to the welfare and happiness of every resident and appreciate the dedication of the directors who remain committed to providing excellent service and facilities at Orana Gardens Ltd.

Andrew McKay

Chief Financial Officer
Orana Gardens Ltd

Year ended 31 December 2021

Financial Statements including Audit Report

ORANA GARDENS LTD
ABN: 98 081 776 687

Orana Gardens Ltd

ABN: 98 081 776 687

Contents

For the Year Ended 31 December 2021

	Page
Financial Statements	
Auditor's Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012	1
Statement of Profit or Loss and Other Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Responsible Persons' Declaration	22
Independent Auditor's Report	23

Orana Gardens Ltd

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Auditor's Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012 to the Directors of Orana Gardens Ltd

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



CROWE AUDIT AUSTRALIA



Gabriel Faponle
Audit Partner
Registered Company Auditor No. 513644

Dated at Dubbo on the 31st day of March 2022

Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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Orana Gardens Ltd

ABN: 98 081 776 687

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2021

	Note	2021 \$	2020 \$
Revenue	4	12,717,600	13,153,341
Other Income		732,468	474,507
Total revenue and other income		13,450,068	13,627,848
Capital gain paid to residents		(202,500)	(31,500)
Cleaning		(109,167)	(126,511)
Consultancy fees		(318,027)	(71,565)
PPE - Depreciation	5	(1,320,417)	(1,212,676)
Electricity and gas		(212,883)	(198,308)
IT expenses		(331,363)	(283,818)
Provisions for residents		(601,855)	(625,291)
Rates and charges		(178,298)	(146,780)
Repairs and maintenance		(284,982)	(443,597)
Residents care and aids		(733,643)	(821,194)
Workers compensation insurance		(199,336)	(157,028)
Employee benefits expenses		(8,904,285)	(8,829,899)
Other expenses		(696,364)	(667,929)
Total expenses		(14,093,120)	(13,616,096)
(Loss)/ Surplus for the year		(643,052)	11,752
Movement in liability to pay 50% of estate capital growth to existing residents		20,067	31,500
Other comprehensive income for the year, net of tax		20,067	31,500
Total comprehensive income for the year		(622,985)	43,252

The accompanying notes form part of these financial statements.

Orana Gardens Ltd

ABN: 98 081 776 687

Statement of Financial Position As At 31 December 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	3,302,783	9,731,273
Trade and other receivables	7	294,197	323,741
Other financial assets	8	10,047,167	13,047,167
Investments	8	9,981,186	-
Other assets	9	152,505	144,158
Non-current assets held for sale	10	650,000	650,000
TOTAL CURRENT ASSETS		24,427,838	23,896,339
NON-CURRENT ASSETS			
Property, plant and equipment	11	21,454,326	21,717,983
Intangible assets	12	148,824	187,941
TOTAL NON-CURRENT ASSETS		21,603,150	21,905,924
TOTAL ASSETS		46,030,988	45,802,263
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	842,544	610,690
Payables to residents	14	26,261,860	25,563,017
Other liabilities	15	492,409	664,742
Employee benefits	16	1,123,344	952,507
TOTAL CURRENT LIABILITIES		28,720,157	27,790,956
NON-CURRENT LIABILITIES			
Employee benefits	16	96,008	133,365
TOTAL NON-CURRENT LIABILITIES		96,008	133,365
TOTAL LIABILITIES		28,816,165	27,924,321
NET ASSETS		17,214,823	17,877,942
EQUITY			
Reserves		3,908,415	3,928,482
Retained earnings		13,306,408	13,949,460
TOTAL EQUITY		17,214,823	17,877,942

The accompanying notes form part of these financial statements.

Orana Gardens Ltd

ABN: 98 081 776 687

Statement of Changes in Equity For the Year Ended 31 December 2021

2021

	Retained Earnings	Asset Realisation Reserve	Future capital gains reserve	Total
Note	\$	\$	\$	\$
Balance at 1 January 2021	13,949,460	4,923,325	(994,843)	17,877,942
(Loss)/Surplus attributable to members of the parent entity	(643,052)	-	-	(643,052)
Total other comprehensive income for the period	-	-	(20,067)	(20,067)
Balance at 31 December 2021	13,306,408	4,923,325	(1,014,910)	17,214,823

2020

	Retained Earnings	Asset Realisation Reserve	Future Capital gains reserve	Total
Note	\$	\$	\$	\$
Balance at 1 January 2020	13,937,708	4,923,325	(1,026,343)	17,834,690
Surplus attributable to members of the parent entity	11,752	-	-	11,752
Total other comprehensive income for the period	-	-	31,500	31,500
Balance at 31 December 2020	13,949,460	4,923,325	(994,843)	17,877,942

The accompanying notes form part of these financial statements.

