



TORBAY

2022 GROUP ANNUAL REPORT



Torbay Lifestyles & Care Limited

(ABN 33 010 200 567)

Torbay Constructions Pty Ltd

(ABN 14 160 517 528)

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MISSION, VISION and PHILOSOPHY



Our Vision

Responsive lifestyle choices for older people.

Our Mission

To support older Australian's age positively by maintaining independence, dignity and individuality through the provision of quality accommodation, focused support services and lifestyle options.

Our Philosophy

Torbay's Philosophy is premised on going above and beyond in developing services, facilities, environments and our workforce, to enhance physical, cognitive and social wellbeing for all our Residents, and their advocates.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Torbay Lifestyles & Care Ltd is responsible for setting the strategic direction of the organisation, approving budgets, monitoring, and auditing the organisation's affairs.

The Board of Directors establishes the organisation's objects, values, and goals, employs the Chief Executive Officer, identifies, and monitors the management of corporate risks and monitors and assesses Chief Executive Officer and organisation performance. The Board is committed to drive and monitor improvements to quality care and services.

These activities are conducted in accordance with the Torbay Lifestyles & Care Ltd Corporate Governance Plan and relevant legislation. Activities are aimed at the delivery of quality services to the residents of the organisation, and ensuring the organisation remains focussed on its Mission Statement.

The Board of Directors will govern the Torbay Group with an emphasis on:

- i. A future focus rather than a preoccupation with the present or past;
- ii. Strategic issues;
- iii. Pro-activity rather than reactivity;
- iv. Encouraging a diversity of opinions and views;
- v. The development and expression of a collective responsibility for all aspects of the Board of Director's performance;

All Directors are non-executive.

The Board has delegated responsibility for day-to-day operations of the organisation to The Chief Executive Officer. The Chief Executive Officer reports to the Board through the President. In addition, Directors are members of a range of specialist Board Committees each of which concentrates on specific areas and recommends action to the Board.

The following Board Committees were in operation during the past financial year;

- The Finance and Review Committee
- The Project Management Group Committee
- The Clinical Governance Committee

THE BOARD OF TORBAY LIFESTYLES & CARE LIMITED



Mick Kruger OAM

Term of Office: Director since September 2012. President from 27 October 2021

Committees: Finance & Review Committee & Project Management Group



Dr Selwyn Brindley

Term of Office: Director since October 2007. Vice President from 9 March 2022

Committees: Finance & Review Committee



Garry Jamieson APM

Term of Office: Director since September 2012. President from February 2019

Resigned: 4 February 2022

Committees: Finance & Review Committee, Project Management Group & Clinical Governance Committee



Noel Squire MBE

Term of Office: Director since November 2005.

Committees: Project Management Group



David Patterson

Term of Office: Director since August 2001

Committees: Chair, Finance & Review Committee



Les Barry

Term of Office: Director since September 2007. Vice President from 27 October 2021

Resigned: 18 February 2022

Committees: Clinical Governance Committee



Dr Norman Edwards

Term of Office: Director since December 2019

Committees: Finance & Review Committee, Clinical Governance Committee



Judith Perry

Term of Office: Director since 27 October 2021

Committees: Project Management Group, Clinical Governance Committee



Jill Cameron

Term of Office: Director since 27 October 2021

Committees: Clinical Governance Committee

President's Report



It is with pleasure that I present my first report as President on behalf of the Torbay Lifestyles & Care Ltd Board of Directors for the 2021/22 financial year. The report covers the separate entities of Torbay Lifestyles & Care Ltd and Torbay Constructions Pty Ltd. As we operate all our facilities as a single Group, we believe it is more meaningful to report the Group result.

The result for the Group was a deficit of \$2,930,683 after allowing depreciation of \$1,396,908. This is a disappointing result which again has been the focus of both Management and Directors throughout the Financial Year.

The Torbay Board has continued with its strategy of refocussing the Organisation on its core business, that is the development and delivery of quality Aged Care Services at its Torbay base. The Board has been working with Management on placing Torbay in a position to enable us to address all of the Royal Commission changes.

This year these strategies have included using the Government Funded Business Improvement Grant for three major reviews. These reviews are:

- Contracting Health Generation to review all aspects of our application of the Aged Care Funding Instrument (ACFI), including staff training.
- Undertaking a Workforce Productivity Study and Efficiency Transformation.
- Contracting Community Business Australia to lead the development of an achievable and practical Strategic Plan for 2022 and beyond.

At the time of writing, these strategies have all been completed and implementation is very much a work in progress.

The Board, as always, continues to work closely with Management to ensure Torbay's products and services continue to reflect the increasingly diverse demands and expectations of the region's current, and future customer base, and government's increasingly dynamic legislative requirements.

Covid-19 outbreaks have been a continual occurrence since the opening of the borders and the relaxing of restrictions since December 2021. Torbay has had 3 Covid-19 outbreaks and the staff are to be commended for the commitment and dedication to providing care to our residents.

Torbay Constructions Pty Ltd has had a successful year through several large external successful projects. The Company is set for another busy year in 2023. I would like to thank John Sheehan for his management of Torbay Constructions.

Malcolm Johnstone, former Chief Executive Officer, officially retired in April 2022 with the appointment of Christine Lilley as his replacement. Christine has been at Torbay for over 8 years and has a broad understanding of the industry. We welcome Christine to the role.

Together with the appointment of a new CEO, there has also been a new management structure implemented with the roles of Director of Care, Retirement Living & Sales Manager, Operations Manager and Environmental Services Manager being appointed. We welcome the managers to these new roles.

Garry Jamieson and Lesley Barry resigned from the Board this year. Both Garry and Les had been on the Board for many years, and we thank them both for their contribution to Torbay. I wish them the best in their future endeavours.

I would like to take this opportunity to thank Board Members, Staff and Volunteers for their hard work and dedication during this very volatile year. I'm sure the next 12 months will bring about more changes as a result of the recommendations of the Royal Commission.

