

ANNUAL REPORT

2022



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

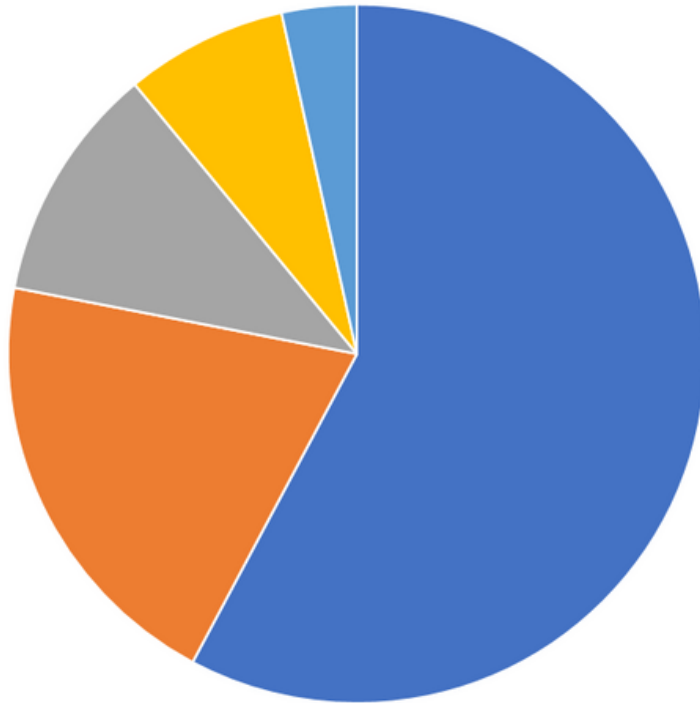
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We acknowledge the Traditional Custodians of the lands on which we live and work. We pay our respects to Elders past, present and emerging. We extend that respect to our Aboriginal and Torres Strait Islander staff, clients, participants, residents,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

Our Workforce

Orana Gardens - Roles



■ Care Staff ■ Support Services ■ Registered Nurse ■ Administration ■ Maintenance

173 staff members

Care workers - 58%

Support Services Staff - 20%,

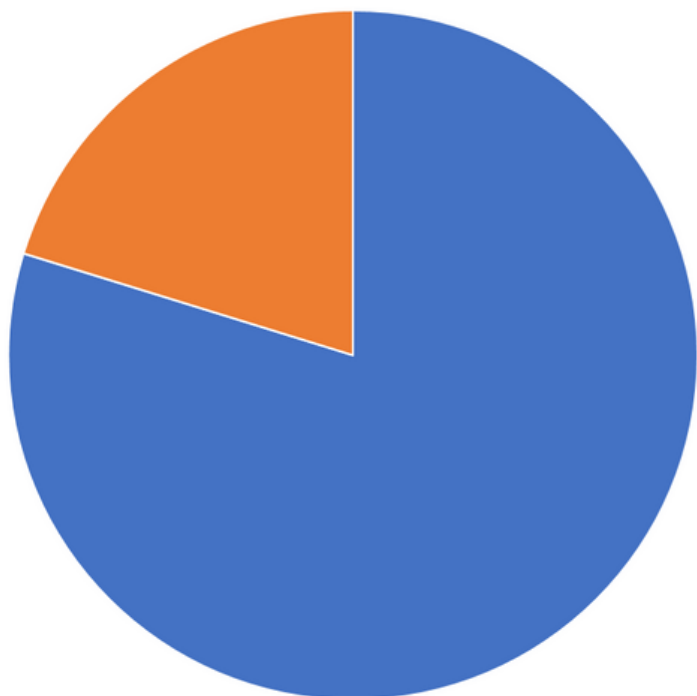
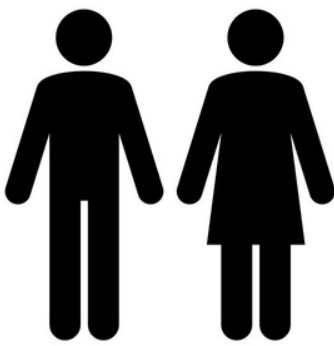
Registered Nurses - 11%

Administration - 8%

Maintenance - 3%

Orana Gardens - Gender

Male - 20%
Female - 80%



■ Female ■ Male

Board of Directors



Bruce Henderson - Chairman



Bill Greenwood - Vice Chairman
and Consumer Representative



Geoff Ballard - Treasurer



Rupak Adhikari - Director



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

It gives me a deal of pleasure to submit my Annual Report on behalf of our Board.

