



HAVILAH HOSTEL INC.
Annual report and financial statement

2023

HAVILAH HOSTEL INC.

report of the members of the board



The Members of the Havilah board herewith submit the Annual Report and Financial Statements of Havilah Hostel Inc for the financial year ended 30th June 2023.

Principal Activities

The principal continuing activities during the financial year were the provision of residential aged care and retirement living.

Significant Change in Operations

No significant change in the nature of these activities occurred during the year.

Operating Result

The deficit for the year amounted to \$3,649,770.

Board Member Benefits

Since the end of the previous financial year, no board member has received or become entitled to receive a benefit as a result of their position as board member of Havilah Hostel Inc.

MEMBERS OF THE BOARD

PRESIDENT	Danny Tatchell
VICE PRESIDENT	Craig Bell (resigned Dec 2022) Gail Price
TREASURER	–
BOARD	Jaqueline Durbridge (resigned Dec 2022) David Bucknall Randall Edwards Robyn Jennings Lenette McKnight

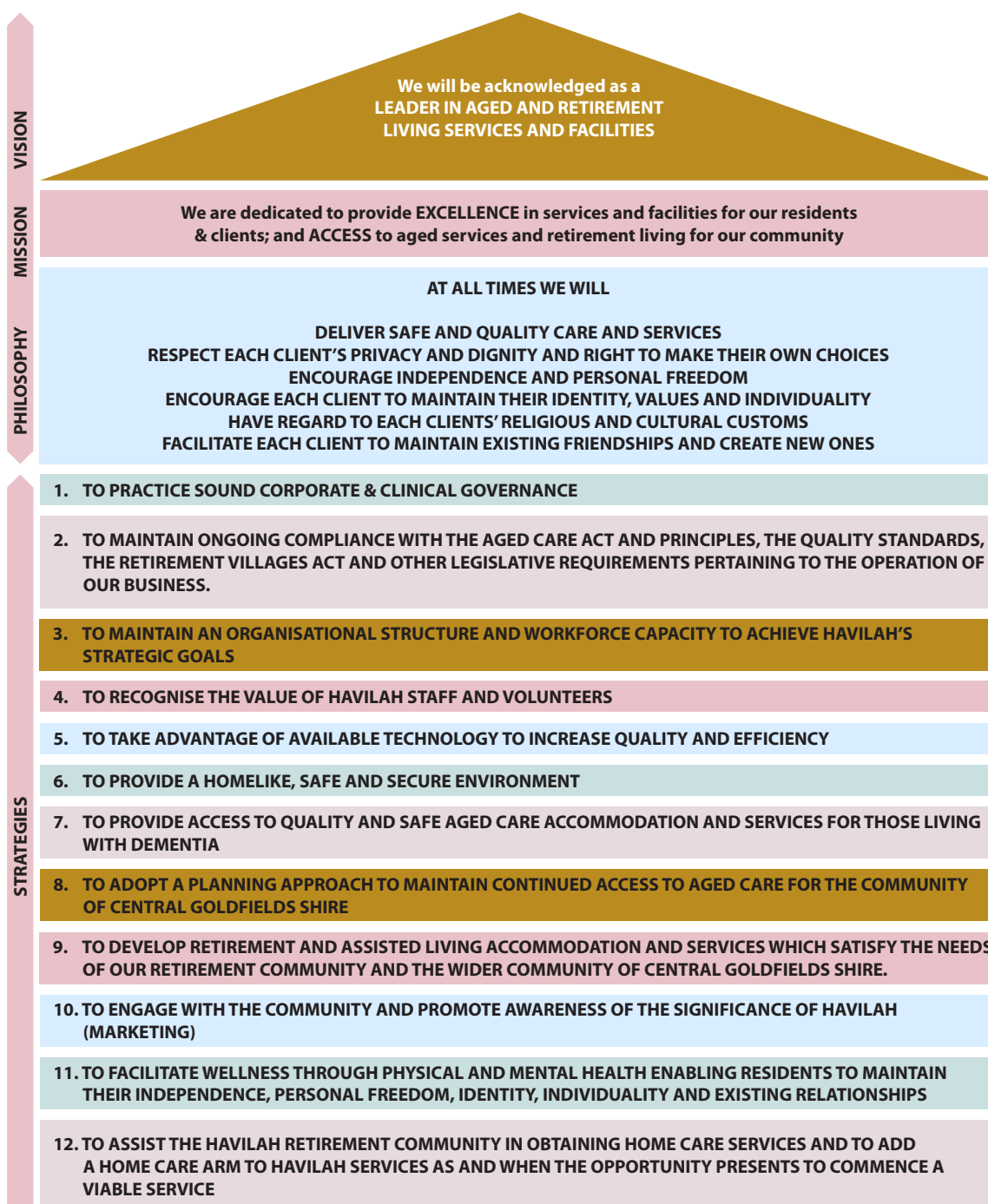
MANAGEMENT PROFILE

INTERIM CHIEF EXECUTIVE OFFICER	Tracey Saunders
DIRECTOR CARE HARKNESS	Stacey Perry
DIRECTOR CARE PALMERSTON	Caitlin Twentyman
CHIEF FINANCIAL OFFICER	Dharmesh Harilal
AUDITOR	Grant Cooper
BANKERS	CBA

Signed on behalf of the board of Havilah Hostel Inc.

Danny Tatchell
PRESIDENT

Tracey Saunders
CEO





PRESIDENT'S REPORT

Welcome to our 2023 Annual General meeting. This year sees us return to some normality in proceedings. We continue to deal with Covid outbreaks throughout the facilities at various times during the year, this is an ever-changing environment as new rules are continually introduced as we work towards "Covid Normal". I would like to take this opportunity to thank every staff member at Havilah for their outstanding dedication to their continued contribution to providing high quality care.