Orana Gardens Ltd

ABN: 98 081 776 687

Statement of Cash Flows For the Year Ended 31 December 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from government subsidies and residents	12,861,251	13,139,899
Payments to suppliers and employees	(12,410,153)	(12,312,140)
Interest received	408,436	528,436
Net cash provided by/(used in) operating activities	22 <u>859,534</u>	<u>1,356,195</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	69,091	53,537
Proceeds from/ (payment) investment and term deposit	(13,699,380)	7,000,000
Purchase of property, plant and equipment	(1,054,707)	(969,873)
Net cash provided by/(used in) investing activities	<u>(14,684,996)</u>	<u>6,083,664</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Transferred to term deposit	7,000,000	-
Proceeds from residential bond	396,972	(731,082)
Net cash provided by/(used in) financing activities	<u>7,396,972</u>	<u>(731,082)</u>
Net increase/(decrease) in cash and cash equivalents held	(6,428,490)	6,708,777
Cash and cash equivalents at beginning of year	<u>9,731,273</u>	<u>3,022,496</u>
Cash and cash equivalents at end of financial year	6 <u><u>3,302,783</u></u>	<u><u>9,731,273</u></u>

The accompanying notes form part of these financial statements.

Orana Gardens Ltd

ABN: 98 081 776 687

Notes to the Financial Statements For the Year Ended 31 December 2021

The financial report covers Orana Gardens Ltd as an individual entity. Orana Gardens Ltd is a not-for-profit Company, limited by guarantee, registered and domiciled in Australia.

The functional and presentation currency of Orana Gardens Ltd is Australian dollars.

The financial report was authorised for issue by the Directors on 31 March 2022.

Comparatives are consistent with prior years, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

The following Accounting Standards and Interpretations are most relevant to the Company:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The Company has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Company's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The Company has adopted AASB 1060 from 1 July 2020. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared on an accruals 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.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Grant revenue

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

The performance obligations are varied based on the agreement.

The performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Revenue recognition policy for contracts which are either not enforceable or do not have sufficiently specific performance obligations (AASB1058).

Amounts arising from grants in the scope of AASB 1058 are recognised at the assets fair value when the asset is received. The Association considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the asset and liabilities have been recognised then income is recognised for any remaining asset value at the time the asset is received.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies continued

(a) Revenue and other income continued

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Interest revenue

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

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(b) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(c) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Non-current assets held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies continued

(d) Non-current assets held for sale continued

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

(e) Property, plant and equipment

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Land and buildings

Land and buildings are measured using the revaluation model. Buildings and improvements are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings and improvements	2.5% - 10%
Plant and Equipment	10% - 33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies continued

(f) Financial assets

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

(g) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(h) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(i) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 31 December 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

3 Critical Accounting Estimates and Judgements

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Notes to the Financial Statements

For the Year Ended 31 December 2021

3 Critical Accounting Estimates and Judgements continued

Key estimates - Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Key estimates - Useful lives of assets

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

Key estimates - property held at fair value

An independent valuation of property (land and buildings) carried at fair value was obtained on 31 October 2018. The directors have reviewed this valuation and updated it based on valuation indexes for the area in which the property is located. The valuation is an estimation which would only be realised if the property is sold.

Key estimates - Employee benefits provision

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Orana Gardens Ltd

ABN: 98 081 776 687

Notes to the Financial Statements For the Year Ended 31 December 2021

4 Revenue and Other Income

Revenue from continuing operations

	2021	2020
	\$	\$
Revenue from contracts with customers		
- Government care subsidies	8,320,400	8,409,650
- Residential care fees	2,671,044	3,089,077
- Estate maintenance fees	748,684	755,809
- Estate long term maintenance levies	493,408	515,791
- Estate retained entry contributions	339,039	310,167
- Sale of meals	11,272	19,851
- Other revenue	133,753	52,996
Total revenue	12,717,600	13,153,341
Revenue from other sources		
- Interest received	357,890	469,536
- Rent received	27,630	3,000
- Dividend received	143,215	-
- Net gain on disposal of property, plant and equipment	32,028	1,972
- Unrealised gain/(loss)	171,705	-
	732,468	474,508
Total Revenue	13,450,068	13,627,849

