Vasey.

The Vasey Housing Association N S W

ABN 79 000 389 319

Financial Report - 31 March 2023

The Vasey Housing Association N S W
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31 March 2023

The directors present their report, together with the financial statements, on The Vasey Housing Association N S W (the 'company') for the year ended 31 March 2023.

Information on directors

Name:	Ms Katherine Margaret Gunton
Title:	Chairperson
Qualifications:	Bachelor of Architecture, Executive MBA, GAICD
Special responsibilities:	Chair - Board of Directors, Chair - Nominations Committee, Member - Planning & Development Committee, Member - Finance, Audit & Risk Committee
Name:	Colonel John Hutcheson AM ADC (Ret'd)
Title:	Director (Appointed 19 July 2022)
Qualifications:	BA, MA, M Defence Studies, GAICD
Special responsibilities:	Member - Finance Audit & Risk Committee
Name:	Mr Karl Bradwell Wood
Title:	Director
Qualifications:	LLB (Hons), LLM
Special responsibilities:	Member - Planning & Development Committee
Name:	Mr Athanasios (Arthur) George Koumoukelis
Title:	Director
Qualifications:	BComm, LLB (UNSW), LLM (SYD), Grad Dip Wills and Estates College of Law, Notary Public, GAICD
Special responsibilities:	Member - Nominations Committee, Member - Planning & Development Committee
Name:	Ms Christina Dorothy Hobbes
Title:	Director
Qualifications:	Graduate Certificate in Corporate Finance, Property Investment & Finance Diploma, Bachelor of Architecture (Hons), Bachelor of Science (Architecture), GAICD
Special responsibilities:	Chair - Planning & Development Committee
Name:	Ms Megan Janet McKechnie
Title:	Director
Qualifications:	Bachelor of Business (Accountancy), Member – Chartered Accountants Australia & NZ,GAICD
Special responsibilities:	Chair - Finance, Audit & Risk Committee
Name:	Colonel Keith Dean Schollum
Title:	Director (Retired 19 July 2022)
Qualifications:	BA, M Defence Studies, GAICD
Special responsibilities:	Member - Nominations Committee, Member - Finance Audit & Risk Committee

Mission

The short and long term objective of The Vasey Housing Association N S W is to achieve excellence in the provision of affordable, secure, independent residential accommodation to members of the community in need, prioritising those with a Defence connection.

Strategy for achieving the objectives

To achieve the objectives of the company, the Board of Directors have instigated the following Vision Statement:

- To maximise opportunities to increase housing supply that provides relief of housing stress while also contributing to our long-term business strategies.
- To develop and maintain a village portfolio that is diverse, flexible, sustainable and well-matched to the needs of our residents.
- To facilitate access for residents to quality External Support Providers within a friendly, village atmosphere.

To this end, strategies have been implemented to ensure that Vasey maintains best practice standards at all times in providing day-to-day support to residents and tenants. There is also a requirement:

- To develop Vasey's housing stock over the medium to long term.
- To carry out capital works programs in a sustainable way that balances production costs and market forces without exposing Vasey to long term debt.
- To ensure that Vasey's product offering meets the demands of future residents and thereby underpins Vasey's relevance into the future.

Principal activity
During the year the principal activity of the company was the provision of affordable independent residential accommodation for single persons over the age of 55.

During the 2023 financial year, construction on the new 117-unit vertical village at the Kokoda Residences site at Waitara was completed. Occupation of the development commenced in August 2022 and the construction loan facility with the Commonwealth Bank of Australia was repaid in full in December 2022. Richard Crookes Constructions are the builders .for the project and continue to provide support through the defects liability period which ends in August 2023.

There were no other significant changes in the nature of the principal activity during the year.

Performance measures
The company measures its performance in both the surplus generated during the year (compared to its business plan) and the level of satisfaction amongst our residents in regard to the services delivered to them.

Review of operations
The company realised a surplus this year. Expenses were kept within budget for the year however performance of the investment fund resulted in an unrealised loss compared to 2022 due to market volatility.

With completion of the new Kokoda Residences at Waitara the company was able to fully repay the bank loan finance of the development. The Vasey strata office in George street, Sydney, was sold in September 2022 for $2,000,000 with the funds added to the investment portfolio. In existing villages, a total of 19 units were renovated throughout the year. Over the course of the year Vasey contributed $151,628 to support the villages through activities for residents and staff support.

Village funds stand at $920,030 at the close of this year. All villages have considered and passed their individual budgets for the 2023/24 financial year.

Financial result
The surplus of the company for the financial year amounted to $200,529 (2022:$116,393). The company is exempt from income tax. Total comprehensive income of the company for the financial year after considering the revaluation gains amounted to $27,273,480 (2022: Total comprehensive income of $8,525).