Mick Kruger OAM

President of the Torbay Lifestyle & Care Ltd Board of Directors

Chief Executive Officer's Report



It is my privilege to present my first CEO's report. There has been a lot of changes at Torbay, not only with my appointment but the appointment of a new President and Vice-President to the Board of Directors. I congratulate Mick and Selwyn on their appointment. I would also like to thank all of the Board members for being so supportive of the changes that have occurred in recent months.

As per the President's report we have had a new Executive Management team appointed and I commend their efforts and dedication since taking on these roles.

We continue to focus on the improvements needed to ensure that Torbay remains a provider of quality care in the Hervey Bay Community. These improvements include:

- Finalisation of the Strategic Plan for 2021 to 2025
- Preparation of the 2023 Operational Plan
- A full restructure of the organisation
- Introduction of a fully integrated Quality Management System. This System includes Online Training, all new Policies and Procedures and an Incident and Feedback System. This system will allow us to capture all the data required to monitor and improve on our services.
- Focus on training our staff to stay up to date with the reporting and care requirements.



Covid-19

The Covid-19 Pandemic continues to impact significantly on the Aged Care & Retirement Living Sectors. We have had several Covid outbreaks during the year and these have been challenging regarding staffing and resident comfort and freedom. We are in constant communication with families, relatives and loved ones to assure them that we are doing everything in our power to ensure that our residents remain safe.

The Federal Government has provided Personal Protective Equipment and RAT tests during the pandemic, and this has allowed us to provide protection to our residents during a time when such stock was unavailable.

Our staff have gone above and beyond during these outbreaks, and we continue to reiterate to staff that their assistance and willingness to help our residents is very much appreciated.

Financial

As the President indicated in his report, financially we have had another very challenging year. The Business Improvement Fund grant has assisted us in placing Torbay in a position to adapt to the many changes occurring in the Aged Care sector.

Unfortunately, the tenant at the former Village Caterer site went into liquidation, leaving a sizeable outstanding debt. Correspondence with the Administrator has indicated that the company, Wide Bay Food Services, has been wound up with no funds available to re-pay creditors. Management will continue to investigate tenants and options for this site.

The introduction of AN-ACC and care minutes requirements will flow through to our financial results next year. While the introduction of AN-ACC will ensure an equitable distribution of funding across the sector we estimate that the full effects of all the Federal Government and Royal Commission changes will have a significant impact on our 2023 results. While Torbay's funding may increase, so will costs to ensure that we are compliant with all the new regulations.

New Funding Model

The proposed new funding model the Australian National Aged Care Classification (AN-ACC,) will be operational from 1 October 2022.

The AN-ACC model will replace the current Aged Care Funding Instrument (ACFI) and will deliver:

- a funding model that better matches funding to resident needs
- a more equitable distribution of funding
- independent assessment of resident need for funding purposes, freeing nurses from funding paperwork
- a new methodology for annual changes in prices/indexation, informed by independent costing studies and advice
- an equitable model for distributing funding uplifts from 1 October 2022, including the basic daily fee supplement, care minutes funding and increased residential respite funding.

The Royal Commission

The Royal Commission has brought about a myriad of changes including:

- Introduction of Serious Incident Reporting Scheme
- Changes to Restrictive Practices
- New Funding Model – AN-ACC will be introduced on 1 October 2022
- Introduction of mandated care minutes per day per resident by 1 October 2023
- Introduction of a further 2 Quality Indicators with further Indicators to come
- Quarterly financial reporting to the Department

Overall, we have delivered outstanding care to our residents, and we have made important changes to ensure that this care continues. The Aged Care Sector is continuing to undergo change and so we must change accordingly. Thank you to staff, volunteers and residents and their families for all of your support during the last 12 months.

Christine Lilley

Chief Executive Officer

TORBAY GROUP

The Management Team

Christine Lilley

Chief Executive Officer

Daniel Hauser

Operations Manager

Rachel Neck

Retirement Village & Sales Manager

Lisa Nitschinsk

Director of Care

Paul Rohan

Environmental Services Manager

John Sheehan

Torbay Constructions Pty Ltd Manager



TORBAY GROUP

Bequests and Donations

Donations

We would like to offer our thanks to the many organisations, families, groups and individuals for their support during this year.

Bequests

A number of people support Torbay Lifestyles & Care Ltd through gifts in their wills.

In order to assist in the preparation of bequests Torbay Lifestyles & Care Ltd suggests that the following wording would be appropriate in the case of a specific legacy:

"I give.....to Torbay Lifestyles & Care Ltd for its general charitable purposes, and I direct that the receipt of the Secretary or other proper officer for the time being of Torbay Lifestyles & Care Ltd shall be a good and sufficient discharge to my Trustee/s who shall not be obliged to see to the application thereof."

"I give all my real and personal property whatsoever or wheresoever situated to the Torbay Lifestyles & Care Ltd for its general charitable purposes, and I direct that the receipt of the Secretary or other proper officer for the time being of Torbay Lifestyles & Care Ltd shall be a good and sufficient discharge to my Trustee/s who shall not be obliged to see the application thereof."



TORBAY GROUP

DIRECTORS' REPORT

Your Directors present their report on the group for the financial year ended 30 June 2022.

Incorporation

Torbay Lifestyles & Care Limited is incorporated, as a company limited by guarantee, under the Corporations Act 2001.

Torbay Constructions Pty Ltd was incorporated on the 26 September 2012, as a proprietary company limited by shares, under the Corporations Act 2001. It is a wholly owned subsidiary company of Torbay Lifestyles & Care Limited. It has fully paid-up share capital of \$750,000.

Directors

The names of the Directors of the holding company, Torbay Lifestyles & Care Limited are, as at 30 June 2022

Noel Squire M.B.E.

David Patterson

Dr Selwyn Brindley

Mick Kruger OAM

Dr Norman Edwards

Judith Perry

Jill Cameron

Directors Appointment

Judith Perry and Jill Cameron were appointed at the 2021 AGM on 27 October 2021.

Directors Resignations

Garry Jamieson resigned 4 February 2022.

Les Barry resigned 18 February 2022.

