



Kellock Lodge

Alexandra Inc.

RESIDENTIAL AGED CARE

ANNUAL REPORT 2021/2022

A community where people matter and life is celebrated

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MEMBERS

The Members are signed members of the incorporated association
Kellock Lodge Alexandra Incorporated

BOARD OF MANAGEMENT

Chairperson	Lawrence (Larry) Fallon
Vice chairperson	Ian Gibb
Treasurer/secretary	Stephen Costley
Directors	Margaret Baker
	Melinda Burgess
	Charlotte (Charlie) Bissett
	John Scott
	The Hon. Alex Chernov AC QC <i>Retired Nov 2021</i>
	Anthony (Tony) Pammer <i>Retired Nov 2021</i>

Chief Executive Officer / Director of Nursing

Mrs Jo Cavill resigned November 2021

Mrs Linda Dover appointed November 2021

FINANCIAL AUDITOR

MVA Bennett

Level 5, North Tower

485 La Trobe Street, Melbourne, Victoria 3000

Incorporation No: A 0037078 E

ABN: 82 586 866 464

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Tel: 03 5770 2100

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BOARD CHAIR REPORT

Another memorable year has passed where we faced more challenges and Aged Care has become very large on the national political agenda. The release of the Aged Care Royal Commission report and a federal election has raised the profile of aged care and prompted significant changes to legislation and ongoing reforms. The reforms are all of course, dependent on the availability of a workforce. Covid has severely challenged the health workforce and there is a significant shortage of nurses, care, and hospitality staff across the country—even worse in rural areas.

Covid has been ever present throughout the year, with a significant effect on our staff and their families and unplanned sick leave has severely challenged us. As with all residential aged care homes, we remain subject to Victorian visitor restrictions that require RAT testing and limits on visiting in communal areas and of course, the wearing of a mask and hand hygiene by staff and visitors. Staff have been working very long days, coming in at short notice and going beyond their brief to care for our residents. We owe a huge debt to them and their families.

The Board of Management were sorry to receive the resignation of Alex Chernov and Tony Pammer who were both critical performers in the initial stages and early years of Kellock Lodge Alexandra Inc. Tony Pammer played a significant role in the negotiations with the Anglican Church Diocese of Wangaratta and Alex Chernov provided the board with the governance experience to assist us to achieve Approved Provider Status with the Commonwealth Government. Melinda Burgess, previously the CEO of Menzies Support Centre, joined our board this year and brings extensive experience in the management of health service provision and quality management in aged care. We know Melinda well as a co-collaborator in the Murrindindi Aged Care Workforce Development Group that she instigated and steered in her role as CEO at Menzies.

Our collaboration with the Murrindindi Aged Care Workforce Development Group has continued this year with another two students currently undertaking the Certificate 3 in Individual support and two students having completed last year's course. One has gone on to study for a Bachelor of Nursing degree. We continue to offer traineeships to interested prospective employees and promote these in our local communities.

Recruitment continues to be the biggest strategic challenge for the organisation and the new legislation mandating Registered Nurse coverage and minutes of care will make this a bigger challenge in the year ahead. The resignation of Jo Cavill as Chief Executive Officer/Director of Nursing in November 2021 and the appointment of Linda Dover who took on the role and has done a commendable job as interim CEO/DON provided the Board with the opportunity to review the executive management structure at Kellock Lodge. Recruitment for a new Chief Executive Officer commenced late in the financial year and was completed with the appointment of Robert Jarman in September 2022. Robert comes to Kellock Lodge with 40 years experience in rural health and residential aged care management in both South Australia and Victoria.

In mid-2020 KLA Inc. engaged KPMG to conduct a Business Advisory Service review and assist in the application for a Business Improvement Fund grant on offer from the Commonwealth Government. We were successful in our endeavour and received instalments amounting to \$375,000 + GST from November onwards.