We acknowledge the resignation of long-standing board member Craig Bell in December 2022. Craig joined the board in 1998, during his appointment as a board member, Craig served periods of time as the board president, vice president and treasurer. Craig also contributed his time, knowledge and expertise in many of the sub-committees of the Havilah board including Governance, finance, forward planning, staff grievance, maintenance and grounds. We thank Craig for his commitment and dedication to Havilah and wish him well.

We also farewelled Jacque Durbridge from the board of management in December 2022. Jacque joined Havilah as a board member in October 2017, during her time at Havilah she contributed to the Governance committee during 2020/2021 and 2021/2022 financial years. We thank Jacque for her time and commitment to Havilah during this time.

2022-23 for Havilah has proven to be one of the most challenging years that we have had to face in it's 28 years of operation. Havilah saw a significant turn over in executive staff with the resignation of the CEO Craig Young (early 2023), Director of Finance Luke McClelland and DOC's Kelsey Hooper, Bernadette Pascoe and Jo O'Shea. The Board saw it necessary to appoint an interim CEO Tracey Saunders, to help assist them to build a new executive team to ensure Havilah remains a well-respected aged care facility, providing residents with the highest level of care. A successful recruitment drive in early 2023 has seen the appointment of Chief Financial Officer Dharmesh Harilal, Director of Care Harkness Stacey Perry and Director of Care Palmerston Caitlin Twentyman. Havilah engaged a new role of People and Culture Manager with Troy Bursill appointed into this role in March 2023.



PRESIDENT'S REPORT

STRENGTHENING GOVERNANCE

Since the introduction of changed aged care services laws in 2022, Havilah has commenced the journey through 2022/2023 to implement new governance responsibilities. To date, changes such as ensuring the board members have a range of diverse skills, experience and expertise including at least one member with clinical care experience have been implemented. We welcome Gail Price to the board of management as our clinical care advisor and look forward to working with her into the future. Moving into the 2023/2024 financial year, Havilah will continue to implement the required changes to ensure a high-quality care is continued to be provided to our community.

STAFF QUALIFICATIONS, SKILLS AND EXPERIENCE

In relation to the new governance responsibilities as mentioned above, Havilah's board of management is committed to ensuring staff within our community are suitably qualified, experienced and are given opportunities to develop their current skills. These responsibilities extend to any person employed, hired, retained, or contracted by our organisation. Building on these requirements, we reviewed our human resource systems and identified gaps in these systems such as a paper-based staff files and timesheets, multiple platforms for maintaining education, policy and procedures and payroll. In light of this review, we investigated web-based systems to help us streamline all of these processes into one. As we move into 2023/2024 financial year, we will implement Employment Hero as our human resources and payroll system. Employment Hero will easily identify gaps in skills, track mandatory training and provide ongoing education opportunities for staff employed at Havilah.



PRESIDENT'S REPORT

A SOLID STAFF BASE

The Australian aged care sector continues to face a significant shortage of staff. A full overview of our staffing profile in early 2023, indicated a considerable staffing shortage at Havilah. To ensure we continued to provide safe effective care for our residents and compliant with the upcoming mandatory care minutes set to be introduced in October 2023 we embarked on a recruitment drive.

Our workforce has grown substantially since and we have taken great care to maintain the quality of our existing staff base and provide a welcoming environment for new team members. We are committed to fostering the wonderful diversity within our staff and nurturing a culture that encourages mutual respect, in which team members experience a sense of security, appreciation, and support.

The diversity of our staff base is a point of celebration for us. We believe that the rich tapestry of diversity in our organisation, encompassing not only culture but also age, gender, and various backgrounds, fosters a dynamic environment of differing perspectives. It is this diversity of thought that propels innovation within our teams, and we take pride in being an organisation that thrives on diversity in all its forms.



PRESIDENT'S REPORT

THE TERRACE

The Terrace opened its doors to new residents in December 2022. The Terrace is Havilah's newest accommodation located on Raglan St Maryborough. The Terrace is an architect designed facility providing quality and comfortable living. Each individual apartment offers a spacious lounge and dining space, walk-through robes, ensuite bathrooms and kitchenettes. Residents can relax and enjoy the view of surrounding gardens from their own private balcony. Beautifully designed communal areas are located through-out the facility for residents to enjoy with friends, family or co-residents.

COVID 19 PANDEMIC

An ongoing challenge of the 2022/2023 year has involved balancing our community living in a 'COVID normal' society with our responsibilities as an aged care provider. As we transitioned to managing Covid 19 in a similar way to other respiratory illnesses our priority remains in keeping our residents, staff, and visitors as safe and well as possible, we continue to take all necessary precautions as directed by the Department of Health. We especially applaud our frontline staff, who remain diligent in managing their work to a high standard of care whilst adhering to strict infection control protocols.

PRESIDENT'S REPORT



LOOKING FORWARD

As we move into 2023/2024 financial year, we will see changes to the way we operate, as we continue to meet the requirement of the new aged care laws and provide our residents with high quality care. Havilah will see 24/7 registered nurse coverage, care minute targets and the introduction of a consumer advisory committee and quality advisory committee.

2023/2024 will be faced with great optimism and determination. The safety and quality of life of our residents and staff will continue to be a top priority for us as an organisation. We are proud of everyone's wonderful efforts that have gone into making Havilah such a rewarding place to live and work. Our community is safe, caring and engaged, and we commend everyone who has contributed to making Havilah what it is today.