TORBAY GROUP

Torbay Constructions

The name of the Director of the subsidiary company, Torbay Constructions Pty Ltd, in office at any time during or since the end of the year was:

Christine Lilley Appointed 9 March 2022

Noel Squire Appointed 9 March 2022

Malcolm Johnstone Resigned 25 March 2022

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activity

The principal activity of the group during the financial year was operating Aged Care Facilities and Retirement Villages at our site at Torquay, Hervey Bay. The group also operates a building division trading as Torbay Constructions Pty Ltd.

Significant Events

During the year we introduced and consolidated a number of initiatives to enhance the Torbay Brand and our appeal to an increasingly dynamic Aged Care Market. These initiatives included:

- Business Improvement Project and restructure

Results

The deficit for the year amounted to \$2,930,683 (2021: deficit \$1,645,831).

Dividends

No dividends are payable by the group.

Review of Operations

Aged Care Facilities

Torbay has maintained its full Accreditation. As always, we continue to constantly review our operations, staffing models and income and expenditure sources, to ensure our ability to meet infinite demand with finite resources.

Retirement Villages

Throughout the year Management has maintained and enhanced its involvement with the Tavistock Court Retirement Village. Torbay continues working closely with the Village Residents Committee.

TORBAY GROUP

Home Care Packages

Torbay did not provide Home Care Services during this Financial Year, although work is continuing to recommence such services.

Support Services Unit

The Support Services Unit undertakes the development and support work for each of the organisation's services

Torbay Constructions Pty Limited

The building division is in its tenth year of operation and has completed all projects on time, and well within budget. The building company prides itself on the quality of its work and providing value for money.

Unfortunately, Covid-19 and associated government initiatives have impacted significantly on external contracts this year, citing uncertainty in the marketplace and a shortage of labour and materials. However, Torbay Constructions has managed to secure 2 large contracts that will see construction work continuing over the next 18 months.

Overall, a very favourable outcome for Torbay Constructions with a loss of \$19,056 with a donation of \$200,000 to Torbay.

Financial Position

The group had a deficit of \$2,930,683 (2021: deficit \$1,645,831) for the year.

The continual funding shortfalls and increasing staffing costs greatly to the deficit.

At the 30 June 2022 the net consolidated assets of the group stood at \$2,837,567 (2021: \$1,804,250).

Future Developments, Prospects and Business Strategies

The Aged Care Sector remains in a state of significant flux with very limited financial indexation compared to increasing expenses and increasing consumer expectation.

At Torbay we have continued to maintain our focus on the customer by redeveloping our existing physical assets and maintaining our high level of service quality.

Torbay aims to continue to provide much needed services to the community through dementia care and accommodation for those in need.

TORBAY GROUP

Director's Benefits

The Group elected to pay Directors of the holding company, Torbay Lifestyles & Care Limited, to cover some of the costs of being a Director. Directors were paid \$1,000 per annum and the President \$1,900 per annum as full re-imbursement for their expenses.

The Directors of Torbay Lifestyles & Care Limited received the following payments, including accruals, during the financial year:-

Garry Jamieson A.P.M.(President & Director)	\$ 725
Mick Kruger O.A.M (President & Director)	\$1,675
Noel Squire M.B.E. (Director)	\$1,000
David Patterson (Director)	\$1,000
Lesley Barry (Director)	\$ 750
Dr Selwyn Brindley (Director)	\$1,000
Norman Edwards (Director)	\$1,000
Judith Perry	\$ 750
Jill Cameron	\$ 750

The Directors of Torbay Constructions Pty Ltd received no payment.

Other than for the above no director of any group company has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the group with the director, a firm of which the director is a member or a company in which the director has a substantial financial interest. This statement excludes a benefit included in the aggregate number of emoluments received or due and receivable by directors shown in the group's accounts, prepared in accordance with schedule 5 of the Corporations Regulations, or the fixed salary of full-time employees of the company.

TORBAY GROUP

Meetings of Directors

During the financial year eleven Group Board Meetings and 1 AGM were held. Attendances by each Director during the year were as follows:-

Director's name	No. of Eligible Meetings	No. Attended
Garry Jamieson A.P.M.	3	3
Noel Squire M.B.E.	12	12
David Patterson	12	6
Lesley Barry	5	5
Dr Selwyn Brindley	12	12
Mick Kruger O.A.M.	12	12
Dr Norm Edwards	12	11
Judith Perry	7	7
Jill Cameron	7	7

Board Committee Meetings held during the year were as follows;

- Eleven Finance Committee Meetings,
- Ten Project Management Committee Meetings,
- Seven Clinical Governance Committee Meetings

There was 1 Directors Meeting of Torbay Constructions Pty Ltd.

Indemnification and Insurance of Officers

During the financial year, the Group had Directors and Officers Liability Insurance, which covered Directors and Officers of the Group against losses arising out of wrongful acts of those persons.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2022 has been received and is attached to this directors' report.

Rounding of Amounts

The group is an entity to which ASIC Class Order 98/100 applies. Accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors:



Mick Kruger
President

Date: 28 October 2022



Selwyn Brindley
Vice President

Date: 28 October 2022

TORBAY GROUP

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Torbay Lifestyles & Care Limited, the directors of the company declare that:

1. the financial statements and notes attached are in accordance with the *Corporations Act 2001* and the *Australian Charities and Not for Profits Commission Act 2012* and:
 - a) comply with Australian Accounting; and
 - b) give a true and fair view of the financial position as at the 30 June 2022 and of the performance for the year ended on that date for the consolidated group.
2. in the directors' opinion there are reasonable grounds to believe that the company and the group will be able to pay their debts as and when they become due and payable.