Disaggregation of revenue from contracts with customers

Timing of revenue recognition

At a point of time	716,109	491,358
Over time	12,733,959	13,136,491
Revenue from contracts with customers	13,450,068	13,627,849

5 Result for the Year

The result for the year includes the following specific expenses:

	2021	2020
	\$	\$
Depreciation and amortisation expenses	1,320,417	1,212,676

Orana Gardens Ltd

ABN: 98 081 776 687

Notes to the Financial Statements For the Year Ended 31 December 2021

6 Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash on hand	1,764	1,890
Cash at bank	3,303,086	9,729,383
Total cash and cash equivalents	3,304,850	9,731,273

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2021	2020
	\$	\$
Cash and cash equivalents	3,304,850	9,731,273
Bank overdrafts	(2,067)	-
Balance as per statement of cash flows	3,302,783	9,731,273

7 Trade and other receivables

	2021	2020
	\$	\$
CURRENT		
Trade receivables	56,394	24,550
Less: Allowance for expected credit losses	(12,624)	(13,774)
	43,770	10,776
GST receivable	47,128	56,694
Sundry debtors	7,503	9,928
Accrued income	195,796	246,343
Total current trade and other receivables	294,197	323,741

Orana Gardens Ltd

ABN: 98 081 776 687

Notes to the Financial Statements For the Year Ended 31 December 2021

8 Financial Assets at fair value through profit and loss

Financial assets

	2021	2020
	\$	\$
CURRENT		
Term deposits	10,047,167	13,047,167
Total financial assets	10,047,167	13,047,167

Investments

	2021	2020
	\$	\$
CURRENT		
Investment	9,981,186	-
Total investments	9,981,186	-

9 Other Assets

	2021	2020
	\$	\$
CURRENT		
Prepayments	152,505	144,158
Total other assets	152,505	144,158

10 Non-current Assets classified as held for sale

	2021	2020
	\$	\$
Land and buildings - 10 Warruga Place, Wellington	650,000	650,000
Total non-current assets held for sale	650,000	650,000

Assets held for sale consist of the Bellhaven property at 10 Warruga Place, Wellington that has been recorded at fair value less costs to sell. An independent valuation was completed by Herron Todd White on 19 September 2018. Board has reassessed the status of the assets held for sale and determined that it is remain as asset held for sale at 31 December 2021.

Notes to the Financial Statements

For the Year Ended 31 December 2021

11 Property, plant and equipment

	2021	2020
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At valuation	6,511,000	6,511,000
Total Land	<u>6,511,000</u>	<u>6,511,000</u>
Buildings		
Buildings and improvements	25,176,362	24,545,919
Accumulated depreciation	(12,810,102)	(12,056,020)
Total buildings	<u>12,366,260</u>	<u>12,489,899</u>
Work in progress	79,961	41,675
Total buildings	<u>12,446,221</u>	<u>12,531,574</u>
Total land and buildings	<u>18,957,221</u>	<u>19,042,574</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	5,200,620	4,906,719
Accumulated depreciation	(2,703,515)	(2,231,310)
Total plant and equipment	<u>2,497,105</u>	<u>2,675,409</u>
Total property, plant and equipment	<u><u>21,454,326</u></u>	<u><u>21,717,983</u></u>

(a) Movements in Carrying Amounts

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

	Capital Works in Progress	Land	Building and Improvement	Plant and Equipment	Total
	\$	\$	\$	\$	\$
Year ended 31 December 2021					
Balance at the beginning of year	41,675	6,511,000	12,489,899	2,675,409	21,717,983
Additions	38,286	-	627,224	389,196	1,054,706
Disposals	-	-	-	(37,063)	(37,063)
Depreciation expense	-	-	(750,863)	(530,437)	(1,281,300)
Balance at the end of the year	<u>79,961</u>	<u>6,511,000</u>	<u>12,366,260</u>	<u>2,497,105</u>	<u>21,454,326</u>

