

**THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
THE OPERATIONS OF LINSELL LODGE AGED CARE FACILITY (NAPS ID 53)**

Financial Report for the year ended 30 June 2023

ABN 13 320 346 330

**THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES**

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**THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES**

Trustees' Report

For the year ended 30 June 2023

The Trustees of The Salvation Army (South Australia) Property Trust present the following report for the year ended 30 June 2023 for The Salvation Army (South Australia) Property Trust – Linsell Lodge Aged Care (“The Salvation Army Aged Care”).

Overview

The Salvation Army Aged Care aims to provide a comfortable and caring environment, with an ongoing sense of personal autonomy and dignity for older persons.

The Salvation Army Aged Care provide the highest possible standard of care, keeping in mind the personal needs and individuality of each resident. This involves recognising freedom of choice regarding health care, living environment, religion, social and recreational activities.

The financial report of The Salvation Army Aged Care comprises the operations of the following residential aged care facility:

- Linsell Lodge Aged Care (NAPID 53)

The Salvation Army (South Australia) Property Trust, which includes the facility noted above, is an organisation incorporated by the Acts and Ordinances of Parliament and domiciled in Australia. Its registered office and principal place of business is 95-99 Railway Road, Blackburn VIC 3130.

Trustees

The Trustees of The Salvation Army (South Australia) Property Trust also act as Trustees for The Salvation Army Australia Territory Social Fund (“TSA”) which owns the properties from which the facility is operated.

The followings persons were Trustees of The Salvation Army (South Australia) Property Trust during or since the end of the financial year are:

Colonel Winsome Joy Merrett	
Lieutenant Colonel Winsome Mason	
Lieutenant Colin Leslie Francis Reynolds	
Captain Stuart Norman McGregor Glover	
Commissioner Robert William Donaldson	(Resigned 21 February 2023)
Colonel Mark Douglas Watt	(Resigned 21 February 2023)
Lieutenant Colonel Neil Risely Venables	(Resigned 01 July 2023)
Lieutenant Colonel Gregory Mark Morgan	(Appointed 01 July 2022)
Axillary Lieutenant Rosemary Margaret Keane	(Appointed 21 February 2023)
Commissioner Miriam Joy Gluyas	(Appointed 21 February 2023)

THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES

Trustees' Report (Continued)

For the year ended 30 June 2023

Statement of Trustees' responsibilities

The Trustees prepare this financial report and financial statements in order to fulfil the financial reporting requirements of the *Accountability Principles 2014*. This report gives a fair view of the Trust's state of affairs and its incoming resources and resources expended. It is the responsibility of the Trustees to safeguard the assets of the Trust and take all reasonable steps to prevent fraud and other irregularities.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Trust. In preparing the financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgements/decisions that are reasonable and prudent;
- state whether applicable accounting standards have been followed; subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that The Salvation Army Aged Care will continue to operate.

Principal activities

During the financial year the principal continuing activities of The Salvation Army Aged Care included the operation of a residential nursing home in South Australia. There were no significant changes in the nature of the activities from the prior year.

Review of operations

The Salvation Army Aged Care operating surplus for the year was \$1,011,686 (2022: Surplus \$14,762).

Demand for residential services has decreased compared to the prior year with an average occupancy of 89.4% against prior year of 92.4%.

During the year The Salvation Army Aged Care continued to be impacted by COVID-19 in a number of ways. Our Aged Care facilities continued to maintain infection control standards to prevent the spread of Covid-19.

The Salvation Army Aged Care have continued to experience an increase in employee, medical, cleaning and waste costs as a result of managing the ongoing impact of the Covid-19 pandemic.

Additional funding was received to offset these additional costs due to Covid-19 which have been recognised in the year ending 30 June 2023 and disclosed within the financial report.