The Board is made up of eight individuals who bring to the Organisation a broad diversity of experience and qualifications appropriate to our business entities. The Directors backgrounds include accounting, financial planning, health, medicine, welfare, business and management experience all of which combine to ensure that Orana Gardens is well governed. This along with our excellent management team ably led by our Chief Executive Officer, Clint Grose, has resulted in a sound result for the year.

We were finally able to sell our Wellington property, Bellhaven, during the year, which had been unoccupied ever since we closed it down and sold the bed licences. The net result of the sale of the property and the bed licences gave us a better return than we would have been able to get today as bed licenses are no longer saleable. Had we delayed the closure, which was not an easy decision at that time, we would have struggled to achieve anywhere near the result that we did. The proceeds of the property sale will be used to refurbish our Dubbo Country Club, upgrading the pool, providing a wellness centre and room for an inhouse hairdresser, and creating more usable space for the enjoyment of our residents.

Our independent living units continue to be well sought after with a healthy waiting list. Of our 148 units we have generally seen a turnover of about 12 units a year. When vacated the units undergo a complete refurbishment including some reconfiguration of some walls to modernise the space and better utilise current building materials and furnishings. The Board is aware that Orana Gardens was the first of its kind in Dubbo, commenced with the foresight of the executive of Dubbo RSL just over 30 years ago, and as such needs to continue to be modernised to remain competitive with our opposition. We recognise that our location is a real advantage, but we do need to ensure that we can attract residents as vacancies occur. The entry price of our units is reviewed each year to ensure that our pricing compared to other like properties remains competitive. The dedication and management of our units by Mrs Sue Trudgett is greatly appreciated.

Our Residential Care Facility has enjoyed one of its best years for some time despite the challenges of Covid which did cause periods of lock downs. For the first time in the Board's memory, we have finished the year with a waiting list. There have been times when a few of the beds have had to be left vacant due to Covid or because of incompatible incoming residents but overall, our occupancy has been good. A new method of funding has come into place since October which has increased our revenue but comes with some extra costs which are a condition of this funding. In my last year's report, I advised that we had been reaccredited for 18 months, a shorter period than might normally be expected, due to some shortcomings identified in our compliance audit.

Chairman's Report continued

That accreditation was due to expire in February 2023, so we were again audited in December 2022 and were granted three years accreditation having met 100% of the required standards. Our congratulations were extended to our Manager, Mr Tim Sykes and his team for this excellent result.

Despite what seems to have been a good year, the Residential Care business remains very challenging with a high majority of providers losing money. Whilst as stated some of our revenue has increased, the Government do expect additional services to be provided including additional face to face hours with each resident each day, including Registered Nurses and Care staff, which means more staff need to be employed and the actual hours provided recorded and reported. Recruitment of staff, particularly Registered Nurses, presents a challenge to all Aged Care facilities but even more so to those in Regional Centres.

The Board is very aware that Orana Gardens is now over 30 years old and although it was the first of its kind in Dubbo, there has been an emergence of several new services, to endeavour to cater for our growing population in Dubbo and around the Region. Orana Gardens is fortunate to have such an attractive location, but we do need to ensure that what we offer continues to meet the needs and expectations of our potential residents. Since the end of the year the Board has visited two Aged Care facilities outside our Region, who have recently undergone significant refurbishment and a new building program, to gain ideas as to what has worked for them and to see what might be appropriate for us to consider doing. The knowledge gained from these visits along with other ideas gained from other sources will be part of the discussion of the Board at its Annual Strategic Planning Day where consideration is given to our short- and long-term goals. The Board is very aware that “to mark time, is to probably go backwards” and therefore it needs to keep up to date and consider the future.

Orana Gardens, unlike other Aged Care Services in Dubbo, is not owned by any institution or by the Dubbo RSL Club, who developed it. It is responsible for the care of all its residents and rightly is very heavily regulated, in both the Independent Living and the Residential Care. Whilst the day to day operations are carried out by our Chief Executive Officer and his Team, the Board are held responsible by the relevant Government Authorities, to ensure that Orana Gardens adheres to the legislation. This is why it is so important to have Board Members such as we have, who give of their time and bring their qualifications and experience to our Organisation, for the betterment of our residents.