This declaration is signed in accordance with s.60.15(2) of the *Australian Charities and Not for Profits Commission Regulation 2013* and is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Mick Kruger
President

Date: 28 October 2022



Selwyn Brindley
Vice President

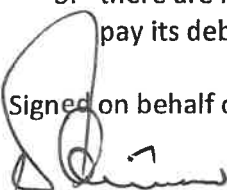
Date: 28 October 2022

STATEMENT BY FINANCE COMMITTEE

In accordance with a resolution of the members of Finance Committee, the members of the committee declare that:

1. the financial records for the group for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
2. the financial statements and notes of the group are in accordance with the *Corporations Act 2001* and:
 - a) comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - b) give a true and fair view of the financial position as at the 30 June 2022 and the performance for the year ended on that date for the company.
3. there are reasonable grounds to believe that the company and the group will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Finance Committee:



David Patterson
Chair, Finance Committee

Date: 28 October 2022

Auditor's Independence Declaration

To the Directors of Torbay Lifestyles and Care Limited ABN 33 010 200 567

30 June 2022

I declare that, to the best of my knowledge and belief during the year ended 30 June 2022 there have been:

(1) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(2) no contraventions of any applicable code of professional conduct in relation to the audit.

Signature of Auditor: _____



Name of Auditor: Allen William Hertel
Registered Company Auditor (No. 5977)

Company: Focus Professional Group AH Pty Ltd
Level 6, 57 The Esplanade
Maroochydore Qld 4558

Date: 28 October 2022

Liability limited by a scheme approved under Professional Standards Legislation

Focusing on...

♦ Business Structure ♦ Retirement Village Consulting ♦ Forensic Auditing ♦ Management & Financial Accounting ♦ Taxation Planning & Reporting
♦ Business Growth ♦ Corporate Compliance ♦ Self-Managed Superannuation

KNOWLEDGE | EXPERIENCE | RESULTS

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Independent Auditor's Report

Torbay Lifestyles and Care Ltd ABN 33 010 200 567

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Torbay Lifestyles and Care Ltd (which includes wholly owned controlled entity Torbay Constructions Pty Ltd) which comprises the Statement of Financial Position as at 30 June 2022, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, Notes to the Financial Statements including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Torbay Lifestyles and Care Ltd 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 company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and Div 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

We note the Group have incurred a **\$2.874m** deficit to 30 June 2022 and refer you to the President and CEO reports within the Annual Report for 30 June 2022. They highlight the ongoing strategies the Board have implemented (including engaging specialists to review ACFI and the new AN-ACC funding model; undertaking a workforce productivity & efficiency transformation review; an organisational re-structure and ongoing detailed business strategic planning (whilst dealing with the impacts of Covid-19) to focus on addressing viability concerns caused by ongoing funding deficiencies and the disparity between income and staff costs exacerbated by COVID. The Board is focussed on addressing funding deficiencies and the potential inability to meet its future prudential requirements in repayment of refundable accommodation deposits. The Board have updated its 2023 budgets & cashflows and the liquidity management strategy and is confident with sufficient cash reserves and process improvements it can meet its financial commitments and continue as a viable going concern.

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 company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Signature of Auditor: _____



Dated: 28 October 2022

Name of Auditor:

Allen William Hertel
Registered Company Auditor (No. 5977)
Focus Professional Group AH Pty Ltd
Level 6, 57 The Esplanade Maroochydore Qld 4558

TORBAY GROUP

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2022

		Consolidated Group	
	NOTE	2022	2021
		\$000	\$000
Revenue	3	18,812	18,025
Other Income	3		
Total Revenue		18,812	18,025
Employee benefits expense		(10,105)	(10,887)
Depreciation and Amortisation expense		(1,396)	(1,348)
Other expenses	4	(10,241)	(7,436)
Total Expenses		(21,742)	(19,671)
Surplus (Deficit) before income tax		(2,930)	(1,646)
Income tax expense	1(l), 4		
Surplus (Deficit) for the year		(2,930)	(1,646)
Other Comprehensive Income		0	0
Total Comprehensive Income for the Year		(2,930)	(1,646)

TORBAY GROUP

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		Consolidated Group	
	NOTE	2022	2021
		\$000	\$000
CURRENT ASSETS			
Cash	7	15,078	13,632
Receivables	8	816	1,185
Inventories	9	291	46
Other	10	301	247
TOTAL CURRENT ASSETS		16,486	15,110
NON-CURRENT ASSETS			
Property, Plant and Equipment	11	23,367	19,914
Receivables	8	1,131	1,099
TOTAL NON-CURRENT ASSETS		24,498	21,013
TOTAL ASSETS		40,983	36,123
CURRENT LIABILITIES			
Accounts Payable	12	834	1,158
Borrowings	13	15,210	10,792
Provisions	14	638	802
TOTAL CURRENT LIABILITIES		16,682	12,752
NON-CURRENT LIABILITIES			
Borrowings	13	21,058	21,042
Provisions	14	369	525
TOTAL NON-CURRENT LIABILITIES		21,427	21,567
TOTAL LIABILITIES		38,109	34,319
NET ASSETS		2,874	1,804
EQUITY			
Reserves	15	12,355	8,355
Retained Earnings	16	(9,481)	(6,551)
TOTAL EQUITY		2,874	1,804

TORBAY GROUP

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2022

		Retained Earnings	Asset Revaluation Reserve	Total
	NOTE	\$000	\$000	\$000
Balance at 30 June 2020		(4,905)	8,355	3,450
Deficit for the year		(1,646)	0	(1,646)
Balance at 30 June 2021		(6,551)	8,355	1,804
Deficit for the year		(2,930)	4,000	1,070
Balance at 30 June 2022	15-16	(9,481)	12,355	2,874

TORBAY GROUP

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2022

		Consolidated Group	
	NOTE	2022	2021
		\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		18,925	17,058
Payments to Suppliers and Employees		(22,279)	(19,220)
Interest Received		24	126
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	19	(3,330)	(2,036)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of Property, Plant and Equipment			
Dividends Received		49	
Purchase of Property, Plant and Equipment		(912)	(984)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(863)	(984)
CASH FLOW FROM FINANCING ACTIVITIES			
Net proceeds from Borrowings		5,639	2,994
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		5,639	2,994
NET INCREASE (DECREASE) IN CASH HELD		1,446	(26)
Cash at beginning of financial year		13,632	13,658
CASH AT END OF REPORTING PERIOD	7	15,078	13,632

The consolidated financial statements and notes represent those of Torbay Lifestyles & Care Limited and Controlled Entity ("Torbay Group"). Torbay Lifestyles & Care Limited is a company limited by guarantee, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 26 October 2022 by the Directors of the company.