This valuable project has made the following improvements possible:

1. Appointment of a fixed term Project Officer to review ACFI funding. Kellock achieved a significant improvement in the government daily subsidy by re assessing all our residents and applying for upgrades. Staff were trained to document care needs and provision to provide the evidence required for the upgrades.
2. Part of the project was to investigate Information Technology (IT) solutions to improve efficiencies, and this has led to the implementation of the electronic roster and shift management component of our current Corporate Information Management (CIM) system.
3. A new Electronic Clinical management system (Autumn Care) went live in January 2022. New assessments and staff training has been challenging however we are confident that this system will better equip the organisation to document care and meet the Aged Care Quality Standards and National Quality Indicator Reporting requirements in the future. We will also be introducing a Medication Administration Electronic system that will fully integrate with Autumn care and the National Residential medication chart and National Electronic prescribing. This will provide for integration of prescribing, supply, and administration of medications on our national level in partnership with our doctors and Pharmacy. Installation of overhead tracking for safe resident transfer and manual handling (ongoing due to covid related delays).
4. A significant number of laptops and iPads were purchased to enable the system to be portable for convenient data entry.
5. Overhead tracking has been installed into 48 rooms. This supports the use of motorised hoists for transferring immobile residents. Maintaining a safe environment and reducing the risk of staff injury is a high priority.
6. An independent review of catering operations with recommendations for future improvements was carried out in January 2021. Government reporting re catering improvements and food expenditure is now mandatory on a quarterly basis.
7. Purchase and setup of advanced teleconferencing facilities to enable staff training. A large high-resolution screen, together with camera, microphone and computer equips us for ongoing online learning and video conferencing.

The project completed in December 2021.

During the year we have enjoyed some significant donations and we thank our donors for their generosity. Freemasons, Uniting Church, The Alexandra Opportunity Shop, Yenckens and several, very community minded, individuals have provided the funding for some major purchases and upgrades

Some of the major purchases that donations and capital funds enabled during the year were:

Replacement of carpet with timber look vinyl in several resident rooms.

Replacement of medication trolleys.

Replacement of a commercial dishwasher.

Replacement of mobile hoists
Purchase of a bath trolley
Purchase of additional tilt back commode chairs
Repair and re-painting of fascia's
Replacement of the fire pump
Purchase of motorised hoists for the overhead tracking
Purchase of additional floor and bed sensors
Purchase of large outdoor umbrellas

Our Lifestyle & Leisure program continues to provide essential social activities for our residents within Covid restrictions. They are getting out in the bus again and they are enjoying group activities. Unfortunately, group activities with visitors are still not allowed.

Our senior management team continued to oversee excellent care and services for our aged care residents, provided by dedicated care and ancillary staff and acknowledging the recommendations of the Royal Commission into Aged Care. A somewhat deferred, due to Covid, Aged Care Accreditation Survey occurred in May 2021. We have been advised that we will receive Accreditation from the Aged Care Quality and Safety Commission for a further three years in September 2022.

Unfortunately, visitation from Independent Living Unit residents to the aged care facility was restricted due to COVID-19, however contact was maintained via other means. Meetings and services have resumed. ILU residents are still unable to attend social activities in the Residential facilities. Our units have continued to turn over and provide a much-needed service for older people requiring this style of accommodation.

Occupancy has remained on average over 98% for the financial year, with both permanent and respite residents. Occupancy and improvements to our daily income has ensured our ongoing financial viability. This has been a significant achievement in the current climate with 65% of aged care facilities returning an operating loss. Our funding model changed significantly in October 2022, and we eagerly await the detail of the changes to enable us to budget for 2022-2023. It is our expectation that our funding will be sufficient to meet new legislated requirements and fund the care that our residents deserve. We will also be required to provide a very high level of reporting which requires specialised knowledge and funding to produce. Many of our residents have been assessed by external assessors to determine their ongoing funding. Previously we submitted assessments for funding and provided evidence to support these on audit.

I would also like to take the opportunity to thank our dedicated fund raising committee known as "Friends of Kellock" for their hard work in raising much needed funds to ensure the facilities at Kellock Lodge continue to improve and be upgraded.

Finally, the care and commitment of all our staff across all departments, and especially during these unprecedented times of global pandemic, is the reason why Kellock Lodge Alexandra is the place of choice for our community. We acknowledge their highly valued contribution, and thank them for their ongoing support of, and love for our residents.

Larry Fallon
Board Chair

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Kellock Lodge Alexandra Inc.