Cash and Funds invested total $26,469,744 compared to 2022 total of $6,002,648. The Waitara development loan has been fully repaid through the proceeds of unit sales.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 March 2023, and the number of meetings attended by each director were:

	Full Board		Finance, Audit & Risk		Nominations Committee		Planning & Development Committee	
	Attended	*Held*	*Attended*	*Held*	*Attended*	*Held*	*Attended*	*Held*
Ms Katherine Margaret Gunton	11	11	12	12	2	2	10	10
Colonel John Hutcheson AM ADC (Ret'd)	6	6	8	8	-	-	-	-
Mr Karl Bradwell Wood	11	11	-	-	-	-	10	10
Mr Arthur George Koumoukelis	11	11	-	-	1	1	9	10
Ms Christina Dorothy Hobbes	11	11	-	-	-	-	10	10
Ms Megan Janet McKechnie	11	11	12	12	-	-	-	-
Colonel Keith Dean Schollum	5	5	4	4	1	1	-	-

Events after the reporting date

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

Contributions on winding up

The Vasey Housing Association N S W is a company limited by guarantee. In the event of the company being wound up and in accordance with the constitution each Member is liable to contribute to a maximum of $50 each towards meeting any outstanding obligations of the company.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under s.60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is included immediately after this directors' report.

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

Katherine Gunton
Director

Megan McKechnie
Director

19 June 2023

StewartBrown
Integrity + Quality + Clarity
CHARTERED ACCOUNTANTS

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THE VASEY HOUSING ASSOCIATION N S W
ABN 79 000 389 319

FINANCIAL REPORT – 31 MARCH 2023

AUDITOR'S INDEPENDENCE DECLARATION UNDER s60-40
OF THE *AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012*
TO THE DIRECTORS OF THE VASEY HOUSING ASSOCIATION N S W

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2023 there has been:

(a) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

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

StewartBrown

StewartBrown
Chartered Accountants

Justin Weiner
Partner

19 June 2023

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	Note	2023 $	2022 $
Total revenue and other income	5	6,440,878	2,727,721
Expenses			
Administration expenses		(58,712)	(43,144)
Advertising expenses		(328,550)	(177,216)
Audit fees		(35,000)	(20,000)
Cafe operating expenses		(202,912)	-
Computer and IT expenses		(37,728)	(22,527)
Consulting fees		(115,471)	(27,896)
Directors fees & board expenses		(172,431)	(188,889)
Employee benefits		(1,474,858)	(955,031)
Finance costs	6	(297,702)	(10,936)
Insurance		(22,498)	(20,559)
Investment costs		(103,623)	(64,918)
Motor vehicle expenses		(54,214)	(30,656)
Office expenses		(46,010)	(36,797)
Other expenses		(531)	(15,954)
Property valuations		(34,407)	-
Repairs and maintenance		(10,780)	(4,099)
Resident activity expenses		(71,465)	(40,091)
Staff training and development		(14,207)	(14,249)
Vasey member costs		(7,598)	(2,052)
Village expenses		(724,358)	(475,785)
Waitara expenses		(25,786)	(42,954)
Total expenses		(3,838,841)	(2,193,753)
Surplus before depreciation and income tax expense		2,602,037	533,968
Depreciation expenses	6	(2,401,508)	(417,575)
Surplus before income tax expense		200,529	116,393
Income tax expense		-	-
Surplus after income tax expense for the year		200,529	116,393
Other comprehensive income/(loss)			
Gain on the revaluation of land and buildings		27,737,243	-
Loss on the revaluation of equity instruments at fair value through other comprehensive income		(664,292)	(107,868)
Other comprehensive income/(loss) for the year, net of tax		27,072,951	(107,868)
Total comprehensive income for the year		27,273,480	8,525

The Vasey Housing Association N S W
Statement of financial position
As at 31 March 2023

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	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	7	3,478,604	459,090
Trade and other receivables	8	1,383,934	1,329,087
Financial assets at fair value through other comprehensive income	9	19,940,269	5,543,558
Other financial assets	11	3,582,805	480,934
Prepayments		13,696	13,787
Total current assets		28,399,308	7,826,456
Non-current assets			
Property, plant and equipment	12	154,365,044	109,940,230
Right-of-use assets	10	75,648	151,293
Total non-current assets		154,440,692	110,091,523
Total assets		182,840,000	117,917,979
Liabilities			
Current liabilities			
Trade and other payables	13	330,720	4,667,536
Contract liabilities	14	89,614,662	8,413,846
Borrowings	15	-	39,178,706
Lease liabilities	16	26,681	100,363
Employee benefits	17	70,539	36,911
Total current liabilities		90,042,602	52,397,362
Non-current liabilities			
Lease liabilities	16	-	26,681
Employee benefits	17	29,982	-
Total non-current liabilities		29,982	26,681
Total liabilities		90,072,584	52,424,043
Net assets		92,767,416	65,493,936
Equity			
Reserves	18	64,730,259	37,657,308
Retained earnings		28,037,157	27,836,628
Total equity		92,767,416	65,493,936