Orana Gardens Ltd

ABN: 98 081 776 687

Notes to the Financial Statements For the Year Ended 31 December 2021

12 Intangible Assets

	2021 \$	2020 \$
Software and licenses		
Software and licenses	228,717	228,717
Accumulated amortisation and impairment	(79,893)	(40,776)
Total Intangible assets	148,824	187,941

13 Trade and Other Payables

	Note	2021 \$	2020 \$
CURRENT			
Trade payables		373,430	307,579
Accrued expense		270,835	172,870
Estate surplus		71,079	63,011
Other payables		127,200	67,230
Total trade and other payables		842,544	610,690

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

* In accordance with Div 7, Part 7 of the Retirement Villages Act 1999, any surplus in the annual accounts of the Estate is to be carried forward and spent on capital maintenance in the next financial year.

14 Payables to residents

	2021 \$	2020 \$
CURRENT		
Estate resident loans	16,730,259	16,732,696
Provision for capital growth in estate units	1,014,910	993,213
Refundable accommodation deposits and bonds	8,516,691	7,837,108
Total payables to residents	26,261,860	25,563,017

Whilst resident loans and deposits are classified as current under accounting standards as they may be called upon at any time, they are not likely to be paid out within the next 12 months.

Orana Gardens Ltd

ABN: 98 081 776 687

Notes to the Financial Statements For the Year Ended 31 December 2021

15 Other Liabilities

	2021	2020
	\$	\$
CURRENT		
Subsidy income received in advance	476,019	652,902
Amounts received in advance	16,390	11,840
Total other liabilities	492,409	664,742

16 Employee benefits

	2021	2020
	\$	\$
CURRENT		
Provision for employee benefits	1,123,344	952,507
	1,123,344	952,507
NON-CURRENT		
Provision for employee benefits	96,008	133,365
	96,008	133,365
	1,219,352	1,085,872

17 Reserves

(a) Future capital gains reserve

The future capital gains reserve records future capital gains payable to applicable estate residents upon existing the estate.

18 Members' Guarantee

The Company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 1 each towards meeting any outstandings and obligations of the Company. At 31 December 2021 the number of members was 8 (2020: 8).

19 Key Management Personnel Remuneration

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

Whilst resident loans and deposits are classified as current under accounting standards as they may be called upon at any time, they are not likely to be paid out within the next 12 months.

The total remuneration paid to key management personnel of the Company is \$ 413,596 (2020: \$ 507,773).

Notes to the Financial Statements

For the Year Ended 31 December 2021

20 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2021 (31 December 2020:None).

21 Related Parties

The Company's related parties include key management personnel and other related parties including close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Key management personnel - refer to Note 19.

22 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2021	2020
	\$	\$
Profit for the year	(643,052)	11,752
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation, impairments and amortisation	1,320,417	1,212,676
- net gain/ (loss) on disposal of property, plant and equipment	(32,028)	(1,972)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(26,566)	(38,560)
- (increase)/decrease in prepayments	(8,347)	(1,010)
- (increase)/decrease in accrued income	50,547	58,900
- increase/(decrease) in income in advance	(172,334)	22,118
- increase/(decrease) in trade and other payables	139,452	9,977
- (increase)/decrease in accrued expenses	97,966	96,587
- increase/(decrease) in employee benefits	133,479	(14,273)
Cashflows from operations	859,534	1,356,195

Orana Gardens Ltd

ABN: 98 081 776 687

Notes to the Financial Statements

For the Year Ended 31 December 2021

23 Operating Segments

Segment information

(a) Identification of reportable segments

The Company under the Aged Care Act 1997 and Accountability Principles 2014 is required to treat residential care as a reportable segment and prepare a segment report in accordance with Australian Accounting Standards that sets out the revenue, expenses, assets and liabilities of the residential care service. The Company's other segment for management reporting purposes is the Orana Gardens Estate.

(b) Accounting policies adopted

Unless stated below, all amounts reported to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of Orana Gardens Ltd.