The corporate overhead costs incurred at The Salvation Army Aged Care (TSAAC) has been allocated in a form of management fee levy to Linsell Lodge Aged Care and other cost centres managed by TSAAC to reflect the complete cost of aged care operation of the facility, including those residential aged care facilities within each of the state based National Approved Providers (NAP's) managed by TSAAC.

**THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES**

Trustees' Report (Continued)

For the year ended 30 June 2023

The allocation is based on the relative size of the revenue generated by the facility and other cost centres within TSAAC. For this NAP, a total of \$657,063 (2022: \$632,391) has been charged in the current period.

Matters subsequent to the end of the financial year

No other matters or circumstances have arisen since 30 June 2023 which have significantly affected or will adversely affect the results of the entity in subsequent financial years.

Likely developments and expected results of operations

In the opinion of the Trustees, there are no likely changes in the operations of the economic entity which will adversely affect the results of the economic entity in subsequent financial years.

Environmental issues

The operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Insurance of Trustees

The Salvation Army Australia Territory on behalf of The Salvation Army (South Australia) Property Trust – Linsell Lodge Aged Care has insured the Trustees for any potential claims arising from their work as Trustees. The Trustees have not included the details of the nature of the liabilities covered or the amount of the premium paid in respect of the Trustees' liability and legal expenses, insurance contracts as such disclosure is prohibited under the terms of the contract.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Trustees of The Salvation Army (South Australia) Property Trust – Linsell Lodge Aged Care, and any other payments arising from liabilities incurred by the Trustees in connection with such proceedings. This does not include liabilities that arise from conduct involving a wilful breach of duty by the Trustees or the improper use by the Trustees of their position or of information to gain advantage for themselves or someone else or to cause detriment to the organisation.

Corporate governance

The Salvation Army Aged Care, being part of a not-for-profit organisation, is not required to include a statement of the main corporate governance practices which is required of listed corporations.

**THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES**

Trustees' Report (Continued)

For the year ended 30 June 2023

Auditor

KPMG Australia continues as The Salvation Army Aged Care auditor at the date of this report.

This report has been made in accordance with a resolution of The Salvation Army (South Australia) Property Trust Trustees.



Trustee

Trustee Name: Colonel Winsome Merrett



Trustee

Trustee Name: Captain Stuart Glover

Melbourne, 31 October 2023

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**THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES**

Statement of Profit/(Loss) and Other Comprehensive Income

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue			
Government aged care payments		7,854,492	6,920,726
Client Fees		1,775,585	1,729,724
Accommodation payments		295,864	328,770
Investment income		809,420	227,985
Other income		13,522	22,676
Imputed interest income		267,000	-
Total revenue	4	11,015,883	9,229,881
Expenses			
Personnel expenses		6,418,521	6,486,794
Motor vehicle expenses		6,770	7,297
Property and maintenance expenses		919,731	689,667
Catering and other service expenses		1,456,255	1,183,694
Administration expenses		935,920	847,667
Imputed interest expense		267,000	-
Total expenses		10,004,197	9,215,119
Operating surplus for the year		1,011,686	14,762
Total other comprehensive income		-	-
Net surplus		1,011,686	14,762

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

**THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES**

Statement of Financial Position

As at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Cash and cash equivalents	5	3,753	4,559
Receivables and prepayments	6	10,429,780	10,197,543
Plant and equipment	7	97,286	50,078
Total assets		<u>10,530,819</u>	<u>10,252,180</u>
Liabilities			
Payables and accruals	8	732,511	329,287
Employee benefits	9	733,308	743,260
Accommodation bonds	10	9,065,000	9,179,633
Total liabilities		<u>10,530,819</u>	<u>10,252,180</u>
Net assets / (liabilities)		<u><u>-</u></u>	<u><u>-</u></u>
Equity			
Accumulated funds		-	-
Reserves		-	-
Total Equity		<u><u>-</u></u>	<u><u>-</u></u>

The above statement of financial position should be read in conjunction with the accompanying notes.

**THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES**

Statement of Changes in Equity

For the year ended 30 June 2023

	Total accumulated funds \$	Specific purpose reserve \$	Total \$
Balance at 1 July 2022	-	-	-
Net surplus / (deficit)	1,011,686	-	1,011,686
	1,011,686	-	1,011,686
Distribution from/(to) TSA	(1,011,686)	-	(1,011,686)
Balance at 30 June 2023	-	-	-

	Total accumulated funds \$	Specific purpose reserve \$	Total \$
Balance at 1 July 2021	-	-	-
Net surplus / (deficit)	14,762	-	14,762
	14,762	-	14,762
Distribution from/(to) TSA	(14,762)	-	(14,762)
Balance at 30 June 2022	-	-	-

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES**

Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flow from operating activities			
Receipts from customers and government funding		9,707,225	7,189,078
Payments to suppliers and employees		(9,313,638)	(9,209,008)
Interest received	4	<u>809,420</u>	<u>227,985</u>
Net cash used in operating activities		<u>1,203,007</u>	<u>(1,791,945)</u>
Cash flows from investing activities			
Purchase of plant and equipment	7	<u>(77,494)</u>	<u>(36,237)</u>
Net Cash from/(used in) investing activities)		<u>(77,494)</u>	<u>(36,237)</u>
Cash flows from financing activities			
Proceeds from receipt of refundable accommodation deposits		3,230,000	3,319,272
Repayment of refundable accommodation deposits		(3,344,633)	(1,476,729)
Payments to related parties		<u>(1,011,686)</u>	<u>(14,762)</u>
Net cash from financing activities		<u>(1,126,319)</u>	<u>1,827,781</u>
Net decrease in cash and cash equivalents		(806)	(401)
Cash and cash equivalents beginning of year		<u>4,559</u>	<u>4,960</u>
Cash and cash equivalents at end of year		<u><u>3,753</u></u>	<u><u>4,559</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

**THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES**

Notes to the Financial Statements

For the year ended 30 June 2023

1. Reporting Entity

The financial report of The Salvation Army Aged Care, a not-for-profit entity, has been drawn up for the purpose of fulfilling the requirements of the Accountability Principles Act 2014.

The approved provider delivers only residential aged care services and this General Purpose Financial Report therefore only relates to such operations.

2. Basis of preparation

a) Statement of compliance

In the opinion of the Trustees, Linsell Lodge Aged Care is not publicly accountable nor a reporting entity. These financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with the requirements of the Australian Accounting Standards – Simplified Disclosures (“AASB-SD”) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (“AASB”).

b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

c) Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

d) Functional and presentation currency

These financial statements are presented in Australian dollars. Amounts in the financial report has been rounded off to the nearest dollar, unless otherwise indicated.

e) Presentation of statement of financial position on liquidity basis

The Salvation Army Aged Care has chosen to present the statement of financial position under the Liquidity presentation method (AASB 101) on the basis that it presents a reliable and more relevant view. A reconciliation of the allocation of accommodation bonds according to liquidity is provided at note 10.

**THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES**

Notes to the Financial Statements

For the year ended 30 June 2023

2. Basis of preparation (continued)

f) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES**

Notes to the Financial Statements

For the year ended 30 June 2023

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Income tax

The Salvation Army Aged Care is appropriately endorsed as required by the Australian Taxation Office from 1 July 2005 for income tax exemption.

b) Revenue recognition

I. Revenue recognition policy for revenue from contracts with customers (AASB 15) and AASB 1058 Income for Not-for-Profit Entities

Revenues are recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office. The AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* are applied to the following revenue streams:

(i) Government Aged Care accommodation subsidy

Government aged care payments are received from the Government to assist with the provision of aged care and support services. Revenue is recognised over time as performance obligations are met.

(ii) Client fees

Resident fee income is recognised on an accrual basis when the service has been provided to the resident. Accrued resident income represents fees due from residents not billed at balance date. Revenue is recognised over time as performance obligations are met.