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

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	Asset revaluation reserve $	Financial assets reserve $	Village operating fund $	Village capital works fund $	Retained earnings $	Total equity $
Balance at 1 April 2021 as previously reported	36,547,713	725,701	41,811	449,951	27,720,235	65,485,411
Surplus after income tax expense for the year	-	-	-	-	116,393	116,393
Other comprehensive loss for the year, net of tax	-	(107,868)	-	-	-	(107,868)
Total comprehensive income/(loss) for the year	-	(107,868)	-	-	116,393	8,525
Balance at 31 March 2022	36,547,713	617,833	41,811	449,951	27,836,628	65,493,936

	Asset revaluation reserve $	Financial assets reserve $	Village operating fund $	Village capital works fund $	Retained earnings $	Total equity $
Balance at 1 April 2022	36,547,713	617,833	41,811	449,951	27,836,628	65,493,936
Surplus after income tax expense for the year	-	-	-	-	200,529	200,529
Other comprehensive income/(loss) for the year, net of tax	27,737,243	(664,292)	-	-	-	27,072,951
Total comprehensive income/(loss) for the year	27,737,243	(664,292)	-	-	200,529	27,273,480
Balance at 31 March 2023	64,284,956	(46,459)	41,811	449,951	28,037,157	92,767,416

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

The Vasey Housing Association N S W
Statement of cash flows
For the year ended 31 March 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from residents		2,943,128	1,565,107
Payments to suppliers and employees		(9,139,001)	(2,875,537)
		(6,195,873)	(1,310,430)
Dividends received		169,768	203,069
Interest received		121,071	1,651
Interest on lease liabilities		(6,352)	(10,936)
Net cash used in operating activities		(5,911,386)	(1,116,646)
Cash flows from investing activities			
Payments for investments		(22,482,849)	(462,160)
Payments for property, plant and equipment	12	(20,877,244)	(39,105,336)
Proceeds from disposal of investments		4,448,473	532,988
Proceeds from disposal of property, plant and equipment		1,977,352	50,428
Net cash used in investing activities		(36,934,268)	(38,984,080)
Cash flows from financing activities			
Advances from client contributions		85,435,587	3,067,732
(Repayment of) Proceeds from borrowings		(38,248,299)	36,434,871
Interest and other finance costs paid		(291,350)	-
Repayment of lease liabilities		(100,363)	(91,675)
Net cash from financing activities		46,795,575	39,410,928
Net increase/(decrease) in cash and cash equivalents		3,949,921	(689,798)
Cash and cash equivalents at the beginning of the financial year		(471,317)	218,481
Cash and cash equivalents at the end of the financial year	7	3,478,604	(471,317)

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

Note 1. General information

The financial statements cover The Vasey Housing Association N S W (the 'company') as an individual entity. The financial statements are presented in Australian dollars ($AUD), which is The Vasey Housing Association N S W's functional and presentation currency.

The Vasey Housing Association N S W is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. The company is a registered not-for-profit entity with the Australian Charities and Not-for-profits Commission. The company's registered office and principal place of business is:

Rhodes Waterside Shopping Centre
Suite 10G, Level 10
1 Rider Boulevard
Rhodes NSW 2138

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 19 June 2023.

Note 2. Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the *Australian Charities and Not-for-profits Commission Act 2012* and associated regulations, as appropriate for not-for profit oriented entities.

The financial statements have been prepared on an accruals basis and under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through other comprehensive income and certain classes of property, plant and equipment. The amounts have been rounded to the nearest dollar.

Going concern
Despite current liabilities exceeding current assets by $61,643,294 as at 31 March 2023 (2022: $44,570,906), the directors are of the opinion the company will continue on a going concern basis due to the following circumstances:

- Net assets of the company at 31 March 2023 amounted to $92,767,416 (2022: $65,493,936). Cash and cash equivalents (including Financial Assets) are sufficient to meet the needs of current liabilities;
- The resident contributions in advance of $89,539,932 is recognised as a current liability for financial reporting purposes. The repayment of these refundable loans will be funded largely by contributions from incoming residents;

Further to the above, the directors have reviewed the detailed annual budget for 2023/24 with particular scrutiny of income forecasts and expense increases. All underlying assumptions in the forecast income and expenses have been deemed reasonable to conservative.