Chairman's Report continued

As mentioned 2022 has been a successful year, certainly not without its challenges, but challenges will always be there as residents needs change and government intervention continues. Orana Gardens is a “not for profit” business but the Board does strive to ensure that we can generate cash surpluses each year to enable it to reinvest in the business and maintain its competitiveness.

Although we showed only a small net surplus for the year, our expenses include the extra costs incurred in dealing with a number of Covid outbreaks in our facility. The Government has offered grants to offset these costs which have been applied for but not received by the end of the year. Subject to the grant applications being approved, we could expect to receive between \$500,000 and \$800,000 which will be recorded as income in 2023.

In conclusion I would like to thank our CEO and all his staff, for their contributions and dedication to Orana Gardens, no matter what their roles are, as each and every one plays their part in caring for our residents.

On behalf of the Board

Bruce Henderson



Chairman
Orana Gardens Ltd

Chief Executive Officer Report

As an industry and an organisation, we have been through one more year where COVID has been at the front of everyone's thoughts and actions. The disruptions, changes and lockdowns that the staff, 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 Outbreak (pandemic) Committee started 2022 in the midst of an outbreak. The staff worked extremely hard during the three major outbreaks. We did this to ensure 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 declaring an outbreak.

We formulated action plans to obtain and maintain supplies and external services. We undertook an extensive and ongoing staff education and a training program in contemporary infection control principles and practices. We also had to implement processes to ensure the safest approach to visitation and outings for our residents.

As I reflect on my second year at Orana Gardens, I am humbled daily by the work that our management, Registered Nurses, care staff and support services do to keep residents, their families and each other safe, in a vibrant atmosphere. This could not be more emphasized than the outcome of our unannounced audit in the first week of December 2022. We are one of the very rare regional Residential Aged Care homes to receive a faultless result, 100% compliance with no unmet areas. Our Clinical Care Manager, Rasmey was instrumental in leading the change. To say I am proud of the staff and management at Orana Gardens is an understatement, the turnaround in the last 24 months has been outstanding if not incredible.

After a number of false starts, we sold our old home in Wellington – Bellhaven. This facility had been vacant since 2017 and selling this was the best option. We can now reinvest in our local facility.

To my leadership team, I also thank you for your ongoing commitment and determination over the past year, an extremely busy year of transformation our culture and rebuilding our community spirit.

During the year we saw the role of Admissions and Engagement Coordinator (Sarah Hutchison), work closely within our community and referral partners, ensuring that we have new residents in care in a timely and no-nonsense way. The feedback is unprecedented.

Chief Executive Officer Report continued

I'd especially like to thank, Tim Sykes for the tireless work as the Facility Manager, assisting and supporting residents, families and staff throughout the year, day and night. Tim and his team have turned the home around from our Non-Compliance Notice in August 2021 to our latest result. The hard work over the past 18 months has paid off and we will continue to grow.

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 Mackay as our CFO has also had another year of challenges with increased reporting obligations and pressures relating to our previous management's errors.

As for my Executive Assistant, Jennifer Ferguson, without Jen's organisational skills and corporate knowledge, I would be lost.

I must also highlight the work that the Board continued to play in governance and support throughout the year. I would like to express my appreciation to Board for their support and assistance throughout 2022, and with their guidance I am certain Orana Gardens will be the aged care business of choice to the Dubbo Community.

Finally, I am happy to say, Orana Gardens is heading in an encouraging path, after a couple of years of change and massive challenges. I look forward to see 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 another challenging year, again dominated by the ongoing challenges caused by the Covid-19 Pandemic. This had a negative effect on occupancy in the first half of the year, which is critical to the revenue of Orana Gardens.