OUR STAFF & BOARD MEMBERS

Staff

Havilah acknowledges the dedication and achievements of staff, who during the year to June 30 have reached employment milestones of ten, fifteen, twenty and twenty five years of service. This year, we recognize 8 staff, who have achieved 10, 15, 20 years of service. Congratulations on achieving these milestones. You have now joined an elite group with greater than 10 years of service. Each of these staff support our mission every day. Each has contributed by dedicated effort to the tradition of Havilah and have helped to keep Havilah vibrant and moving:

Staff Service Awards

20 years

Dianne Jackson

15 Years

Vicki Crutchley
Barbara Nicholls
Janelle Peart

10 Years

Joanne Lummis
Sarah (Bice) Pell
Alison Steicke
Bernadette Williams

Current Staff with greater than 10 Years Service

20+ Years

Karen Chapman
Sue Edmondson
Leanne Hubble
Dianne Jackson
Helen Kennedy

15+ Years

Joanne Ashcroft
Vicki Crutchley
Barbara Nicholls
Sarah Pattison
Janelle Peart
Jacque Phillips
Heather Watts

10+ Years

Leanne Adam
Lianne Astbury
Annette Bond
Karen Cain
Catherine Corcoran
Karen Howden
Heather Johnson
Joanne Lummis
Lesley Mackay
Debra Matthews
Phil O'Shea
Sarah (Bice) Pell
Colleen Rowles
Alison Steicke
Susan Stephens
Micheal Tucker
Bernadette Williams

Board Member Elections

In accordance with Havilah's constitution, an advertisement was placed in the Maryborough Advertiser.

LIFE GOVERNORS



INDIVIDUALS

ALLEN Esme
 ALEXANDER Wendy
 ARBUTHNOT Neil
 BELL Craig
 BACON Jenifer
 BAXTER June
 BROWN Mr. T G
 BUCKNALL Eric
 CAMPBELL Shirley
 CARSON Jenny
 CARSON Robert
 CHAPMAN N
 CHAPMAN M
 COLLINS N
 COLMAN Robert
 CONSTABLE Annie
 COWAN Yvonne
 CUPIDO Alherne
 CUPIDO Anthea
 DAVIES Audrey
 DAVIES Daisy
 DAVIES Derek E
 DAVIES Harold
 DAVIES Rosemary
 DE FEGELY Richard
 DELLAVEDOVA Colin
 DELLAVEDOVA Elaine
 DELLAVEDOVA Jacki
 DELLAVEDOVA Shane
 DODGSHUN John
 DODGSHUN Shirley

DUFFIN Alan
 DUFFIN Barbara
 EDWARDS Randall
 EMERSON Lorraine
 EMERSON Ron
 FORBES Jean Lloyd
 FREEMANTLE Mr. R W
 FREEMANTLE Mrs. M J
 GALLOWAY Ann
 GAY Merv
 GILES Ron
 GIANACOLOUS W
 GLIDDON Alison
 GROGAN Brendan
 HADWEN Chris
 HADWEN Geoff
 HARRISON Margaret
 HAYWARD Alan
 HAYWARD Lorna
 HAYWARD May
 HAYWOOD Bronwyn
 HAYWOOD Peter
 HEDERICS Lou
 HINES Doug
 HINES Siggie
 HOLLAND Fred
 HUGHES Brian
 HUGHES Wendy
 HURSE Audrey
 JACKSON Bert
 JENNINGS Robyn

JOHNS Brian
 KEIFER Dr. John
 KEIFER Mrs.
 LEAN Harry
 LIND Judith
 MACKAY Olive
 MACKAY William Jeff
 MAFFESCIONI Daryl
 MAFFESCIONI Lou
 MAHER Dr. P
 MAHER Mrs. J
 MALONE Eddie
 MALONE Marie
 MARSHALL Jill
 MARSHALL Peter
 MILLER David
 McKNIGHT Alan
 McKNIGHT Gary
 McKNIGHT Lenette
 McKNIGHT Peter
 McMILLAN Ian
 O'CONNOR Brian
 O'HALLORAN Win
 O'KEEFE Fiona
 O'KEEFE Frank
 OSBORNE Robert OAM
 PALMER Alexander
 PARSONS Barry
 PECK Mavis
 PHELAN Cliff
 PHELAN Nancy

RITCHIE Bill
 RITCHIE Ruby
 ROBINS John H
 ROOTES Fred
 ROOTES Grace
 ROOTES Jeffrey
 ROOTES W T
 ROSS Miss L
 ROWE Ann E
 ROWE Doug
 SAUL Moira
 SELMON Alma
 SELMON John
 SISSON Inga
 SMITH Clarrie
 TEESE Kent
 THOMPSON Ethel
 TOWNSING Charles
 TOWNSING Faye
 TRENGOVE M
 TRENGOVE S
 TYNAN David
 TYNAN Glenis
 VOLK Graham
 VOLK Wendy
 WAIXEL Bernie
 WELLSTEED Jenny
 WHITMORE David
 WILLIAMS Ray



LIFE GOVERNORS

TRUSTS, FOUNDATIONS, COMPANIES, ORGANISATIONS

ANGLICAN BALL COMMITTEE

ANZ BANK

AUSTRALIAN PRINT GROUP

CENTRAL GOLDFIELDS SHIRE COUNCIL

CENTRAL VICTORIAN FROZEN FOODS

COLLIER CUSTODIAN CORPORATION

EQUITY TRUSTEES & EXECUTORS

FREEMASONS PUBLIC CHARITABLE
ORGANISATION

GEORGE BROOK HUTCHINGS BEQUEST

HAVILAH HOSTEL AUXILIARY

HELEN M SCHUTT TRUST

HELEN MACPHERSON SMITH TRUST

IAN ROLLO CURRIE ESTATE FOUNDATION

JACK BROCKHOFF FOUNDATION

LIONS CLUB OF CARISBROOK

LIONS CLUB OF MARYBOROUGH

LLOYD WILLIAMS TRUST

MARYBOROUGH APEX CLUB

MARYBOROUGH & DIST VIETNAM VETERANS ASSOCIATION

MARYBOROUGH CIVIC GROUP

MARYBOROUGH FOOTBALL CLUB

MARYBOROUGH LEGACY

MARYBOROUGH MATERNAL CHILD HEALTH
AUXILIARY

MARYBOROUGH POLICE

MARYBOROUGH REGIONAL NEWSPAPER PL

MARYBOROUGH RSL & RSL AUXILIARY

MARYBOROUGH SOFTBALL ASSOCIATION

MOREY AND HURFORD PL

NESTLE CONFECTIONERY PL

PETER EGAN RETRAVISION

PRATT FOUNDATION

RE ROSS TRUST

ROTARY CLUB OF MARYBOROUGH

SIDNEY MYER FUND

SIR JOHN MINOGUE BEQUEST

SUTTON TOOLS PTY LTD

TREBLE JEWELLERS

WILLIAM BUCKLAND FOUNDATION



FINANCIAL REPORT

Financial Report

The reported financial results for the year are disappointing. We have reported a loss from operations of \$3,649,770, which represents Havilah's weakest operating result for at least the last decade. The result was significantly impacted by COVID impacting our revenue through reduced occupancy levels and increasing our operational costs. We also had challenges in maintaining adequate level of finance and administration staffing.