(iii) Related party funding

Related party income is program funding from The Salvation Army Australia Territory that is recognised in income upon receipt.

(iv) Donations

Donations collected, including cash and plant and equipment, are recognised as other income when the facility gains control of the asset.

Donations with specific conditions attached will be deferred until those conditions are satisfied. Revenue is recognised over time as performance obligations are met.

(v) Recurrent funding

The Salvation Army Aged Care received \$109,575 for the year ended 30 June 2023 (2022: \$64,520) for the reimbursement of Covid-19 related costs and Workforce bonus payment. These Covid-19 costs were for additional staff, cleaning and PPE incurred by Salvation Army aged care.

**THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES**

Notes to the Financial Statements

For the year ended 30 June 2023

3. Significant accounting policies (continued)

II. Revenue recognised under AASB 16 Leases

The facility has applied AASB 16 in respect of resident agreements, which under AASB 16 are deemed to be a lease specifically due to the security of tenure that these offer to facilities residents.

(i) Accommodation payments

Residential accommodation agreements in which residents who choose to pay a RAD or a bond for their accommodation services are considered to be a lease under AASB 16. The facility has recognised as lease income an imputed non-cash charge representing the resident's right to occupy a room under the arrangement. The facility has concluded that the lease term for these arrangements is no longer than 7 days (being the notice period required from a resident before departure) resulting in an imputed discount rate being akin to the short term cash rate. The facility discloses Daily Accommodation Payment (DAP), Daily Accommodation Contribution (DAC) and accommodation supplement revenue separately from revenue from contracts with customers. Revenue is recognised over the time period the customer is a resident of the facility.

c) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash at bank and cash on hand.

Cash for The Salvation Army Aged Care is held and managed by central treasury for The Salvation Army Australia Territory and as such cash equivalents are reflected as a receivable.

d) Financial asset

(i) Financial assets - trade receivables

The facility holds trade receivables with the objective to collect the contractual cash flows. Trade receivables are recognised initially on the date that the facility becomes party to the contractual provisions of the instrument. and therefore, measures them at amortised cost using the effective interest method, less any impairment.

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

All recognised trade receivables are subsequently measured in their entirety at either amortised cost.

**THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES**

Notes to the Financial Statements

For the year ended 30 June 20223

3. Significant accounting policies (continued)

(ii) Impairment of financial assets

The facility applies a simplified approach in calculating expected credit losses (ECLs) for trade receivables recognising a loss allowance based on lifetime ECLs at each reporting date rather than monitoring changes in credit risk. The facility has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The facility considers a financial asset is in default when contractual payments are 120 days past due. However, in certain cases, the facility may also consider a financial asset to be in default when internal or external information indicates that facility is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by facility. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(iii) Derecognition

The facility derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of consideration received and receivable and is recognised in profit or loss.

(iv) Financial liabilities

The facility measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method. The financial liabilities of the facility comprise trade payables.

**THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES**

Notes to the Financial Statements

For the year ended 30 June 2023

3. Significant accounting policies (continued)

e) Plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within “other income” in the Statement of Profit or Loss and Other Comprehensive Income.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

Plant and equipment	4 years
Furniture, fixtures and fittings	4 years
Motor Vehicles	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. All minor assets costing less than \$10,000 are immediately expensed in the period in which they occur. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

f) Intangible Assets – bed licences

Residential aged care bed licences have been granted to The Salvation Army Aged Care by the Department of Health in the past at no cost. It is not possible to measure the fair value at acquisition date as the acquisition dates are not always available. Future acquisitions will be recorded at fair value as at the date of acquisition, as determined by independent valuation if available.

g) Trade payables

These amounts represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid under normal business terms.

THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES

Notes to the Financial Statements

For the year ended 30 June 2023

3. Significant accounting policies (continued)

h) Maintenance and repairs

Maintenance, repair and minor renewal costs are charged as expenses as incurred, except where they relate to the replacement of a component of an asset in which case the costs are capitalised and depreciated in accordance with note 3e).

i) Property levy

Property levy includes charges for the use of aged care buildings owned by The Salvation Army Territory. Property levy charges are expensed as incurred. The Salvation Army Aged Care does not have any additional obligations in relation to the aged care buildings.

j) Employee benefits

(i) Wages and salaries and annual leave

Wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date, are recognised as liabilities in respect of employees' services up to the reporting date and measured at the amounts expected to be paid when the liabilities are settled. The accrued wages are included in the accruals and the annual leave is included in provisions.

(ii) Long service leave

The net obligation in respect of long-term service benefits, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs.

k) Refundable accommodation deposits

Refundable accommodation deposits (RAD) are paid by residents upon their admission to facilities and are settled after a resident vacates the premises in accordance with the *Aged Care Act 1997*. Providers must pay a base interest rate on all refunds on the RADs within legislated time frames and must pay a penalty on refunds made outside legislated time frames. Accommodation bonds balances held prior to 1 July 2014 are reduced by annual retention fees charged in accordance with the *Aged Care Act 1997*.

RAD refunds are guaranteed by the Government under the prudential standards legislation. Providers are required to have sufficient liquidity to ensure that they can refund bond balances as they fall due in the following twelve months. Providers are also required to implement and maintain a liquidity management strategy. This is updated on an annual basis.

The total balance of refundable accommodation deposits owed to residents has been classified as being 'expected to be settled within 12 months' or 'expected to be settled after 12 months' on the basis of past payment history.

**THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
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Notes to the Financial Statements

For the year ended 30 June 2023

3. Significant accounting policies (continued)

l) 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 Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST excluded.

m) Leases

Peppercorn and concessionary leases

The Salvation Army Aged Care records no balances for Land and in the Property, Plant and Equipment balances for the premises occupied and used to operate the business. The Salvation Army Aged Care are instead charged for property management fee by the Salvation Army Australia Territory for the use of the premises. This arrangement is treated as a peppercorn and concessionary lease arrangement.

The term “peppercorn lease” is used to describe a lease that has nil or nominal lease payments. The term also includes leases with lease payments that are more than nominal but significantly below market value, principally to enable the Salvation Army Aged Care to further its not for profit objectives. It is a requirement of AASB 1058 and AASB 16 that all peppercorn leases be recognised in the balance sheet as a right-of-use asset and a corresponding lease liability. The AASB issued AASB 2018-8 Amendments to Australian Accounting Standards Right-of-Use Assets of Not-for-Profit Entities providing a temporary relief option for not-for-profit entities to measure a peppercorn lease at either fair value or cost. Cost represents the measurement of the lease liability and hence would be a negligible amount. Salvation Army Aged Care has adopted the cost method for disclosure of peppercorn leases.

n) Comparatives

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

o) Deferred Income

Government grant funding received in advance, which has a present obligation to be paid and where conditions are not met, is accounted for as deferred income.

p) Provisions

A provision is recognised if, as a result of a past event, The Salvation Army Aged Care as a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

**THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES**

Notes to the Financial Statements

For the year ended 30 June 2023

3. Significant accounting policies (continued)

q) Investment income and expenses

Investment income comprises interest income recognised as it accrues in the Statement of Profit or Loss and Other Comprehensive Income, using the effective interest method.

Investment expenses comprise interest expense on borrowings, residential accommodation deposits and accommodation bonds recognised in the Statement of Profit or Loss and Other Comprehensive Income using the effective interest method.