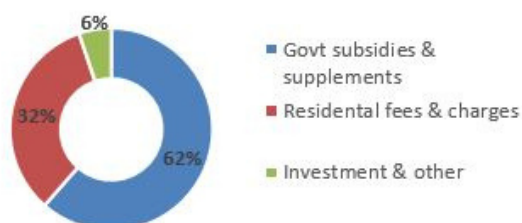
Orana Gardens recorded an operating surplus of \$2,320 and total comprehensive income of \$109,820 surplus. The \$645,372 increase in profit from 2021 is attributable to:

- the sale of Bellhaven land and buildings for a gain on sale of \$810,000.
- The occupancy for the care facility was below 90% for the first half of the year, with occupancy above 90% for each month in the second half of the year. The funding model changed on 1 October 2022 from the Aged care Funding Instrument (ACFI) to the Australian National Aged Care Classification (AN-ACC) model. This change of model delivers over \$30 per day per resident extra funding, equating to over \$1,250,000 per annum extra funding. With this additional funding means the requirement to sustain around 200 care minutes per day per resident, including 40 minutes of Registered Nurses care.

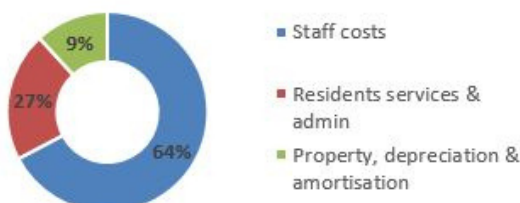
The Aged Care Facility recorded an operating surplus of \$374,695 and the Estate (Retirement Village) recorded an operating surplus of \$612,262 before the impacts of unrealised losses from financial assets are allocated.

Below is our financial snapshot for the year 2022:

Where our funding came from: Revenue \$14.86M



What we spent: Expenses \$14.86M



Chief Financial Officer Report continued

Our assets \$47.1M



Our liabilities \$30.0M



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, \$1.2m in 2022 with a further 2.5m planned for 2023 on various capital projects, equipment and refurbishments. Included in these completed 2022 capital projects is the purchase of a 25 seater bus for \$108k, of which we received an \$80k club grant off the Dubbo RSL Memorial Club Ltd and a \$20k grant off the Dubbo RSL Sub Branch. Equipment in the care facility including electric beds. 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 2022

Financial Statements including Audit Report

ORANA GARDENS LTD
ABN: 98 081 776 687

Orana Gardens Ltd

ABN: 98 081 776 687

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Independent Auditor's Report

Orana Gardens Ltd

ABN: 98 081 776 687

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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 2022, 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 3rd day of April 2023

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 2022

		2022	2021
	Note	\$	\$
Revenue	4	14,001,590	12,717,600
Other income	4	861,989	732,468
Total revenue and other income		14,863,579	13,450,068
Capital gain paid to residents		(125,000)	(202,500)
Cleaning		(136,626)	(109,167)
Consultancy fees		(128,400)	(318,027)
PPE - Depreciation	5	(1,394,646)	(1,320,417)
Electricity and gas		(281,795)	(212,883)
IT expenses		(355,546)	(331,363)
Provisions for residents		(669,840)	(601,855)
Rates and charges		(94,175)	(178,298)
Repairs and maintenance		(385,040)	(284,982)
Residents care and aids		(807,695)	(733,643)
Workers compensation insurance		(356,962)	(199,336)
Employee benefits expenses		(9,476,431)	(8,904,285)
Other expenses		(649,103)	(696,364)
Total expenses		(14,861,259)	(14,093,120)
Surplus/(Loss) for the year		2,320	(643,052)
Movement in liability to pay 50% of estate capital growth to existing residents		107,500	20,067
Other comprehensive income for the year, net of tax		107,500	20,067
Total comprehensive income for the year		109,820	(622,985)

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 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	4,925,502	3,302,783
Trade and other receivables	7	391,628	294,197
Other financial assets	8	7,500,000	10,047,167
Investment	8	12,423,924	9,981,186
Other assets	9	357,386	152,505
Non-current assets held for sale	10	-	650,000
TOTAL CURRENT ASSETS		25,598,440	24,427,838
NON-CURRENT ASSETS			
Property, plant and equipment	11	21,399,976	21,454,326
Intangible assets	12	110,060	148,824
TOTAL NON-CURRENT ASSETS		21,510,036	21,603,150
TOTAL ASSETS		47,108,476	46,030,988
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	753,183	842,544
Payables to residents	14	26,891,843	26,261,860
Other liabilities	15	1,200,595	492,409
Employee benefits	16	1,086,472	1,123,344
TOTAL CURRENT LIABILITIES		29,932,093	28,720,157
NON-CURRENT LIABILITIES			
Employee benefits	16	66,740	96,008
TOTAL NON-CURRENT LIABILITIES		66,740	96,008
TOTAL LIABILITIES		29,998,833	28,816,165
NET ASSETS		17,109,643	17,214,823
EQUITY			
Reserves		3,800,915	3,908,415
Retained earnings		13,308,728	13,306,408
TOTAL EQUITY		17,109,643	17,214,823