The negative operating results and a weak cashflow meant that we were not able to comply with all the prudential requirements. During the financial year, the Aged Care Quality and Safety Commission reviewed our use of refundable deposits and compliance with Prudential Standards. We have recently received communication from the Commission confirming that Havilah has now returned to compliance with its responsibilities under the Aged Care Act and the Fees and Payments Principles. We have reviewed the appropriateness of the accounting policies and have made the following changes:

- The Australian Government will abolish the bed licences from 1 July 2024. We have derecognised the full value of these licences amounting to \$5,830,000 and have made retrospective adjustments.
- The inventory holding of \$586,740 as of 30 June 2022 has also been derecognised.

On a positive note, our occupancies are now at the expected level and the cashflows are slowly returning to the desired levels.

In November 2022, the Fair Work Commission awarded an increase of 15% to Aged Care Award and Nurses Award rates from 30 June 2023. We are pleased to inform that we have passed on the full 15% increase to the eligible employees.



Financial Statements

For the Year Ended 30 June 2023

Havilah Hostel Inc.

ABN 88 982 661 608

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue	4	14,986,288	14,997,734
Administrative expenses		(1,264,445)	(934,133)
Catering		(1,192,086)	(1,049,578)
COVID-19 expenses		(25,817)	(392,697)
Depreciation and amortisation expense		(1,460,153)	(1,264,442)
Employee costs		(12,589,846)	(11,024,929)
Finance costs		(584,319)	(234,793)
Physiotherapy, pharmaceutical & other health aids		(504,242)	(644,142)
Repairs & maintenance		(348,642)	(295,077)
Other expenses		(666,508)	(338,710)
Loss from ordinary activities		(3,649,770)	(1,180,767)
Income tax expense		-	-
Loss for the year		(3,649,770)	(1,180,767)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(3,649,770)	(1,180,767)

The accompanying notes form part of these financial statements.

Havilah Hostel Inc.

ABN 88 982 661 608

Statement of Financial Position
As At 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,690,879	2,924,733
Trade and other receivables	6	378,506	1,422,089
TOTAL CURRENT ASSETS		2,069,385	4,346,822
NON-CURRENT ASSETS			
Property, plant and equipment	7	60,614,856	59,623,478
TOTAL NON-CURRENT ASSETS		60,614,856	59,623,478
TOTAL ASSETS		62,684,241	63,970,300
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	1,601,715	1,690,860
Borrowings	9	1,386,450	3,305,860
Other liabilities	10	36,648,112	34,107,727
Employee benefits	11	1,536,811	1,636,051
TOTAL CURRENT LIABILITIES		41,173,088	40,740,498
NON-CURRENT LIABILITIES			
Borrowings	9	8,566,893	6,690,972
Employee benefits	11	321,859	266,659
TOTAL NON-CURRENT LIABILITIES		8,888,752	6,957,631
TOTAL LIABILITIES		50,061,840	47,698,129
NET ASSETS		12,622,401	16,272,171
EQUITY			
Reserves	12	11,491,717	11,491,717
Retained earnings		1,130,684	4,780,454
TOTAL EQUITY		12,622,401	16,272,171

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2023

2023

	Retained Earnings	Asset Revaluation Reserve	Asset Capitalisation Reserve	Total
Note	\$	\$	\$	\$
Balance at 1 July 2022	4,780,454	11,491,717	-	16,272,171
Loss attributable to members	(3,649,770)	-	-	(3,649,770)
Balance at 30 June 2023	1,130,684	11,491,717	-	12,622,401

2022

	Retained Earnings	Asset Revaluation Reserve	Asset Capitalisation Reserve	Total
Note	\$	\$	\$	\$
Balance at 1 July 2021	5,050,015	11,491,717	7,327,946	23,869,678
Loss attributable to members	(1,180,767)	-	-	(1,180,767)
Retrospective adjustment upon change in accounting policy	911,206	-	(7,327,946)	(6,416,740)
Balance at 30 June 2022	4,780,454	11,491,717	-	16,272,171

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2023

	2023	2022
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	15,912,975	15,781,717
Payments to suppliers and employees	(16,799,125)	(15,367,070)
Interest received	9,353	9,837
Interest paid	(402,422)	(177,353)
Net cash (used in)/provided by operating activities	21 (1,279,219)	247,131
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(2,451,531)	(6,501,975)
Net cash used in investing activities	(2,451,531)	(6,501,975)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from residents' refundable deposits	12,466,910	10,368,500
Refunds of residents' refundable deposits	(9,926,525)	(6,339,492)
Proceeds from borrowings	1,338,011	3,058,360
Repayment of borrowings	(1,381,500)	(603,773)
Net cash provided by financing activities	2,496,896	6,483,595
Net (decrease)/increase in cash and cash equivalents held	(1,233,854)	228,751
Cash and cash equivalents at beginning of year	2,924,733	2,695,982
Cash and cash equivalents at end of financial year	5(a) 1,690,879	2,924,733

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2023

The financial statements cover Havilah Hostel Inc. as an individual entity. Havilah Hostel Inc. is a not-for-profit association incorporated in Victoria under the *Associations Incorporation Reform Act 2012 (Vic)*.

The principal activity of the association for the year ended 30 June 2023 was to provide a residential aged care facility for the people of Maryborough and surrounding districts.

The functional and presentation currency of Havilah Hostel Inc. is Australian dollars.