No. A0037078E

ABN 82 586 866 464

Financial Statements

For the Year Ended 30 June 2022

KELLOCK LODGE ALEXANDRA INC

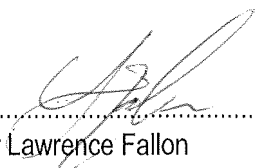
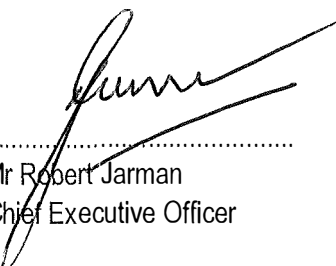
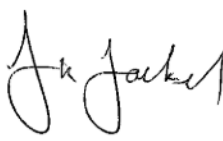
BOARD MEMBER'S, ACCOUNTABLE OFFICER'S AND
CHIEF FINANCE & ACCOUNTING OFFICER'S DECLARATION

The attached financial statements for Kellock Lodge Alexandra Inc. have been prepared in accordance with Associations Incorporation Reform Act 2012, the Australian Charities and Not-for-profits Commission Act 2012, Australian Accounting Standards, including Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2022 and the financial position of Kellock Lodge Alexandra Inc. at 30 June 2022.

At the time of signing we are not aware of any circumstance which would render any particulars included in the financial report to be misleading or inaccurate.

We authorise the attached financial statements for issue on this day.


.....
Mr Lawrence Fallon
Chairperson
.....
Mr Robert Jarman
Chief Executive Officer
.....
Mr Steven Jackel
Chief Finance Officer

Alexandra

Alexandra

Alexandra

Dated this 29 day of OCTOBER 2022.

KELLOCK LODGE ALEXANDRA INC

COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
Revenue from operating activities	2	4,533,393	4,162,397
Revenue from non-operating activities	2	900,168	725,405
Employee benefits expense		(3,619,083)	(3,722,005)
Other Expenses		(522,587)	(508,013)
Net Result Before Capital and Specific Items		1,291,891	657,784
Capital purpose income	2	206,820	168,671
Depreciation	3	(520,997)	(518,778)
Impairment of bed licences		(3,250,000)	0
Repairs and Maintenance		(139,151)	(94,331)
Utilities		(108,702)	(77,217)
Resident's Expenses		(186,540)	(193,350)
		(3,998,570)	(715,005)
NET RESULT FOR THE YEAR		(2,706,679)	(57,221)
COMPREHENSIVE RESULT		(2,706,679)	(57,221)

This Statement should be read in conjunction with the accompanying notes.

KELLOCK LODGE ALEXANDRA INC

BALANCE SHEET AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
Current Assets			
Cash and cash equivalents	4	11,248,502	8,867,039
Receivables	5	193,539	104,050
Investments and other financial assets	6	1,980	1,980
Other assets	7	47,834	32,277
Total current assets		11,491,855	9,005,346
Non-current assets			
Intangible assets	8	0	3,250,000
Property, plant and equipment	9	8,630,666	8,866,108
Total non-current assets		8,630,666	12,116,108
TOTAL ASSETS		20,122,521	21,121,454
Current Liabilities			
Payables	10	330,769	640,624
Provisions	11	510,209	503,799
Other current liabilities	13	13,533,328	11,470,858
Total current liabilities		14,374,306	12,615,281
Non-current liabilities			
Provisions	11	90,347	141,626
Total non-current liabilities		90,347	141,626
TOTAL LIABILITIES		14,464,653	12,756,907
NET ASSETS		5,657,868	8,364,547
EQUITY			
Accumulated surplus		5,657,868	8,364,547
TOTAL EQUITY		5,657,868	8,364,547

This Statement should be read in conjunction with the accompanying notes.

KELLOCK LODGE ALEXANDRA INC

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Resident Fees		1,145,244	1,244,633
Government Grant Funding		2,993,547	3,128,111
Interest		291,814	243,131
Sundry & Fundraising		690,973	507,564
GST received from / (paid to) ATO		55,413	23,285
Total receipts		5,176,991	5,146,724
Employee expenses paid		(3,688,211)	(3,712,342)
Payments for supplies and consumables		(1,031,046)	(761,900)
Total payments		(4,719,257)	(4,474,242)
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	14	457,734	672,482
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Plant & Equipment		(121,005)	(27,996)
Payments for Land & Buildings		(164,550)	(98,782)
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		(285,555)	(126,778)
CASH FLOWS FROM FINANCING ACTIVITIES			
Accommodation Bonds received for Residential Care		3,228,004	1,913,564
Lease Premiums received for Independent Living Units		846,280	(346,167)
Repayment of Accommodation Bonds		(1,865,000)	(2,312,906)
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		2,209,284	(745,509)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		2,381,463	(199,805)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		8,867,039	9,066,844
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	4	11,248,502	8,867,039

This Statement should be read in conjunction with the accompanying notes.