TORBAY GROUP

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. Summary of Significant Accounting Policies

BASIS OF PREPARATION

The financial statements are general purpose financial statements that have been prepared in accordance with The Australian Charities and Not-for-profit Commission Act 2012 and Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Corporation Act 2001. The Group is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board (AASB) has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, 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.

Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Torbay Lifestyles & Care Limited at the end of the reporting period. A controlled entity ("subsidiary") is any entity over which Torbay Lifestyles & Care Limited has power to govern the financial and operating policies so as to obtain benefit from its activities.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the Group have been eliminated in full on consolidation.

(b) Income Tax

The controlling entity, Torbay Lifestyles & Care Limited, is a registered charity under the Queensland Collections Act 1966. The Australian Taxation Office has endorsed Torbay Lifestyles & Care Limited as an income tax exempt charity.

The controlled entity, Torbay Constructions Pty Ltd, is a for-profit company.

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit and loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amount expected to be paid to (recovered from) the relevant taxation authority.

TORBAY GROUP

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. Summary of Significant Accounting Policies

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

(c) Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less any accumulated depreciation and any accumulated impairment losses. In the event the carrying of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5% - 5.0%
Plant and equipment	5.0% - 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

TORBAY GROUP

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. Summary of Significant Accounting Policies

Provision for the Replacement of Buildings

Provision for replacement is no longer utilised. This balance has been allocated to Property, Plant & Equipment see **Note 11**.

(d) Financial Instruments

Financial Instruments

The company has not entered into any derivative financial or commodity instruments.

Interest Rate Risk

The company is not materially exposed to interest rate risks.

Net Fair Value

The carrying amount of cash, receivables and creditors approximate their fair value because of their short-term nature. The net fair value of the company's long term resident loans approximates the debt, with no interest component applicable as per the terms of the residency agreements.

Terms, conditions and accounting policies

The company's accounting policies including the terms and conditions of each class of financial asset and financial liability, both recognised and unrecognised at the balance date, are as follows:

Financial Assets

Recognised Financial Instrument	Accounting Policy	Terms and Conditions
Cash	Refer to Note 1(g)	
Receivables – Commonwealth Government recurrent subsidies	Refer to Note 1(i)	
Receivables – Accommodation Payments/Villa Licence Contributions	Accommodation Bond. Lump Sum and Villa Licence Contribution are stated at the lower of cost and net realisable value. Interest on outstanding Accommodation Bonds, Lump Sums and Villa Licence Contribution is recognised in the income and expenditure statement when earned.	Accommodation Bonds and Lump Sums are due and payable as per the terms of the resident's contract, with interest rates charged ranging from 5.70% to 5.96%. Interest rates post the Aged Care Act 1997, are based on Treasury Note yield rates.

TORBAY GROUP

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. Summary of Significant Accounting Policies

Investments – Cash and Deposits – Short Term	Short term deposits are stated at the lower of cost and net realisable value. Income is recognised when earned.	Short term deposits have a maturity period between 30 days and 12 months. Money was held in the Online Saving Account and was at call at the end of the year. The effective rate was 1.94%pa.
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Financial Liabilities

Recognised Financial Instrument	Accounting Policy	Terms and Conditions
Trade Creditors and Accruals	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not charged to the company.	Trade liabilities are normally settled on terms between 7 days and 30 days.
Provision for Employee benefits	Refer to Note 1 (e)	
Development Loan Fund - Unsecured	Loans are interest free, repayable at 24-hour call and are carried at the principal amount.	The Development Loan Fund is an exempt fund under the Social Security Act and Veteran Entitlement Act. Deposits do not have income deemed on them for pension purposes.

TORBAY GROUP

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. Summary of Significant Accounting Policies

Resident Villa Licence Contributions	Resident Villa Licence Contributions are carried at the principal amount. No interest is due and payable as per the residency agreement. For Licence Agreements before 14 September 2005, the Licence Fee is reduced each year for the first 10 years and the reduction is accumulated in a Provision account. For Licence Agreements on or after 14 September 2005, the Licence Fee is reduced each year for the first 15 years and the reduction is accumulated in a Provision account.	Agreements prior to 1990 have an Exit Fee of 22.5% of the ingoing Licence Fee. Agreements between 1990 and 13 September 2005 have an annual exit fee increasing to a maximum of 25% over 10 years. Agreements on or after 14 September 2005 have an annual exit fee increasing to a maximum of 35% over 15 years. Agreements on or after 1 January 2015 have an annual exit fee increasing to a maximum of 37% over 10 years. The balance of the Licence Contribution is repayable the earlier of sale of villa or 5 months from termination of the agreement.
Accommodation Bonds	Accommodation Bonds are carried at the principal amount less Retentions.	Accommodation Bonds reduce progressively over 5 years at a rate set by the Aged Care Act 1997. Accommodation Bonds are refunded to the Resident within a maximum of 7 days of leaving the facility.
Lump Sum Refundable Accommodation Deposits (RAD) and Contributions (RAC)	RADs and RACs are carried at the principal amount	RADs and RACs are fully refundable to the Resident within a maximum of 7 days of leaving the facility.

(e) Employee Benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employees benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year 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 not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

TORBAY GROUP

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. Summary of Significant Accounting Policies

(f) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(g) 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 12 months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the Statement of Financial Position.

(h) Revenue and Other Income

Revenue is measured at fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

(i) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(j) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

TORBAY GROUP

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. Summary of Significant Accounting Policies

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office.

Receivables and payables are stated inclusive of the amount of the GST receivable or payable. The net amount of the GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(l) Income Tax Expense

No provision for income tax has been raised as Torbay Lifestyles & Care Limited is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*. Torbay Constructions Pty Ltd is not exempt from income tax and may incur an income tax expense if a taxable income is reported.