4. Revenue

Revenue from contracts with customers – AASB15 Revenue from Contracts with Customers

	2023	2022
Revenue from rendering of services	1,775,585	1,729,724
Government aged care subsidy	7,744,917	6,856,206
	<u>9,520,502</u>	<u>8,585,930</u>

Revenue recognised under – AASB1058 Income of NFP entities

Recurrent grants received/receivable	109,575	64,520
	<u>109,575</u>	<u>64,520</u>

Revenue from leases – AASB 16 Leases

Daily accommodation payment (DAP)	295,864	328,770
Imputed Interest Income	267,000	-
	<u>562,864</u>	<u>328,770</u>

Other Income

Interest Income	809,420	227,985
Other Income	13,522	22,676
	<u>822,942</u>	<u>250,661</u>
	<u>11,015,883</u>	<u>9,229,881</u>

5. Cash and cash equivalents

	2023	2022
	\$	\$
Cash on hand	3,753	4,559
	<u>3,753</u>	<u>4,559</u>

Notes to the Financial Statements

THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
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For the year ended 30 June 2023

6. Receivables and prepayments

	2023	2022
	\$	\$
Trade Receivables	91,520	396,313
Prepayments	(1,417)	55,429
Related party receivables	<u>10,339,677</u>	<u>9,745,801</u>
	<u><u>10,429,780</u></u>	<u><u>10,197,543</u></u>

Movement in the impairment of receivables

	2023	2022
	\$	\$
Balance at the beginning of the year	40,540	16,615
Impairment losses recognised/(reversed)	<u>5,827</u>	<u>23,925</u>
	<u><u>46,367</u></u>	<u><u>40,540</u></u>

THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
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Notes to the Financial Statements

For the year ended 30 June 2023

7. Plant and equipment

	Plant and Equipment	Total
Cost	\$	\$
Balance 1 July 2022	63,657	63,657
Additions	77,494	77,494
Disposals	-	-
	<hr/>	<hr/>
Balance 30 June 2023	141,151	141,151
Accumulated Depreciation		
Balance 1 July 2022	13,579	13,579
Depreciation charge	30,286	30,286
Disposals	-	-
	<hr/>	<hr/>
Balance 30 June 2023	43,865	43,865
Carrying Value		
	<hr/>	<hr/>
As 30 June 2022	50,078	50,078
	<hr/>	<hr/>
As 30 June 2023	97,286	97,286
	<hr/>	<hr/>

**THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES**

Notes to the Financial Statements

For the year ended 30 June 2023

8. Payables and accruals

	2023	2022
	\$	\$
Trade payable - current	309,182	254,579
Accruals	<u>423,329</u>	<u>74,708</u>
	<u>732,511</u>	<u>329,287</u>

The majority of the accruals relate to salaries and wages and are paid within the first month of the next financial year.

9. Employee benefits

	2023	2022
	\$	\$
Annual leave - current	348,816	364,346
Long service leave - current	162,504	165,945
Long service leave – non-current	<u>221,988</u>	<u>212,969</u>
	<u>733,308</u>	<u>743,260</u>

The Salvation Army (South Australia) Property Trust – Linsell Lodge Aged Care facility contributed \$473,795 (2022: \$462,137) on behalf of employees to the superannuation plan of their choice in accordance with the superannuation legislation.

**THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES**

Notes to the Financial Statements

For the year ended 30 June 2023

10. Refundable accommodation deposits

	2023	2022
	\$	\$
Residential accommodation deposits - current (likely to be settled within 12 months)	3,172,750	3,212,872
Residential accommodation deposits – non- current (likely to be settled after 12 months)	5,892,250	5,966,761
	9,065,000	9,179,633

11. Commitments

There are no capital or operating commitments.

12. Contingencies

At the balance sheet date there are no significant contingencies.

13. Related party transactions

During the year, The Salvation Army (South Australia) Property Trust has paid the following to The Salvation Army (NSW) Property Trust:

	2023	2022
	\$	\$
Property Levy	88,920	85,216
Management Fee Levy	657,063	632,391
	745,983	715,167

The TSAAC corporate overhead costs all allocated in a form of management fee levy to the Linsell Lodge Aged Care and other cost centres within TSAAC. The allocation is based on the relative size of the revenue generated by the Linsell Lodge Aged Care and other cost centres within TSAAC. A total of \$657,063 (2022: \$632,391) has been charged in the current period.

THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES

Notes to the Financial Statements

For the year ended 30 June 2023

At 30 June 2023, the following related party balances were outstanding with The Salvation Army (South Australia) Property Trust:

	2023	2022
	\$	\$
Related party receivables	10,339,677	9,745,801
	10,339,677	9,745,801

The Salvation Army Aged Care has paid distributions to TSA amounting to \$1,011,686 (2022: \$14,762). As at 30 June 2023, no amounts receivable in respect to funding contributions was recorded.

The aged care buildings are owned by TSA and are provided to the operation of The Salvation Army Aged Care on a rent free basis.

14. Key Management Personnel Compensation

The key management personnel expenses are recharged to The Salvation Army Aged Care (TSAAC) from The Salvation Army Head Office and are apportioned and recharged back to the National Approved Providers (NAP's) as part of the management fee levy.

	2023	2022
	\$	\$
Key Management Personnel Compensation	94,555	98,115
	94,555	98,115

15. Auditor remuneration

During the year the following fees were either paid or payable for services provided by KPMG Australia as the auditor:

(a) Audit and other Assurance services

	2023	2022
	\$	\$
Audit of financial statements	5,813	2,250
	5,813	2,250

THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES

Notes to the Financial Statements

For the year ended 30 June 2023

16. Subsequent events

No transactions or events of a material nature have arisen in the interval between the end of the financial year and date of this report that would, in the opinion of the trustees, significantly affect the operations of the entity, results of those operations or the state of affairs of the entity in future financial years.

17. Accounting standard changes

The facility has adopted all mandatory new and amended Australian Accounting Standards and interpretations, and there has been no material impact on the facility's financial statements.

There are no new standards, amendments or interpretations that have been issued and are not yet effective that are expected to have a significant impact on the facility.

**THE SALVATION ARMY (SOUTH AUSTRALIA) PROPERTY TRUST
RESIDENTIAL AGED CARE SERVICES**

Trustees' Declaration

For the year ended 30 June 2023

In the opinion of the Trustees of The Salvation Army (South Australia) Property Trust – Linsell Lodge Aged Care facility:

- (a) the Linsell Lodge Aged Care facility is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 7 to 25 are in accordance with Accountability Principles Act 2014, including:
 - (i) giving a true and fair view of the Linsell Lodge Aged Care facility financial position as at 30 June 2023 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Simplified Disclosures; and
- (c) there are reasonable grounds to believe that the Linsell Lodge Aged Care facility will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Trustees:



Trustee

Trustee Name: Colonel Winsome Merrett



Trustee

Trustee Name: Captain Stuart Glover

Melbourne, 31 October 2023



Independent Auditor's Report

To the trustees of The Salvation Army (South Australia) Property Trust Residential Aged Care Services

Opinion

We have audited the **Financial Report** of *The Salvation Army (South Australia) Property Trust Residential Aged Care Services* ("Entity").

In our opinion, the accompanying Financial Report gives a true and fair view of the financial position of the Entity as at 30 June 2023, and of its financial performance and its cash flows for the year then ended, in accordance with *Australian Accounting Standards - Simplified Disclosures*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2023
- 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 including a summary of significant accounting policies
- Trustees declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Entity in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the *Financial Report* in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in The Salvation Army (South Australia) Property Trust Residential Aged Care Services's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Trustees are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.



We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Management for the Financial Report

Management are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards – Simplified Disclosures Framework*.
- implementing necessary internal control to enable the preparation of a Financial Report that is free from material misstatement, whether due to fraud or error
- assessing the Entity's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

Ashley Trang

Partner

Sydney

31 October 2023