The financial report was authorised for issue by the Members of the Board on 30 October 2023.

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 Act').

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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Income Tax

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

(b) Cash and cash equivalents

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

(c) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- ☐ loans and receivables; and
- ☐ held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(c) Financial instruments

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The association's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the association's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The association's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the association assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(c) Financial instruments

Impairment on loans and receivables is reduced through the use of an allowance account, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(d) 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.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Land and buildings

Land and buildings are measured using the revaluation model. Fair value assessments of land and buildings are conducted at least every five years by an independent valuer.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the association, 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	1%-33.33%
Plant and Equipment	2%-5%
Furniture, Fixtures and Fittings	2%-30%
Motor Vehicles	6.67%

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.

(e) Impairment of non-financial assets

At the end of each reporting period the association determines whether there is any evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless of indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(e) Impairment of non-financial assets

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(f) Borrowings and other liabilities

Borrowings and other liabilities are classified as current liabilities unless the association has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date and does not expect to settle the liability for at least 12 months after the balance sheet date.

A liability is recorded in respect of resident accommodation bonds and deposits received from residents on their admission to the facility. The recorded amount represents the bonds and deposits received less any retention and interest amounts in accordance with the term of the related agreement, in compliance with the Aged Care Act 1997. The retention amount is calculated based on the entry anniversary date each month. Resident accommodation bond and deposit liabilities are classified as current liabilities as the association does not have an unconditional right to defer settlement for at least 12 months after reporting date. The obligation to settle could occur at any time.

(g) Employee benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(h) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the association and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Grant revenue - Aged Care Funding Instrument (ACFI) subsidies

The association receives subsidies for extra assistance to care for residents. The subsidies are calculated on a daily rate which varies between residents according to the level of care required and are recognised as income on an accruals basis.

Donations

Donations and bequests are recognised as revenue when received.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(h) Revenue and other income

Interest revenue

Interest is recognised using the effective interest method.

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.

Independent Living Unit resident fees

Independent Living Unit (ILU) resident fees are recognised on a straight-line basis over a period of the respective resident agreement/licence agreement term so as to reflect a constant periodic rate of return.

Other income

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

(i) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred.

(j) 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). The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position. 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.

(k) Leases

At inception of a contract, the association assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- ☐ The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- ☐ The association has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- ☐ The association has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(k) Leases

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the association recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the association believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however, where this cannot be readily determined then the association's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the association's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The association has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The association recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

The association has also elected to apply the temporary option available to not-for-profit entities (*AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities*) and not measure any class of right-of-use assets that may have significantly below-market terms and conditions.

(l) Economic dependence

Havilah Hostel Inc. is dependent on the Department of Health and Aged Care for the majority of its revenue used to operate the business. At the date of this report the Board Members have no reason to believe the Department of Health and Aged Care will not continue to support Havilah Hostel Inc.

(m) Comparative amounts

Comparatives are consistent with prior years, unless otherwise stated.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(n) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Board Members have decided against early adoption of these Standards, but does not expect the adoption of these standards to have any impact on the reported position or performance of the association.

Notes to the Financial Statements

For the Year Ended 30 June 2023

3 Critical Accounting Estimates and Judgments

The Board Members 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 judgments - Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the association based on prevailing government health restrictions and other known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions with which the association interacts. There does not currently appear to be either any significant impact upon the financial statements nor any significant uncertainties with respect to events or conditions which may impact the association unfavourably as at the reporting date or subsequently as a result of the ongoing Coronavirus (COVID-19) pandemic although developments continue to be closely monitored.

Key estimates - fair value of property

An independent valuation of property (land and buildings) was carried out in the 2017 financial year. The Board of Management has reviewed this valuation 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. Note 17 provides information on inputs and techniques to determine the valuation.

Key estimates - provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key estimates - useful lives of assets

The association 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.

Notes to the Financial Statements

For the Year Ended 30 June 2023

4 Revenue

	2023	2022
	\$	\$
<i>Revenue from operations</i>		
- Commonwealth subsidies	10,497,990	10,243,980
- COVID-19 Commonwealth supplement	56,959	121,360
- Resident's fees	3,570,980	3,201,728
- Daily accomodation payment/contribution	567,616	384,033
- Ingoing fees (retentions)	306,039	281,476
- Other income	285,995	330,533
	15,285,579	14,563,110
<i>Other revenue</i>		
- Interest received	9,353	9,837
- Capital grants	(324,000)	423,692
- Donations	15,356	1,095
	(299,291)	434,624
Total Revenue	14,986,288	14,997,734

5 Cash and Cash Equivalents

Cash on hand	7,750	7,750
Cash at bank	1,683,129	2,916,983
	1,690,879	2,924,733

(a) 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:

Cash and cash equivalents	1,690,879	2,924,733
---------------------------	------------------	------------------

6 Trade and Other Receivables

CURRENT

Trade receivables	193,176	57,742
Provision for impairment	(40,000)	-
	153,176	57,742
Prepayments	43,861	306,846
GST receivable	81,924	139,889
Accrued income	30,953	412,938
Other receivables	68,592	504,674
	378,506	1,422,089

Notes to the Financial Statements

For the Year Ended 30 June 2023

7 Property, plant and equipment

	2023	2022
	\$	\$
LAND AND BUILDINGS		
<i>Freehold land</i>		
Land at fair value	5,779,000	5,779,000
Land at cost	263,784	263,784
Total Land	6,042,784	6,042,784
<i>Buildings and other structures</i>		
Buildings and other structures at fair value	36,301,029	36,301,029
Buildings and other structures at cost	19,329,808	10,678,867
Accumulated depreciation	(6,065,901)	(5,313,513)
Total buildings and other structures	49,564,936	41,666,383
Total land and buildings	55,607,720	47,709,167
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	458,792	7,945,623
<i>Plant and equipment</i>		
At cost	6,287,530	5,498,638
Accumulated depreciation	(3,521,786)	(3,070,303)
Total plant and equipment	2,765,744	2,428,335
<i>Furniture, fixtures and fittings</i>		
At cost	3,774,222	3,275,692
Accumulated depreciation	(2,061,369)	(1,816,654)
Total furniture, fixtures and fittings	1,712,853	1,459,038
<i>Motor vehicles</i>		
At cost	193,438	193,438
Accumulated depreciation	(123,691)	(112,123)
Total motor vehicles	69,747	81,315
Total plant and equipment	5,007,136	11,914,311
Total property, plant and equipment	60,614,856	59,623,478