KELLOCK LODGE ALEXANDRA INC
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Accumulated Surpluses/ (Deficits)	Total
	\$	\$
Balance at 1 July 2020	8,421,768	8,421,768
Net result for the year	(57,221)	(57,221)
Balance at 30 June 2021	8,364,547	8,364,547
Net result for the year	(2,706,679)	(2,706,679)
Balance at 30 June 2022	5,657,868	5,657,868

This Statement should be read in conjunction with the accompanying notes.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover Kellock Lodge Alexandra Inc. as an individual entity. Kellock Lodge Alexandra Inc. is a not-for-profit Association incorporated in Victoria under the Associations Incorporation Reform Act 2012 ('the Act').

The principal activities of the Association for the year ended 30 June 2022 were to operate an accredited aged care facility and independent living units at Alexandra in Victoria.

The functional and presentation currency of Kellock Lodge Alexandra Inc. is Australian dollars.

The financial report was authorised for issue by the Board of Directors on 29th October, 2022.

Comparatives are consistent with prior year, unless otherwise stated.

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the Act.

(b) Income Tax

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

(c) 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 revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable.

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

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.

Identifying performance obligations

Kellock Lodge Alexandra Inc applies significant judgement when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations. If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring the Nursing Home to recognise revenue as or when the Nursing Home transfers promised goods or services to customers. If the criteria is not met, funding is recognised immediately in the net result of operations

Determining timing of revenue recognition

Kellock Lodge Alexandra Inc applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.

Determining time of capital grant income recognition

Kellock Lodge Alexandra Inc applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the Nursing Home's progress as this is deemed to be the most accurate reflection of the stage of completion.

(d) 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.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(e) 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.

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.

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.

(f) 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.

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.

Land and Buildings

Land and buildings 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 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	2.5% - 4%
Plant and Equipment	13% - 20%

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.

(g) Intangible Assets

Bed licences are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction). The Association has determined the bed licences are indefinite life assets and therefore not amortised, but subject to an annual impairment review.

Following the outcomes of the Royal Commission for Aged Care Quality and Safety, and the removal of bed licences from 2024, the board has impaired the value of licences held.

(h) 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.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Adoption of new revised accounting standards

Mandatory revisions or additions to Australian Accounting Standards and Interpretations are adopted by the Association where applicable.

(j) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Association has decided not to early adopt these Standards.

(k) Accommodation Bond Liabilities

Accommodation bonds are non-interest bearing deposits made by aged care facility residents to the Association upon their admission to low care and extra service accommodation. These deposits are liabilities which fall due and payable when the resident leaves the facility.

Accommodation bond liabilities are recorded at an amount equal to the proceeds received, net of retention (where applicable) and any other amounts deducted from the bond at the election of the bond-holder.

(l) Critical Accounting Estimates and Judgements

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

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

Key estimates - impairment of property, plant and equipment

The Association assesses impairment at the end of each reporting period by evaluating conditions specific to the Association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(m) Accommodation Bonds

The liability for accommodation bonds is carried at the amount that would be payable on the exit of the resident. This is the amount received on entry of the resident less deductions for fees/retentions and other charges pursuant to the Aged Care Act 1997. These liabilities are considered to be current as the Association does not have an unconditional right to defer settlement of the liability for least twelve months after the balance sheet date. The obligation to settle could occur at any time.

(n) Going Concern and Accreditation

Notwithstanding the Association's deficiency in working capital, the financial report has been prepared on the going concern basis. This basis has been adopted as the directors of the Association believe that, notwithstanding the classification of Accommodation Bonds and Independent Living Unit lease premiums as current liabilities, repayment of these liabilities is unlikely to be required within twelve months of the balance sheet date.

The directors have also determined that the financial report should be prepared on a going concern basis, as they believe the future operating results of the aged care facility will be positive.

Kellock Lodge has received notification that it has been accredited to provide aged care services.