Notes to the Financial Statements

For the Year Ended 31 December 2021

	Residential Aged Care		Retirement Village		Total	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
REVENUE						
Government care subsidies	8,280,161	8,760,721	-	-	8,280,161	8,760,721
Residential care fees	2,711,283	2,738,007	-	-	2,711,283	2,738,007
Estate maintenance fees	-	-	748,684	755,809	748,684	755,809
Estate long term maintenance levy	-	-	493,408	515,791	493,408	515,791
Retained entry contributions	-	-	339,039	310,167	339,039	310,167
Sale of meals	4,579	10,087	6,693	9,764	11,272	19,851
Miscellaneous revenue	-	10,269	66,950	37,956	66,950	48,225
Interest received	187,370	156,838	336,265	312,698	523,635	469,536
Realised gain/loss - Financial Assets	(1,090)	-	(2,317)	-	(3,407)	-
Unrealised gain/loss - Financial Assets	56,036	-	119,076	-	175,112	-
Gain on disposal of assets	22,937	1,972	9,091	-	32,028	1,972
Rental income	-	-	27,630	7,770	27,630	7,770
Total segment revenue	11,261,276	11,677,894	2,144,519	1,949,955	13,405,795	13,627,849
Capital gains paid to residents	-	-	(202,500)	(140,010)	(202,500)	(140,010)
Consultancy	(316,663)	(70,877)	(1,364)	(1,771)	(318,027)	(72,648)
Employee benefits expense	(7,570,517)	(7,595,987)	(555,146)	(477,888)	(8,125,663)	(8,073,875)
Depreciation and impairments	(663,580)	(602,133)	(656,838)	(610,543)	(1,320,418)	(1,212,676)
Electricity and gas	(187,945)	(175,211)	(24,938)	(23,096)	(212,883)	(198,307)
IT expenses	(324,645)	(277,568)	(6,718)	(6,250)	(331,363)	(283,818)
Provisions for residents	(599,835)	(621,476)	-	(3,815)	(599,835)	(625,291)
Rates and charges	(69,432)	(59,301)	(108,866)	(87,479)	(178,298)	(146,780)
Repairs and maintenance	(169,890)	(441,909)	(115,092)	(187,329)	(284,982)	(629,238)
Residential care and aids	(731,592)	(820,511)	(2,052)	(683)	(733,644)	(821,194)
Workers' compensation insurance	(160,890)	(149,196)	5,826	(7,831)	(155,064)	(157,027)
Other expenses	(1,367,354)	(1,127,217)	(218,818)	(237,616)	(1,586,172)	(1,364,833)
Total segment expenses	(12,162,343)	(11,941,385)	(1,886,506)	(1,674,718)	(14,048,849)	(13,616,097)
Segment operating surplus/(deficit)	(901,067)	(263,492)	258,015	275,237	(643,052)	11,752
Segment assets	18,458,211	17,509,155	27,571,777	27,640,306	46,030,987	45,149,461
Segment liabilities	10,487,550	9,063,254	18,328,615	9,432,041	28,816,165	18,495,295

Orana Gardens Ltd

ABN: 98 081 776 687

Notes to the Financial Statements

For the Year Ended 31 December 2021

24 Events after the end of the Reporting Period

The financial report was authorised for issue on 31 March 2022 by the Board of Directors.

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

25 Statutory Information

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

Orana Gardens Ltd
Cnr Coronation Drive & Charles Crescent
81 Windsor Parade
DUBBO NSW 2830

Orana Gardens Ltd

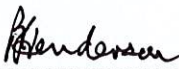
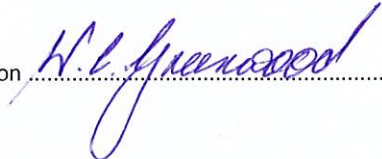
ABN: 98 081 776 687

Responsible Persons' Declaration

The responsible persons declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Responsible person  Responsible person 

Dated 31/03/2022

Independent Auditor's Report To the Members of Orana Gardens Ltd

Opinion

We have audited the financial report of Orana Gardens Ltd, which comprises the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible entities declaration.

In our opinion, the accompanying financial report of Orana Gardens Ltd has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) Giving a true and fair view of the registered entity's financial position as at 31 December 2021 and of its financial performance for the year then ended; and
- b) Complying with Australian Accounting Standards and Division 60 of 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 registered 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.

Other Information

The responsible entities are responsible for the other information. The other information comprises the information included in the registered entity's annual report for the year ended 31 December 2021 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.

Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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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 Directors for the Financial Report

The directors 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 the directors 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, the directors are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional 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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.

- Conclude on the appropriateness of the registered entity'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 registered entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Crowe Audit Australia

CROWE AUDIT AUSTRALIA



Gabriel Faponle
Audit Partner
Registered Company Auditor No. 513644

Dated at Dubbo on the 31st day of March 2022