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 2022

2022

	Retained Earnings	Asset Realisation Reserve	Future capital gains reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2022	13,306,408	4,923,325	(1,014,910)	17,214,823
Surplus/(Loss) attributable to members of the parent entity	2,320	-	-	2,320
Total other comprehensive income for the period	-	-	(107,500)	(107,500)
Balance at 31 December 2022	13,308,728	4,923,325	(1,122,410)	17,109,643

2021

	Retained Earnings	Asset Realisation Reserve	Future Capital gains reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2021	13,949,460	4,923,325	(994,843)	17,877,942
Surplus/(Loss) 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

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 2022

	2022	2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from government subsidies and residents	14,278,919	12,861,251
Payments to suppliers and employees	(13,826,994)	(12,410,153)
Interest received	378,822	408,436
Net cash provided by/(used in) operating activities	22 830,747	859,534
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	1,520,966	69,091
Proceeds from/ (payment) investment and term deposit	(5,717,016)	(13,699,380)
Purchase of property, plant and equipment	(1,355,906)	(1,054,707)
Purchase of investments	(2,442,737)	-
Net cash provided by/(used in) investing activities	(7,994,693)	(14,684,996)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Transferred to term deposit	-	7,000,000
Proceeds from residential bond	8,786,665	396,972
Net cash provided by/(used in) financing activities	8,786,665	7,396,972
Net increase/(decrease) in cash and cash equivalents held	1,622,719	(6,428,490)
Cash and cash equivalents at beginning of year	3,302,783	9,731,273
Cash and cash equivalents at end of financial year	6 4,925,502	3,302,783

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 2022

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 27 March 2023.

Comparatives are consistent with prior years, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all relevant Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

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 issued by the Australian Accounting Standards Board ('AASB') 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.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2022

2 Summary of Significant Accounting Policies continued

(a) Revenue and other income continued

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.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2022

2 Summary of Significant Accounting Policies continued

(a) Revenue and other income continued

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 payables 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.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2022

2 Summary of Significant Accounting Policies continued

(e) Property, plant and equipment continued

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.

(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.

Notes to the Financial Statements

For the Year Ended 31 December 2022

2 Summary of Significant Accounting Policies continued

(h) Employee benefits continued

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.

3 Critical Accounting Estimates and Judgments

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.

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

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Notes to the Financial Statements For the Year Ended 31 December 2022

4 Revenue and Other Income

Revenue from continuing operations

	2022	2021
	\$	\$
Revenue from contracts with customers		
- Government care subsidies	9,240,643	8,320,400
- Residential care fees	2,849,837	2,671,044
- Estate maintenance fees	775,051	748,684
- Estate long term maintenance levies	557,911	493,408
- Estate retained entry contributions	373,800	339,039
- Sale of meals	9,183	11,272
- Other revenue	195,165	133,753
Total revenue	14,001,590	12,717,600
Revenue from other sources		
- Interest received	349,161	357,890
- Rent received	36,206	27,630
- Dividend received	390,259	143,215
- Net gain on disposal of property, plant and equipment	816,594	32,028
- Unrealised gain/(loss)	(730,231)	171,705
	861,989	732,468
Total Revenue	14,863,579	13,450,068

Disaggregation of revenue from contracts with customers

Timing of revenue recognition

At a point of time	14,028,613	716,109
Over time	834,966	12,733,959
Revenue from contracts with customers	14,863,579	13,450,068

5 Result for the Year

The result for the year includes the following specific expenses:

	2022	2021
	\$	\$
Depreciation and amortisation expenses	1,394,646	1,320,417

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Notes to the Financial Statements For the Year Ended 31 December 2022

6 Cash and Cash Equivalents

	2022	2021
	\$	\$
Cash on hand	1,334	1,764
Bank balances	4,924,168	3,303,086
Total cash and cash equivalents	4,925,502	3,304,850