(m) Government Grants

Government Grants are recognised only on receipt of the amount received. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(n) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period is disclosed.

(o) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100. Accordingly, certain amounts in these financial statements (where specifically indicated) have been rounded off to the nearest \$1,000.

(p) Adoption of New and Revised Accounting Standards

During the current year, the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has not significantly impacted the recognition, measurement and disclosure of any transactions.

TORBAY GROUP

NOTES TO THE FINANCIAL STATEMENTS

(q) Impact of Coronavirus (COVID- 19)

The Operator continues to comply with public health orders and guidelines to protect its residents, workers, and visitors from catching and preventing the spread of coronavirus. Vaccination programs have been rolled-out and there continues to be a risk of further COVID variants and lockdowns. Restrictions have been implemented and the operator continues to monitor COVID developments. Given the significant economic uncertainty and the related impacts on the aged care facility and retirement village operations, cashflows cannot be reliably estimated and an estimate of the future effects of COVID-19 cannot be made, as the impact will depend on the magnitude and duration of the economic downturn with the full range of possible effects unknown. Further, the long-term impact of structural and societal changes brought about by COVID including real estate, remains difficult to fully assess at this time. Refer also to commentary in the Directors Report.

The recent Royal Commission into Aged Care have provided some uncertainty with potential funding and regulatory changes including increased financial reporting requirements.

There are no other significant events after balance date which require disclosure in the financial report.

NOTE 2. EFFECTS OF CHANGES TO ACCOUNTING POLICY

Provision for Replacement - This amount was previously in Non-Current Liabilities and has been transferred up to PPE to correctly reflect the value in the balance sheet. This provision was written off historically and is no longer being utilised. The provision is effectively a decrease in the value of PPE. Given the independent external valuation by Knight Frank in June 2021 the historical accelerated depreciation has been reviewed and re-assessed as a change in accounting policy in accordance with AASB 108 and AASB 116.

The Provision for Replacement was 100% written off against the RACF. This amount has been re-allocated resulting in a change in the carrying amount of Land & Buildings prior to any Director Revaluation.

The change in classification was affected retrospectively and consequently resulted in a reclassification of non-current liabilities to non-current assets for previously reported balances as at 30 June 2021 as follows:

(Decrease)/increase in:

Non-current Assets	(7,680)
Non-current Liabilities	<u>(7,680)</u>

TORBAY GROUP

NOTES TO THE FINANCIAL STATEMENTS

The effects of the revaluation on the Balance Sheet are as follows:

	2021	2021 (Restated)
NON-CURRENT ASSETS		
Property Plant & Equipment	27,594	19,914
TOTAL NON-CURRENT ASSETS	<u>28,693</u>	<u>21,013</u>
TOTAL ASSETS	<u>43,803</u>	<u>36,123</u>
NON-CURRENT LIABILITIES		
Provisions	8,205	525
TOTAL NON-CURRENT LIABILITIES	<u>29,247</u>	<u>21,567</u>
TOTAL LIABILITIES	<u>41,999</u>	<u>34,319</u>
NET ASSETS	1,804	1,804

Adjustments are made to the opening balance sheet as at 1 July 2021. There is no effect on the Income Statement.

	NOTE	2022 \$000	2021 \$000
NOTE 3. REVENUE			
Operating Activities			
Commonwealth Recurrent Subsidies		6,052	4,963
Covid-19 Funding		119	537
Grant Funding			755
Basic Daily Care Fee Supplement		413	
Resident Fees and Contributions		3,160	3,285
Interest Received	3a	24	126
Dividends Received		49	
Accommodation Payment Revenue		1,435	1,020
Catering Services		1	15
Donations and Bequeaths		4	193
Construction		5,819	4,819
Other Operating Revenue		1,736	2,312
Total Revenue		<u>18,812</u>	<u>18,025</u>
(a) Interest Revenue from			
Accommodation Bonds Penalty Interest			-
Other		24	126

TORBAY GROUP

NOTES TO THE FINANCIAL STATEMENTS

	NOTE	Consolidated Group	
		2022	2021
		\$000	\$000
Food Costs		505	426
Medical Costs		458	250
Housekeeping Costs		246	212
Repairs and Maintenance Costs		520	451
Utility Costs		817	799
Vehicle Costs		57	48
Villa Refurbishment Costs		3	2
Constructions Costs		5,215	4,217
Administration Costs		2,420	1,030
Total Other Expenses		10,241	7,436

NOTE 5. DIRECTORS' REMUNERATION

Total Compensation	9	8
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The Directors are all volunteers and are paid an expense allowance to compensate for costs incurred on company business.

NOTE 6. AUDITOR'S REMUNERATION

Amounts received or due and receivable by
Focus Chartered Accountants
for Audit of the Financial Report

18	18
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NOTE 7. CASH ASSETS

Cash at Bank	4,928	3,444	74
Capital Replacement Fund	770	672	29
Managed Funds	1,958		
Deposits at Call	7,422	9,516	3,22
18(a)	15,078	13,632	4,26

NOTE 8. RECEIVABLES

CURRENT

Debtors Residents	66	9
Debtors Other	750	1,176
	816	1,185

NON-CURRENT

Other Debtors Villas	1,131	1,099
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TORBAY GROUP

NOTES TO THE FINANCIAL STATEMENTS

NOTE	Consolidated Group	
	2022	2021
	\$000	\$000

NOTE 9. INVENTORIES

Work In Progress	240	
Medical and Laundry Stock	30	25
Maintenance Stock	5	6
Food Stocks	16	15
	<u>291</u>	<u>46</u>

NOTE 10. OTHER CURRENT ASSETS

Franking Credits Refundable	14	
Prepayments	287	247
	<u>301</u>	<u>247</u>

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

Land and buildings are initially recorded at cost. Buildings and land are subsequently stated at fair value less any accumulated depreciation.

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash generating unit to which the asset belongs.

The facility comprises a co-located established retirement village (159 ILUs) and RACF (134 beds) in Hervey Bay Queensland.