The association's land and buildings were revalued as at 1 August 2017 by an independent valuer, S Eishold (API), Certified Practising Valuer of the Australian Property Institute. Valuations were undertaken based upon the highest and best use of the particular asset using the Direct Comparison Approach, assessing the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date. The revaluation surplus was credited to an asset revaluation reserve in equity. The directors do not believe that there has been a material movement in fair value since the revaluation date.

Notes to the Financial Statements

For the Year Ended 30 June 2023

7 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

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 \$	Buildings \$	Plant and Equipment \$	Furniture, Fixtures and Fittings \$	Motor Vehicles \$	Total \$
Year ended 30 June 2023							
Balance at the beginning of year	7,945,623	6,042,784	41,666,383	2,428,335	1,459,038	81,315	59,623,478
Additions	385,950	-	1,051,977	705,823	307,781	-	2,451,531
Transfers	(7,872,781)	-	7,598,964	83,068	190,749	-	-
Depreciation expense	-	-	(752,388)	(451,482)	(244,715)	(11,568)	(1,460,153)
Balance at the end of the year	458,792	6,042,784	49,564,936	2,765,744	1,712,853	69,747	60,614,856

8 Trade and other payables

	2023 \$	2022 \$
<i>CURRENT</i>		
Trade payables	677,939	1,134,210
Accrued interest	141,614	30,592
Accrued wages and superannuation	529,935	370,959
Sundry payables and accrued expenses	140,524	88,059
Trust funds and deposits (i)	111,703	67,040
	1,601,715	1,690,860

- i. Trust Funds and Deposits are amounts recorded as deposits and retentions controlled by the association and are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited.

Notes to the Financial Statements

For the Year Ended 30 June 2023

9 Borrowings

	2023	2022
	\$	\$
<i>CURRENT</i>		
Secured liabilities:		
Bank loans	1,386,450	3,305,860
<i>NON-CURRENT</i>		
Secured liabilities:		
Bank loans	8,566,893	6,690,972
Total borrowings	9,953,343	9,996,832

The association acknowledges that it does not have an unconditional right to defer settlement of all bank loans in respect of Australian Accounting Standard AASB101 para 69(d). However, for the purpose of classifying the currency of the bank loan the Board of Management has utilised a repayment schedule, prepared in accordance with current bank arrangements, as it fairly represents the intent and likelihood of the timing of bank loan repayments. Additionally, repayments have been estimated based upon the expected outcome of current negotiations in relation to a bridging loan.

Bank debt is secured by registered first mortgages over certain freehold properties owned by the association.

10 Other Liabilities

<i>CURRENT</i>		
Refundable deposits and bonds	26,785,954	24,294,516
Licence fees - Independent Living Units	9,862,158	9,813,211
	36,648,112	34,107,727

Residents' accommodation bonds and deposits are considered current liabilities as they are required to be repaid to residents within 14 days of leaving the facility. However, there is minimal likelihood that all residents will exit the facility at once. Notwithstanding, sufficient liquidity is maintained to cover these liabilities.

11 Employee Benefits

<i>CURRENT</i>		
Provision for long service leave	684,561	728,172
Provision for annual leave	852,250	907,879
	1,536,811	1,636,051
<i>NON-CURRENT</i>		
Provision for long service leave	321,859	266,659
	1,858,670	1,902,710

Notes to the Financial Statements

For the Year Ended 30 June 2023

12 Reserves

Asset revaluation reserve

The asset revaluation reserve records fair value movements on property, plant and equipment held under the revaluation model.

13 Operating Segments

Identification of reportable segments

The association has two separate business segments:

- (i) The Facilities RACS 3181 & 3951 – in which residents are cared for daily by nurses. The Association also receives Government funding to help cover the expenses of running the Facility; and
- (ii) The Independent Living Units – in which residents live independently, with only limited assistance from the association if required. No Government funding is received in respect of the Independent Living Units.

Accounting policies adopted

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings.

Geographical information

All segments of the association operate within the community of Maryborough and surrounding areas.

Notes to the Financial Statements

For the Year Ended 30 June 2023

13 Operating Segments

(a) Statement of Profit or Loss

	Facility RACS 3181 & 3951		Independent Living Units		Total	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
REVENUE						
Retentions	-	-	306,039	281,476	306,039	281,476
Fees	3,370,830	3,013,194	200,150	188,535	3,570,980	3,201,729
Commonwealth grants	10,230,949	10,789,032	-	-	10,230,949	10,789,032
Other	865,474	713,097	12,846	12,400	878,320	725,497
	14,467,253	14,515,323	519,035	482,411	14,986,288	14,997,734
EXPENDITURE						
Depreciation	1,233,976	1,034,658	226,177	229,784	1,460,153	1,264,442
Wages	9,512,918	8,295,524	56,200	55,390	9,569,118	8,350,914
Other	7,332,972	6,431,735	273,815	131,410	7,606,787	6,563,145
	18,079,866	15,761,917	556,192	416,584	18,636,058	16,178,501
Operating loss	(3,612,613)	(1,246,594)	(37,157)	65,827	(3,649,770)	(1,180,767)