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:

	2022	2021
	\$	\$
Cash and cash equivalents	4,925,502	3,304,850
Bank overdrafts	-	(2,067)
Balance as per statement of cash flows	4,925,502	3,302,783

7 Trade and Other Receivables

	2022	2021
	\$	\$
CURRENT		
Trade receivables	146,115	56,394
Less: Allowance for expected credit losses	(3,201)	(12,624)
	142,914	43,770
GST receivable	73,838	47,128
Sundry debtors	8,741	7,503
Accrued income	166,135	195,796
Total current trade and other receivables	391,628	294,197

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Notes to the Financial Statements For the Year Ended 31 December 2022

8 Financial Assets at fair value through profit and loss

Financial Assets

	2022	2021
	\$	\$
CURRENT		
Term deposits	7,500,000	10,047,167
Total financial assets	7,500,000	10,047,167

Investments

	2022	2021
	\$	\$
CURRENT		
Investment	12,423,924	9,981,186
Total investments	12,423,924	9,981,186

9 Other Assets

	2022	2021
	\$	\$
CURRENT		
Prepayments	357,386	152,505
Total other assets	357,386	152,505

10 Non-current Assets classified as held for sale

	2022	2021
	\$	\$
Land and buildings - 10 Warruga Place, Wellington	-	650,000
Total non-current assets held for sale	-	650,000

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Notes to the Financial Statements For the Year Ended 31 December 2022

11 Property, Plant and Equipment

	2022	2021
	\$	\$
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	25,629,972	25,176,362
Accumulated depreciation	(13,617,344)	(12,810,102)
Total buildings	<u>12,012,628</u>	<u>12,366,260</u>
Work in progress	412,863	79,961
Total buildings	<u>12,425,491</u>	<u>12,446,221</u>
Total land and buildings	<u>18,936,491</u>	<u>18,957,221</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	5,660,441	5,200,620
Accumulated depreciation	(3,196,956)	(2,703,515)
Total plant and equipment	<u>2,463,485</u>	<u>2,497,105</u>
Total property, plant and equipment	<u><u>21,399,976</u></u>	<u><u>21,454,326</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 2022					
Balance at the beginning of year	79,961	6,511,000	12,366,260	2,497,105	21,454,326
Additions	370,268	-	453,610	569,392	1,393,270
Disposals	-	-	-	(54,372)	(54,372)
Transfers	(37,366)	-	-	-	(37,366)
Depreciation expense	-	-	(807,242)	(548,640)	(1,355,882)
Balance at the end of the year	<u>412,863</u>	<u>6,511,000</u>	<u>12,012,628</u>	<u>2,463,485</u>	<u>21,399,976</u>

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Notes to the Financial Statements For the Year Ended 31 December 2022

12 Intangible Assets

	2022	2021
	\$	\$
Software and licenses	228,717	228,717
Accumulated amortisation and impairment	(118,657)	(79,893)
Total Intangible assets	110,060	148,824

13 Trade and Other Payables

	2022	2021
	\$	\$
CURRENT		
Trade payables	325,297	373,430
Accrued expense	250,106	270,835
Estate surplus	79,066	71,079
Other payables	98,714	127,200
Total trade and other payables	753,183	842,544

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

	2022	2021
	\$	\$
CURRENT		
Estate resident loans	17,347,602	16,730,259
Provision for capital growth in estate units	1,122,410	1,014,910
Refundable accommodation deposits and bonds	8,421,831	8,516,691
Total payables to residents	26,891,843	26,261,860

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.

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Notes to the Financial Statements For the Year Ended 31 December 2022

15 Other Liabilities

	2022	2021
	\$	\$
CURRENT		
Subsidy income received in advance	808,009	476,019
Amounts received in advance	392,586	16,390
Total other liabilities	1,200,595	492,409

16 Employee benefits

	2022	2021
	\$	\$
CURRENT		
Provision for employee benefits	1,086,472	1,123,344
	1,086,472	1,123,344
NON-CURRENT		
Provision for employee benefits	66,740	96,008
	66,740	96,008
	1,153,212	1,219,352

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 2022 the number of members was 7 (2021: 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 \$ 419,707 (2021: \$ 413,596).