NOTE 2: REVENUE	TOTAL 2022 \$	TOTAL 2021 \$
Revenue from Operating Activities		
- Department of Health Resident Fees	3,230,938	2,903,281
- Residential Aged Care Fees	1,252,142	1,208,693
- Independent Living Units	50,313	50,423
Total Revenue from Operating Activities	4,533,393	4,162,397
Revenue from Non-Operating Activities		
Interest	270,618	262,091
Deferred Lease Premiums - Independent Living Units	145,397	120,236
Other Revenue from Non-Operating Activities	484,153	343,078
Total Revenue from Non-Operating Activities	900,168	725,405
Revenue from Capital Purpose Income		
Residential Accommodation Payments	0	4,185
Donations and Bequests	206,820	164,486
Total Capital Purpose Income	206,820	168,671
Total Revenue	5,640,381	5,056,473

NOTE 3: DEPRECIATION AND AMORTISATION

	2022	2021
	\$	\$
Depreciation		
Buildings - RACS	342,661	339,309
Buildings - ILU's	75,848	73,837
Plant and Equipment		
- Plant	89,301	92,445
- Motor Vehicles	13,187	13,187
TOTAL DEPRECIATION	520,997	518,778

NOTE 4: CASH AND CASH EQUIVALENTS

For the purposes of the Cash Flow Statement, cash assets includes cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand, and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

	2022	2021
	\$	\$
Cash at Bank and on Hand	3,674,705	1,323,071
Short-term Deposits	7,573,797	7,543,968
TOTAL	11,248,502	8,867,039

Represented by:

Cash for Nursing Home Operations	4,085,874	3,067,415
Cash for Monies Held in Trust	7,162,628	5,799,624

TOTAL CASH AND CASH EQUIVALENTS

11,248,502 8,867,039

NOTE 5: RECEIVABLES

	2022	2021
	\$	\$
CURRENT		
Contractual		
Resident Fees	175,483	18,272
Government Funding Receivable	2,510	47,619
Accrued Revenue - Other	11,220	32,416
Accommodation Bonds Receivable	4,326	5,743
TOTAL RECEIVABLES	193,539	104,050

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

NOTE 6: INVESTMENTS AND OTHER FINANCIAL ASSETS

	2022	2021
	\$	\$
CURRENT		
<i>Equity Holdings</i>		
- Shares at Cost (Telstra)	1,980	1,980
TOTAL OTHER FINANCIAL ASSETS	1,980	1,980

NOTE 7: OTHER ASSETS

	2022	2021
	\$	\$
CURRENT		
Prepayments	38,544	22,987
Stock on Hand	9,290	9,290
TOTAL OTHER ASSETS	47,834	32,277

NOTE 8: INTANGIBLE ASSETS	2022	2021
	\$	\$
Other Intangibles		
Bed Licences at fair value	0	3,250,000
Total Intangibles	0	3,250,000
Following the outcomes of the Royal Commision for Aged Care Quality and Safety, and the removal of bed licences from 2024, the board has impaired the value of licences held.		
NOTE 9: PROPERTY, PLANT & EQUIPMENT	2022	2021
(a) Gross carrying amount and accumulated depreciation	\$	\$
Land		
- Land at Cost	834,819	834,819
Total Land	834,819	834,819
Buildings		
- Buildings at Cost	11,690,801	11,526,251
Less Accumulated Depreciation	4,231,934	3,813,081
Total Buildings	7,458,867	7,713,170
Total Land & Buildings	8,293,686	8,547,989
Plant & Equipment		
- Plant and Equipment at Cost	1,303,445	1,182,097
Less Accumulated Depreciation	990,024	900,723
Total Plant and Equipment	313,421	281,374
Motor Vehicles		
- Motor Vehicles at Cost	101,978	101,978
Less Accumulated Depreciation	78,419	65,233
Total Motor Vehicles	23,559	36,745
TOTAL	8,630,666	8,866,108

NOTE 9: PROPERTY, PLANT & EQUIPMENT

(b) Reconciliations of the carrying amounts of each class of asset at the beginning and end of the previous and current financial year is set out below.