The site was independently valued by Knight Frank at 30 June 2021 for financial reporting purposes. The valuation is conditional on important notices, disclaimers and qualifications contained in the report which include significant market uncertainty caused by COVID and the value assessed may change significantly and unexpectedly over a relatively short period.

The retirement village "as is" adopted market value based on the proprietary interest in DMF as a going concern excluding GST was \$13.4million. The RACF adopted market value based on freehold going concern excluding GST (net of the current RACF bond/RAD Liability) was \$9.5million. This gives a consolidated market value of land and building of \$27.8million. This is materially different to the current value of land and buildings of \$17.8million.

The current written down value of the RACF is \$3.5 which is significantly undervalued. The Directors have agreed to revalue the RACF to bring it closer to the Valuation value. Given the volatility of the market a full revaluation to \$9.5m was deemed not appropriate. It was moved and ratified at the Board Meeting on 12 October 2022 that the RACF Land and Building value be increased by \$4m to take the value up to \$7.5m. Due to the volatility of the market no revaluation of the Retirement Village will be done in the 2022 year.

TORBAY GROUP

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. PROPERTY, PLANT AND EQUIPMENT cont...

This revaluation brings the total current value of land and buildings to \$21.8m which is deemed to be reflective of the correct value given the current market.

	2022	2021
LAND AND BUILDINGS		
Freehold Land at Cost	5,125	5,125
Buildings at:		
- Cost	38,488	37,889
- Director's Valuation (deemed at cost)	13,401	9,401
Accumulated Depreciation	(26,897)	(25,749)
Provision for Replacement	(7,680)	(7,680)
Government Grants less amortised	-	-
Total Buildings	17,312	13,861
Total Land and Buildings	22,437	18,986
PLANT AND EQUIPMENT		
Plant and Equipment - at Cost	4,217	4,360
Accumulated Provision for Depreciation	(3,287)	(3,432)
Total Plant and Equipment	930	928
Total Property, Plant and Equipment	23,367	19,914

(a) Movements in Carrying Amounts

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

	Freehold Land	Buildings	Consolidated Group Plant and Equipment	Total
	\$000	\$000	\$000	\$000
Balance at the beginning of the year	5,125	13,861	928	19,914
Additions	0	592	265	857
Disposals	0	0	(13)	(13)
Revaluation		4,000		4,000
Depreciation Expense	0	(1,140)	(250)	(1,389)
Carrying Amount at end of year	5,125	17,312	930	23,367

	Consolidated Group
NOTE	2022 \$000
	2021 \$000

NOTE 12. ACCOUNTS PAYABLE

Accrued Expense	138	90
Creditors – Trade	608	920
Creditors – Other	14	13
Income Tax Payable	0	17
Wages Accrued	111	84
GST Clearing	(37)	26
	834	1,158

TORBAY GROUP

NOTES TO THE FINANCIAL STATEMENTS

NOTE	Consolidated Group	
	2022	2021
	\$000	\$000

NOTE 13. BORROWINGS

CURRENT

Accommodation Bonds – Net of Retentions	15,177	10,755
Villa Deposits Held	0	4
Borrowings		
Development Loan Fund – Unsecured	33	33
	<u>15,210</u>	<u>10,792</u>

(a)The Development Loan Fund is interest free unsecured loans repayable on 24 hours' notice.

NON-CURRENT

Villa Licence Fee	13(b)	31,797	31,037
Accumulated Exit Fee		(10,726)	(9,982)
Villa Recoverable Costs		(13)	(13)
		<u>21,058</u>	<u>21,042</u>

(b)The Villa Licence Fees are secured by way of a Statutory Charge created pursuant to section 116 of the *Retirement Villages Act 1999* over the freehold land that the retirement village occupies.

TORBAY GROUP

NOTES TO THE FINANCIAL STATEMENTS

	NOTE	Consolidated Group 2022 \$000	2021 \$000
NOTE 14. PROVISIONS			
CURRENT			
Provision for Annual Leave	14(a)	574	727
Provision for Long Service Leave	14(a)	64	75
		<u>638</u>	<u>802</u>
NON-CURRENT			
Provision for Long Service Leave	14(a)	369	525
		<u>369</u>	<u>525</u>
(a) Aggregate Employee Benefits Liability		<u>1,007</u>	<u>1,326</u>
NOTE 15. RESERVES			
Asset Revaluation Reserve		12,355	8,355
<p>The current written down value of the RACF is \$3.5 which is significantly undervalued. The Directors have agreed to revalue the RACF to bring it closer to the Valuation value. Given the volatility of the market a full revaluation to \$9.5m was deemed not appropriate. It was moved and ratified at the Board Meeting on 12 October 2022 that the RACF Land and Building value be increased by \$4m to take the value up to \$7.5m. Due to the volatility of the market no revaluation of the Retirement Village will be done in the 2022 year.</p>			
NOTE 16. RETAINED EARNINGS			
Balance at the beginning of the year		(6,551)	(4,905)
Net Annual Surplus (Deficit)		<u>(2,930)</u>	<u>(1,646)</u>
Retained Earnings at the end of the year		<u>(9,481)</u>	<u>(6,551)</u>
NOTE 17. CONTROLLED ENTITIES			
		Percentage Owned	
Subsidiary of Torbay Lifestyles & Care Limited:			
Torbay Constructions Pty Ltd (incorporated 26 September 2012)		<u>100%</u>	<u>100%</u>
NOTE 18. SEGMENT REPORTING			
Primary reporting – Business Segments			
<p>Accounting Standard AASB114 does not require not-for-profit organisations to provide information based on segment accounting. The group is a not-for-profit organisation. The following information is provided only in relation to the separate RACS numbers and only to satisfy the requirement of the Commonwealth Department of Health in relation to information on the residential Aged Care Facilities.</p>			

TORBAY GROUP

Accounting Policies

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 resident debtors, land and property, plant and equipment net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segment on a reasonable basis. The residential Aged Care Facility segment liabilities consist principally of the liability for accommodation bonds net of retentions.

Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. The transfers are charged at cost and are eliminated at the entity level.

TORBAY GROUP

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18. SEGMENT REPORTING cont...