(b) Statement of Financial Position

Current assets						
Cash	1,690,879	2,924,733	-	-	1,690,879	2,924,733
Other	375,217	1,418,181	3,289	3,908	378,506	1,422,089
	2,066,096	4,342,914	3,289	3,908	2,069,385	4,346,822
Non-current assets						
Property, plant & equipment	49,477,566	48,316,463	11,137,290	11,307,015	60,614,856	59,623,478
Total assets	51,543,662	52,659,377	11,140,579	11,310,923	62,684,241	63,970,300
Current liabilities						
Refundable fees	26,785,954	24,294,516	9,862,158	9,813,211	36,648,112	34,107,727
Borrowings	1,386,450	3,305,860	-	-	1,386,450	3,305,860
Other	3,138,526	3,326,911	-	-	3,138,526	3,326,911
Payable to Facility from ILU	(781,959)	(964,093)	781,959	964,093	-	-
	30,528,971	29,963,194	10,644,117	10,777,304	41,173,088	40,740,498
Non-current liabilities						
Borrowings	8,566,893	6,690,972	-	-	8,566,893	6,690,972
Other	321,859	266,659	-	-	321,859	266,659
Total liabilities	39,417,723	36,920,825	10,644,117	10,777,304	50,061,840	47,698,129
Net assets	12,125,939	15,738,552	496,462	533,619	12,622,401	16,272,171

(c) Segment Equity

Equity						
Reserves	11,165,499	11,165,499	326,218	326,218	11,491,717	11,491,717
Retained earnings - opening	4,573,053	5,819,647	207,401	141,574	4,780,454	5,961,221
Operating Result	(3,612,613)	(1,246,594)	(37,157)	65,827	(3,649,770)	(1,180,767)
Total equity	12,125,939	15,738,552	496,462	533,619	12,622,401	16,272,171

Notes to the Financial Statements

For the Year Ended 30 June 2023

14 Financial Risk Management

The main risks Havilah Hostel Inc. is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and equity price risk.

The association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts, loans to and from subsidiaries, bills, leases, preference shares, and derivatives.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		2023	2022
		\$	\$
Financial Assets			
Cash and cash equivalents	5	1,690,879	2,924,733
Trade and other receivables	6	378,506	1,422,089
Total financial assets		2,069,385	4,346,822
Financial Liabilities			
<i>Financial liabilities at amortised cost</i>			
Trade and other payables	8	1,601,715	1,690,860
Borrowings	9	9,953,343	9,996,832
Financial liabilities	10	36,648,112	34,107,727
Total financial liabilities		48,203,170	45,795,419

15 Change in Accounting Policy

Assets previously reported, namely Bed Licence Intangibles and Inventory, have been derecognised and retrospective adjustments processed in these financial statements.

The aggregate effect of the change in accounting policy on the annual financial statements for the year ended 30 June 2023 is as follows:

	Previously stated	30 June 2022 Adjustments	Restated
	\$	\$	\$
Statement of Financial Position			
Bed Licences	5,830,000	(5,830,000)	-
Inventory	586,740	(586,740)	-
Asset Capitalisation Surplus	7,327,946	(7,327,946)	-
Retained Earnings	5,050,015	911,206	5,961,221

16 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the association is \$ 645,662 (2022: \$ 597,205).

Notes to the Financial Statements

For the Year Ended 30 June 2023

17 Fair Value Measurement

The association measures the following assets and liabilities at fair value on a recurring basis:

- Property, plant and equipment

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Unobservable inputs for the asset or liability.

The fair value of assets and liabilities that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

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

- *Market approach*: used prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.
- *Income approach*: converts estimated future cash flows or income and expenses into a single current (ie discounted) value.
- *Cost approach*: reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risk. When selecting a valuation technique, the association gives priority to these techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The table below shows the assigned level for each asset and liability held at fair value by the association:

		Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
30 June 2023					
Recurring fair value measurements					
Land and buildings	7	-	42,080,029	-	42,080,029
		-	42,080,029	-	42,080,029

Notes to the Financial Statements

For the Year Ended 30 June 2023

17 Fair Value Measurement

		Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
30 June 2022					
Recurring fair value measurements					
Land and buildings	7	-	42,080,029	-	42,080,029
		-	42,080,029	-	42,080,029

Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

Net Fair Values

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying amount of trade and other receivables, trade and other payables and financial liabilities are assumed to approximate their fair values due to their short-term nature.

18 Auditors' Remuneration

	2023	2022
	\$	\$
<i>Remuneration of the auditor, Grant Cooper, for:</i>		
- auditing the financial statements	10,500	-
- assistance with financial reporting disclosures	2,700	-
- one-off procedures - initial audit	2,000	-
<i>Remuneration of the auditor, Michael Ryan, for:</i>		
- auditing the financial statements	-	3,954
- other audit services	5,000	-
	20,200	3,954

19 Contingencies

In the opinion of the Directors, the association did not have any contingencies at 30 June 2023 (30 June 2022:Nil).

Notes to the Financial Statements

For the Year Ended 30 June 2023

20 Related Parties

There were no transactions between related parties during the financial year other than those detail in the following table.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties during the financial year:

	Purchases
	\$
Country Trends	5,274
Daniel Tatchell	200
Visat	94,532

21 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	2023	2022
	\$	\$
Loss for the year	(3,649,770)	(1,180,767)
<i>Non-cash flows in result:</i>		
- depreciation	1,460,153	1,264,442
<i>Changes in assets and liabilities:</i>		
- (increase) in trade and other receivables	(135,434)	(144,586)
- increase in provision for doubtful debts	40,000	-
- (increase)/decrease in prepayments	262,985	(82,894)
- decrease in GST receivable	57,965	(48,751)
- (increase)/decrease in accrued income	381,985	(408,473)
- (increase)/decrease in other assets	436,082	(202,888)
- increase/(decrease) in trade and other payables	(89,145)	988,795
- increase/(decrease) in employee benefits	(44,040)	62,253
Cashflow from operations	<u>(1,279,219)</u>	<u>247,131</u>

22 Events after the end of the Reporting Period

The financial report was authorised for issue on 30 October 2023 by the Board of Management.

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

Havilah Hostel Inc.

ABN 88 982 661 608

Notes to the Financial Statements

For the Year Ended 30 June 2023

23 Association Details

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

Havilah Hostel Inc.