	Independent Living Units \$	Land & Buildings \$	Plant & Equipment \$	Motor Vehicle	Total \$
Balance at 1 July 2020	2,415,080	6,447,273	345,822	49,933	9,258,108
Additions	0	98,782	27,996	0	126,778
Depreciation and Amortisation	(73,837)	(339,309)	(92,445)	(13,187)	(518,778)
Balance at 1 July 2021	2,341,243	6,206,746	281,373	36,746	8,866,108
Additions	0	164,550	121,005	0	285,555
Depreciation and Amortisation	(75,848)	(342,661)	(89,301)	(13,187)	(520,997)
Balance at 30 June 2022	2,265,395	6,028,635	313,077	23,559	8,630,666

Land and buildings carried at valuation

An independent valuation of the Nursing Home's property, plant & equipment was performed by the Opteon Property Group to determine the value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The effective date of the valuation is 3rd February 2016.

For the year ended 30 June 2022, the Nursing Home's management conducted an annual assessment of the fair value of land and buildings. To facilitate this, management obtained from the Department of Treasury and Finance, the Valuer General Victoria indices for the current financial year. There was no material impact on change in fair value of land or buildings.

(c) Fair value measurement hierarchy for assets as at 30 June 2022

	Fair value measurement at end of reporting period using:			
	Carrying amount as at 30 June 2022	Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
Independent living units - buildings at fair value				
Specialised independent living - buildings units	2,265,395	0	0	2,265,395
Total of independent living units - buildings at fair value	2,265,395	0	0	2,265,395
Land and buildings at fair value				
Specialised land and buildings	6,028,635	0	0	6,028,635
Total of land and buildings at fair value	6,028,635	0	0	6,028,635

(i) Classified in accordance with the fair value hierarchy, see Note 1

There have been no transfers between levels during the period.

NOTE 9: PROPERTY, PLANT & EQUIPMENT (Continued)

(c) Fair value measurement hierarchy for assets as at 30 June 2021

Independent living units - buildings at fair value

Specialised independent living - buildings units

Total of independent living units - buildings at fair value

Land and buildings at fair value

Specialised land and buildings

Total of land and buildings at fair value

Carrying amount as at 30 June 2021	Fair value measurement at end of reporting period using:		
	Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
2,341,243	0	0	2,341,243
2,341,243	0	0	2,341,243
6,206,746	0	0	6,206,746
6,206,746	0	0	6,206,746

(i) Classified in accordance with the fair value hierarchy, see Note 1

There have been no transfers between levels during the period.

(d) Reconciliation of Level 3 fair value

Opening Balance

Purchases (sales)

Transfers in (out) of Level 3

Gains or losses recognised in net result

- Depreciation

- Impairment loss

Subtotal

Items recognised in other comprehensive income

- Revaluation

Subtotal

Closing Balance

Unrealised gains/(losses) on non-financial assets

2022	ILU's - buildings	Land and buildings
	2,341,243	6,206,746
	0	164,550
	0	0
	(75,848)	(342,661)
	0	0
	2,265,395	6,028,635
	0	0
	0	0
	2,265,395	6,028,635
	0	0
	2,265,395	6,028,635

Reconciliation of Level 3 fair value

Opening Balance

Purchases (sales)

Transfers in (out) of Level 3

Gains or losses recognised in net result

- Depreciation

- Impairment loss

Subtotal

Items recognised in other comprehensive income

- Revaluation

Subtotal

Closing Balance

Unrealised gains/(losses) on non-financial assets

2021	ILU's - buildings	Land and buildings
	2,415,080	6,447,273
	0	98,782
	0	0
	(73,837)	(339,309)
	0	0
	2,341,243	6,206,746
	0	0
	0	0
	2,341,243	6,206,746
	0	0
	2,341,243	6,206,746

NOTE 10: PAYABLES

	2022	2021
	\$	\$
CURRENT		
Contractual		
Trade Creditors	130,421	199,690
Accrued Expenses & Income in Advance	99,174	107,089
Government Funding Repayable	0	282,500
	229,595	589,279
Statutory		
GST Payable	74,352	18,939
PAYG Payable	26,822	32,406
	101,174	51,345
TOTAL	330,769	640,624

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

NOTE 11: PROVISIONS

	2022	2021
	\$	\$
Current Provisions		
Annual Leave	210,405	250,667
Accrued Days Off	(17,998)	(9,530)
Unconditional Long Service Leave	317,802	262,662
Total Current Provisions	510,209	503,799
Non-Current Provisions		
Conditional Long Service Leave	51,961	114,000
Major Maintenance Fund - Independent Living Units	38,386	27,626
Total Non-Current Provisions	90,347	141,626
TOTAL PROVISIONS	600,556	645,425

NOTE 12: SUPERANNUATION

Employees of the Nursing Home are entitled to receive superannuation benefits and the Nursing Home contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provide benefits based on years of service and final average salary.