Notes to the Financial Statements
For the Year Ended 31 December 2022

20 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2022 (31 December 2021: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:

	2022	2021
	\$	\$
Profit for the year	2,320	(643,052)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation, impairments and amortisation	1,394,646	1,320,417
- net gain/ (loss) on disposal of property, plant and equipment	(816,594)	(32,028)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(127,092)	(26,566)
- (increase)/decrease in prepayments	(204,881)	(8,347)
- (increase)/decrease in accrued income	29,661	50,547
- increase/(decrease) in income in advance	708,187	(172,334)
- increase/(decrease) in trade and other payables	(68,631)	139,452
- (increase)/decrease in accrued expenses	(20,729)	97,966
- increase/(decrease) in employee benefits	(66,140)	133,479
Cashflows from operations	830,747	859,534

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Notes to the Financial Statements

For the Year Ended 31 December 2022

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 2022

23 Operating Segments continue

Segment information continued

(c) Segment performance

	Residential Aged Care		Retirement Village		Total	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
REVENUE						
Government care subsidies	9,061,182	8,280,161	-	-	9,061,182	8,280,161
Residential care fees	3,029,298	2,711,283	-	-	3,029,298	2,711,283
Estate maintenance fees	-	-	775,051	748,684	775,051	748,684
Estate long term maintenance levy	-	-	557,911	493,408	557,911	493,408
Retained entry contributions	-	-	373,800	339,039	373,800	339,039
Sale of meals	1,800	4,579	7,383	6,693	9,183	11,272
Miscellaneous revenue	-	-	57,435	66,950	57,435	66,950
Interest received	238,380	187,370	504,651	336,265	743,031	523,635
Realised gain/loss - Financial Assets	(20,442)	(1,090)	(43,438)	(2,317)	(63,880)	(3,407)
Unrealised gain/loss - Financial Assets	(213,232)	56,036	(453,119)	119,076	(666,351)	175,112
Gain on disposal of assets	805,021	22,937	11,573	9,091	816,594	32,028
Rental income	100,500	-	36,206	27,630	136,706	27,630
Total segment revenue	13,002,507	11,261,276	1,827,453	2,144,519	14,829,960	13,405,795
Capital gains paid to residents	-	-	(125,000)	(202,500)	(125,000)	(202,500)
Consultancy	(125,017)	(316,663)	(3,383)	(1,364)	(128,400)	(318,027)
Employee benefits expense	(8,103,107)	(7,570,517)	(489,006)	(555,146)	(8,592,113)	(8,125,663)
Superannuation	(834,367)	-	(49,951)	-	(884,318)	-
Depreciation and impairments	(697,957)	(663,580)	(696,689)	(656,838)	(1,394,646)	(1,320,418)
Electricity and gas	(250,419)	(187,945)	(31,376)	(24,938)	(281,795)	(212,883)
IT expenses	(348,589)	(324,645)	(6,956)	(6,718)	(355,545)	(331,363)
Provisions for residents	(664,402)	(599,835)	-	-	(664,402)	(599,835)
Rates and charges	(38,215)	(69,432)	(55,960)	(108,866)	(94,175)	(178,298)
Repairs and maintenance	(208,217)	(169,890)	(176,823)	(115,092)	(385,040)	(284,982)
Residential care and aids	(806,848)	(731,592)	(847)	(2,052)	(807,695)	(733,644)
Workers' compensation insurance	(314,343)	(160,890)	(8,999)	5,826	(323,342)	(155,064)
Other expenses	(449,560)	(1,367,354)	(341,606)	(218,818)	(791,166)	(1,586,172)
Total segment expenses	(1,281,044)	(12,162,343)	(1,986,596)	(1,886,506)	(3,267,640)	(14,048,849)
Segment operating surplus/(deficit)	161,463	(901,067)	(159,143)	258,015	2,320	(643,052)
Segment assets	20,705,412	18,458,211	26,403,064	27,571,777	47,108,476	46,029,988
Segment liabilities	10,657,930	10,487,550	19,340,903	18,328,615	29,998,833	28,816,165

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Notes to the Financial Statements

For the Year Ended 31 December 2022

24 Events after the end of the Reporting Period

The financial report was authorised for issue on 27 March 2023 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

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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 30 March 2023

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 2022, 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 2022 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 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.

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 3rd day of April 2023