11 Harkness Street Maryborough Vic 3465

Statement by Members of the Board

The Board Members of the association declare that:

1. The financial statements and notes, as set out on pages 1 to 23, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - a. comply with *Australian Accounting Standards - Simplified Disclosures*; and
 - b. give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the association.
2. In the Board Members' opinion, there are reasonable grounds to believe that the association will be able to pay its debts as and when they become due and payable.

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

Director:



Daniel Tatchell

Director:



Gail Price

Dated 30 October 2023



Independent Auditor's Report to the members of Havilah Hostel Inc.

Opinion

We have audited the financial report of Havilah Hostel Inc. (the association), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the board.

In our opinion the financial report of Havilah Hostel Inc. has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the association's financial position as at 30 June 2023 and of its financial performance for the year ended; and
- (ii) complying with *Australian Accounting Standards - Simplified Disclosures* 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 association in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Responsibilities of Responsible Entities for the Financial Report

The responsible persons of the association are responsible for the preparation and fair presentation of the financial report in accordance with *Australian Accounting Standards - Simplified Disclosures* and the ACNC Act, and for such internal control as the responsible entities 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 responsible persons are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the association'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 the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Havilah Hostel Inc.



Independent Auditor's Report to the members of Havilah Hostel Inc.

- ☐ 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 association's internal control.
- ☐ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.
- ☐ Conclude on the appropriateness of the responsible entities' 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 association'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 association to cease to continue as a going concern.
- ☐ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

COOPER AUDIT AND ACCOUNTING PTY LTD

GRANT COOPER Director

ASIC Registered Company Auditor Number 421726

Ballarat Victoria

Dated 30 October 2023

**HAVILAH HOSTEL INC.
HARKNESS RETIREMENT VILLAGE STATEMENT
for the Year Ended 30 June 2023**

Statement by the Owner

**Retirement Villages Act 1986
Part 6 Section 34**

- (1) (a) All refundable in-going contributions which fell to be refunded to residents of the village during the prescribed period have been refunded.
- (1) (b) The Owners are not aware of any material matter which may prevent the owner from meeting debts as and when they will fall due in the period of 12 months from the end of the prescribed period.
- (3)(a&b) Source of income received and details of expenditure on provision of goods and services for the village

HARKNESS RETIREMENT VILLAGE	2023	2022
	\$	\$
Income		
Retentions	64,667	37,500
Fees	33,480	32,184
Other	12,847	12,400
	<u>110,993</u>	<u>82,084</u>
Expenditure		
Depreciation	38,122	39,524
Wages	9,554	9,416
Other	46,549	22,340
	<u>94,224</u>	<u>71,280</u>
Harkness Retirement Village Surplus/(Deficit)	16,769	10,804

Provision for future extra ordinary or major works

There has not been any provision made for future extra ordinary major works in respect of the period of 12 months beginning immediately after the prescribed period ends.

In respect of the period of 12 months beginning immediately after the prescribed period ends -

- (3) (c) Anticipated expenditure on goods and services for the village is

Salaries & Oncosts	13,173
Materials & Contracts	100
Repairs & Maintenance	6,310
Minor Purchases	167
Other	8,071
Interest	0
Depreciation	38,844
	<u>66,665</u>

- (3) (d) Proposed increases in maintenance charges to be paid by residents are:

Maintenance fees for 2022/2023 per week	\$ 75.81
Proposed increase for 2023/2024	5.60% [from 1 October at CPI]
Proposed fees for 2023/2024 per week	\$ 80.06

- (3) (e) There are no special levies proposed for the 12 months beginning immediately after the prescribed period ends

Tracey Saunders

Tracey Saunders
Chief Executive Officer

Dated this 30th day of October 2023

HAVILAH HOSTEL INC.
PALMERSTON RETIREMENT VILLAGE STATEMENT
for the Year Ended 30 June 2023

Statement by the Owner

Retirement Villages Act 1986
Part 6 Section 34

- (1) (a) All refundable in-going contributions which fell to be refunded to residents of the village during the prescribed period have been refunded.
- (1) (b) The Owners are not aware of any material matter which may prevent the owner from meeting debts as and when they will fall due in the period of 12 months from the end of the prescribed period.
- (3)(a&b) Source of income received and details of expenditure on provision of goods and services for the village

	2023	2022
	\$	\$
PALMERSTON RETIREMENT VILLAGE		
Income		
Retentions	239,542	242,296
Fees	166,670	156,351
Other	1,830	1,680
	<u>408,042</u>	<u>400,327</u>
Expenditure		
Depreciation	188,055	190,260
Wages	46,646	45,974
Other	227,266	109,070
	<u>461,968</u>	<u>345,304</u>
Palmerston Retirement Village Surplus/(Deficit)	(53,926)	55,023

Provision for future extra ordinary or major works

There ~~has~~/has not been any provision made for future extra ordinary or major works in respect of the period of 12 months beginning immediately after the prescribed period ends.

In respect of the period of 12 months beginning immediately after the prescribed period ends -

- (3) (c) Anticipated expenditure on goods and services for the village is

Salaries & Oncosts	64,317
Materials & Contracts	0
Repairs & Maintenance	5,634
Minor Purchases	1,367
Other	83,430
Interest	105,287
Depreciation	191,616
	<u>451,651</u>

- (3) (d) Proposed increases in maintenance charges to be paid by residents are:

Maintenance fees for 2022/2023 per week	\$ 75.81
Proposed increase for 2023/2024	5.60% [from 1 October at CPI]
Proposed fees for 2023/2024 per week	\$ 80.06

- (3) (e) There are no special levies proposed for the 12 months beginning immediately after the prescribed period ends

Tracey Saunders

Tracey Saunders

Chief Executive Officer

Dated this 30th day of October 2023



DONATIONS & BEQUESTS

Your interest in quality care and accommodation for our frail aged and superior lifestyle choices for retirees can live on in a bequest to Havilah. Please consider Havilah as part of your giving program.

All donations are tax deductible.