The Nursing Home does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered items.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Nursing Home. The name, details and amounts expense in relation to the major employee superannuation funds and contributions made by the Nursing Home are as follows:

Fund	Paid Contributions for the Year		Contributions Outstanding at Year End	
	2022 \$	2021 \$	2022 \$	2021 \$
Defined Benefit Plans: First State Super	0	0	0	0
Defined Contribution Plans: First State Super	310,123	275,141	3,953	1,703
HESTA	0	0	0	0
Total:	310,123	275,141	3,953	1,703

NOTE 13: OTHER LIABILITIES	2022	2021
	\$	\$
CURRENT		
Lease Premiums - Independent Living Units	3,262,562	2,561,679
Monies Held in Trust		
- Residential Accommodation Bonds	10,270,766	8,909,179
Total Current Other Liabilities	13,533,328	11,470,858
TOTAL OTHER LIABILITIES	13,533,328	11,470,858
TOTAL MONIES HELD IN TRUST		
Represented by the following assets:		
Cash Assets (refer Note 4)	7,162,628	5,799,624
Accommodation Bond Debtors	4,326	5,743
Buildings Constructed	3,103,812	3,103,812
TOTAL	10,270,766	8,909,179

**NOTE 14: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH INFLOW/(OUTFLOW)
FROM OPERATING ACTIVITIES**

	2022	2021
	\$	\$
NET RESULT FOR THE PERIOD	(2,706,679)	(57,221)
Non-cash flows in profit/(loss)		
Depreciation & Amortisation	520,997	518,778
Impairment of Bed Licences	3,250,000	0
Deferred lease premium ILU's	(145,397)	(120,236)
Retention of entry fees and accommodation bonds	0	(18,668)
Provision for major maintenance ILU's	10,760	5,380
Change in Operating Assets & Liabilities		
Increase/(Decrease) in Payables	(304,271)	398,972
Increase/(Decrease) in Employee Benefits	(61,213)	9,663
(Increase)/Decrease in Other Assets	(15,557)	(1,953)
(Increase)/Decrease in Receivables	(90,906)	(62,233)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	457,734	672,482

NOTE 15: FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

Kellock Lodge Alexandra's principal financial instruments comprise of:

- Cash Assets
- Term Deposits
- Receivables (excluding statutory receivables)
- Payables (excluding statutory payables)
- Accommodation Bonds

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage Kellock Lodge Alexandra Inc's financial risk within the government policy parameters.

Categorisation of financial instruments

	Contractual financial assets - loans and receivables	Contractual financial assets - available for sale	Contractual financial liabilities at amortised cost	Total
2022	\$	\$	\$	\$
Contractual Financial Assets				
Cash and cash equivalents	11,248,502	0	0	11,248,502
Receivables	193,539	0	0	193,539
Equities	1,980	0	0	1,980
Total Financial Assets (i)	11,444,021	0	0	11,444,021
Financial Liabilities				
Payables	0	0	229,595	229,595
Accommodation Bonds & Lease Premiums	0	0	13,533,328	13,533,328
Total Financial Liabilities(ii)	0	0	13,762,923	13,762,923

	Contractual financial assets - loans and receivables	Contractual financial assets - available for sale	Contractual financial liabilities at amortised cost	Total
2021	\$	\$	\$	\$
Contractual Financial Assets				
Cash and cash equivalents	8,867,039	0	0	8,867,039
Receivables	104,050	0	0	104,050
Term Deposits	1,980	0	0	1,980
Total Financial Assets (i)	8,973,069	0	0	8,973,069
Financial Liabilities				
Payables	0	0	589,279	589,279
Accommodation Bonds & Lease Premiums	0	0	11,470,858	11,470,858
Total Financial Liabilities(ii)	0	0	12,060,137	12,060,137

(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit recoverable)

(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes payable)

NOTE 15: FINANCIAL INSTRUMENTS (Continued)

(b) Credit Risk

Credit risk arises from the contractual financial assets of the Nursing Home, which comprise cash and deposits, non-statutory receivables and available for sale contractual financial assets. The Nursing Home's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Nursing Home. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Nursing Home's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is the Nursing Home's policy to only deal with entities with high credit ratings of a minimum Triple-B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

In addition, the Nursing Home does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. As with the policy for debtors, the Nursing Home's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Nursing Home will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Kellock Lodge Alexandra maximum exposure to credit risk without taking account of the value of any collateral obtained.