	Torbay (5086)		Other		Eliminations		Total Entity	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
REVENUE								
Government Subsidies	7,496	5,950	-	33			7,496	5,983
Covid-19 Funding	118	531	1	6			119	537
Resident Charges	2,868	2,475	834	810			3,702	3,285
Other Income	13	122	7,481	8,099			7,495	8,221
Total External Income	10,495	9,077	8,317	8,948			18,812	18,025
Inter-Segment Income	-	-	1,369	1,271	(1,369)	(1,271)	-	-
Total Revenue from ordinary activities	10,495	9,077	9,686	10,218	(1,369)	(1,271)	18,812	18,025
Loss on sale of asset	-	-					0	0
Total Revenue	10,495	9,077	9,686	10,218			18,812	18,025
EXPENSES								
Employee Benefits Expenses	9,372	8,838	733	2,048			10,105	10,886
Interest	12	7					12	7
Depreciation and Amortisation	699	638	650	711			1,349	1,349
Other Expenses	3,398	2,954	7,938	5,450			11,336	8,404
Total External Expenses	12,421	11,462	9,321	8,209			21,742	19,671
Intersegment Expenses	1,060	976	309	295	(1,369)	(1,271)	-	-
Total Expenses from ordinary activities	13,481	12,438	9,629	8,504	(1,369)	(1,271)	21,742	19,671
RESULT								
Segment Result	(2,986)	(3,360)	55	1,714			(2,930)	(1,646)
Income Tax Expense	-	-						
Surplus (Deficit) after Income Tax	(2,986)	(3,360)	55	1,714			(2,930)	(1,646)
OTHER INFORMATION								
ASSETS								
Segment Current Assets	66	55	16,420	15,056			16,486	15,110
Segment Non-Current Assets	11,525	11,781	12,972	9,232			24,498	21,013
Unallocated corporate assets			-	-				
Total Assets	11,591	11,836	29,392	24,288			40,983	36,123
LIABILITIES								
Segment Current Liabilities	15,176	10,755	1,506	1,997			16,682	12,752
Segment Non-Current			21,427	21,567			21,427	21,567
Total Liabilities	15,176	10,755	22,933	23,564			38,109	34,319

TORBAY GROUP

NOTES TO THE FINANCIAL STATEMENTS

Business Segments

The company has the following four segments. They all operate from sites in Hervey Bay, Queensland.

- Residential Aged Care Facility – The Group operates one aged care facility. The Torbay-Torquay residential aged care facility (RACS ID 5086) comprises 134 funded aged care places. All places are licensed by the Commonwealth Department of Human Services.
- Retirement Village – The Group operates one retirement village, Torbay Aged Care and Retirement Village consisting of 159 independent living units and associated recreational facilities.
- Torbay Constructions Pty Limited – The Group operates a construction company providing construction services to other segments of its business and elsewhere. Prior to the formation of the company, it operated as a building division.
- Support Services Unit – This Unit accounts for all activities supporting the above segments.

	NOTE	Consolidated Group	
		2022	2021
		\$000	\$000
NOTE 19. CASH FLOW INFORMATION			
(a) Reconciliation of Cash			
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:			
Cash on Hand		4	4
Cash at Bank		<u>15,192</u>	<u>13,628</u>
		<u>15,196</u>	<u>13,632</u>
(b) Reconciliation of Cash Flow from Operations with			
Operating Surplus			
- Operating Surplus (Deficit)		(2,930)	(1,646)
Non-Cash Flows in Operating Surplus			
- Depreciation		1,396	1,348
- Villa Exit Fees		(1,225)	(1,560)
- Loss/(Profit) on sale of asset			
Changes in Assets and Liabilities			
- (Increase)/Decrease in Trade Debtors		369	(887)
- (Increase)/Decrease in Inventories		(245)	43
- (Increase)/Decrease in Prepayments		(39)	(149)
- Increase/(Decrease) in Creditors		(311)	538
- Increase/(Decrease) in Accrued Expenses		(12)	83
- Increase/(Decrease) in Accommodation Bonds		(12)	(7)
- Increase/(Decrease) in Employees Provisions		<u>(320)</u>	<u>201</u>
		<u>(3,330)</u>	<u>(2,036)</u>

TORBAY GROUP

NOTES TO THE FINANCIAL STATEMENTS

NOTE 20. SECURED CAPITAL REPLACEMENT FUND

The Capital Replacement Fund bank accounts for Torbay are secured by way of a statutory charge created pursuant to Section 91(6) of the *Retirement Villages Act 1999*.

	Consolidated Group	
	2022	2021
	\$000	\$000
Capital Replacement Fund Bank Accounts	770	672

NOTE 21. RELATED PARTY TRANSACTIONS

(a) Transactions and outstanding balances with related parties

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

(b) Controlled Entity

A controlled entity is an entity over which Torbay Lifestyles & Care Limited has the power to govern the financial and operating policies so as to obtain benefits from their activities. Inter-entity transactions and balances involving controlled entities are eliminated on consolidation. Detail of the controlled entity is provided at Note 17 to these financial statements.

NOTE 22. EXPENDITURE COMMITMENTS

At balance date, the group did not have any capital, lease or contracted expenditure commitments not provided for in the financial statements.

NOTE 23. EVENTS SUBSEQUENT TO BALANCE DATE

There have been no significant subsequent events to balance date.

NOTE 24. COMPANY DETAILS

The registered office of all group companies is: 43 Exeter Street, Torquay, Queensland, 4655.
The principal place of business of all group companies is: 43 Exeter Street, Torquay, Queensland, 4655.

NOTE 25. MEMBERS' GUARANTEE

Torbay Lifestyles & Care Limited is an incorporated company limited by guarantee under the Corporations Act 2001. Every member of the Company undertakes to contribute to the assets of the Company, in the event of the same being wound up while he or she is a member, or within one year after he or she ceases to be a member, for payment of the debts and liabilities of the Company (contracted before he or she ceased to be a member) and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributories among themselves, such amount as may be required, not exceeding Twenty Dollars (\$20).