(c) Liquidity Risk

Liquidity risk is the risk that the Nursing Home would be unable to meet its financial obligations as and when they fall due.

The Nursing Home's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. The Nursing Home manages its liquidity risk as follows:

- Term Deposits and cash held at financial institutions are managed with variable maturity dates and take into consideration cash flow requirements of the Nursing Home from month to month.

(d) Market Risk

Kellock Lodge Alexandra Inc's exposures to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraph below.

Currency Risk

Kellock Lodge Alexandra Inc. is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

Interest Rate Risk

Exposure to interest rate risk's arise primarily through the Kellock Lodge Alexandra Inc's other financial assets. Minimisation of risk is achieved by mainly holding fixed rate or non-interest bearing financial instruments. For financial liabilities, the Nursing Home mainly undertake financial liability with relatively even maturity profiles.

Other Price Risk

The Nursing Home is exposed to normal price fluctuations from time to time through market forces. Where adequate notice is provided by suppliers, additional purchases are made for long term goods. Supplier contracts are also in place for major product lines purchased by the Nursing Home on a monthly basis. These contracts have set price arrangements and are reviewed on a regular basis.

NOTE 16: COMMITMENTS FOR EXPENDITURE

Capital expenditure commitments

Business Improvement Fund (BIF) - Less than one year

Total capital expenditure commitments

Total commitments for expenditure (exclusive of GST)

Less GST recoverable from Australian Tax Office

Total commitments for expenditure (exclusive of GST)

	2022	2021
	\$	\$
	0	212,500
	0	212,500
	0	212,500
	0	(19,318)
	0	193,182

NOTE 17: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no known contingent assets or contingent liabilities for Kellock Lodge Alexandra as at the date of this report.

NOTE 18: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There are no events after the balance sheet date.

NOTE 19: STATUTORY INFORMATION

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

Kellock Lodge Alexandra Inc.
15 Bon Street
Alexandra Victoria 3714
ABN 82 586 866 464

KELLOCK LODGE ALEXANDRA INC

**AUDITOR'S INDEPENDENCE DECLARATION TO THE MEMBERS OF
KELLOCK LODGE ALEXANDRA INC.**

In accordance with the requirements of Division 60 of the *Australian Charities and Not for Profits Commission Act 2012*, in relation to the audit of Kellock Lodge Alexandra Inc for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Australian Charities and Not for Profits Commission Act 2012* in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

MVA Bennett

MVA BENNETT
Chartered Accountants
Level 5, North Tower
485 La Trobe Street,
Melbourne Vic 3000

SHAUN EVANS

SHAUN EVANS
Partner

Dated: 31 October 2022

Kellock Lodge Alexandra Inc**Independent Audit Report to the members
of Kellock Lodge Alexandra Inc****Report on the Audit of the Financial Report****Opinion**

We have audited the financial report of Kellock Lodge Alexandra Inc. (the Association), which comprises the balance sheet as at 30 June 2022, the comprehensive operating statement, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the board members, accountable officer's and chief finance and accounting officer's declaration.

In our opinion, the accompanying financial report of Kellock Lodge Alexandra Inc has been prepared in accordance with Div 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 2022 and of its financial performance and its cash flows for the year ended; and
- (ii) complying with Australian Accounting Standards and the requirements of Div 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 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.

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial report, management is 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 management 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.

Melbourne

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An independent member of
Walker Wayland Australasia Limited



CHARTERED ACCOUNTANTS™
AUSTRALIA • NEW ZEALAND

Auditor's Responsibilities for the Audit of the Financial Report

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

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 association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.
- Conclude on the appropriateness of the committee'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 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 the committee 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.



MVA BENNETT
Chartered Accountants
Level 5, North Tower
485 La Trobe Street,
Melbourne Vic 3000



SHAUN EVANS
Partner

Dated: 31 October 2022

Melbourne

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