For the year ended 31 March 2023 the directors of the company have concluded that there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due, and continue as a going concern.

Note 3. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
New and revised standards that are effective for these financial statements
Several amendments to Australian Accounting Standards and interpretations are mandatory for 31 March 2023 reporting period. These include:

- *AASB 2020-3 Amendments to AASB 116 - Property, Plant and Equipment: Proceeds before Intended Use* (effective for the year ending 31 March 2023)
- *AASB 2020-3 Amendments to AASB 137 - Onerous Contracts - Cost of Fulfilling a Contract* (effective for the year ending 31 March 2023)

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Note 3. Significant accounting policies (continued)

The application of the amendments to AASB 116 and AASB 137 have not had a material impact on the carrying values of the company's asset, liability or equity balances; nor a material impact on the disclosures in the financial report nor the recognition and measurement of the company's revenue or expenses.

New and revised standards not yet adopted
Certain new accounting standards, amendments and interpretations have been published that are not mandatory for 31 March 2023 reporting periods and have not been early adopted by the company. These include:

- *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* (effective for the year ending 31 March 2024)
- *AASB 2021-2 and AASB 2021-6: Amendments to Australian Accounting Standards (AASs) – Disclosure of Accounting Policies* (effective for the year ending 31 March 2024)
- *AASB 2021-2: Amendments to AASB 108 definition of accounting estimates* (effective for the year ending 31 March 2024)
- *AASB 2022-3: Amendments to AASs – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15* (effective for the year ending 31 March 2024)

It is not expected that AASB 2020-1, AASB 2021-2, AASB 2021-6, AASB 2022-3 will have a material impact on the company in future periods.

Revenue recognition
The company recognises its revenue based in accordance with the following key accounting standards:

AASB 15 - Revenue from contracts with customers
The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the company have any significant financing terms as the customer paid for the goods or services in advance and the timing of the transfer of those goods or services is at the discretion of the customer.

AASB 1058 - Income of Not-for-Profit Entities
Where the company receives any asset, including cash, from transactions where there are no sufficiently specific performance obligations income is recognised at the fair value of the asset when such asset is received. The company considers whether there are any related liabilities or equity items associated with the asset – these are recognised in accordance with the relevant accounting standard and once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the company are:

Note 3. Significant accounting policies (continued)

Retention of ingoing contributions
Incoming residents at the retirement villages being operated by the company pay a lump sum ingoing contribution upfront under the contract signed between the company and the residents. These ingoing contributions paid in advance are initially recorded as 'Contract liabilities' in the statement of financial position until the company's performance obligation for related services to the residents are fulfilled over the period of the contract. These are taken to revenue on a straight line basis over the terms of the contract. This income is shown as retention of ingoing contributions in the revenue analysis. The amount of ingoing contribution varies based on the size, location and condition of the respective unit.

When a resident leaves their unit, any outstanding balance of ingoing contribution is to be repaid to the resident.

Rental income
The company manages rentals under separate residency tenancy agreements with the residents which generally are for 12 months and rolled on a month-to-month basis after the end of the lease.

Rent is determined and charged by the company as part of affordable housing and is substantially lower than the market rates. Rents are received in advance on a fortnightly basis. A rental bond is obtained from the residents at the start of the lease which is refundable at lease termination subject to other conditions in the lease agreement. The company performs an annual rent review which may result in increase in the rent amounts.

Recurrent charges
Recurrent charges are ongoing charges recovered from the residents in accordance with the provisions of the Retirement Villages Act 1999 to cover various annual costs associated including insurance, repairs etc. These are charged in line with an annual budget approved by the residents and is allocated to the units for a particular retirement village. Recurrent charges vary from one retirement village to another based on various factors. These are recovered on a quarterly basis and residents have the option to pay on a fortnightly basis.

Dividend income
The company receives dividends and other distributions on periodic basis in relation to its investment portfolio held with Morgan Stanley. These are recognised when the entity's right to receive payment is established.

Interest
Interest revenue is recognised as interest accrues using the effective interest method.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Included in other revenue is variation payments made by the prospective residents of the in progress Kokoda residences at Waitara. The recoveries relate to additional amount recovered, under a separate contract, for the variations made to standard design of the units. These payments are taken to income as and when the right to payment is established as these are non-refundable payments in the event of cancellation of contract by the residents and the company is liable for costs associated with these variations regardless of whether the contract with the resident is cancelled.

Income tax
As the company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997, as amended.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

Property, plant and equipment
Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

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Note 3. Significant accounting policies (continued)

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	2% - 100%
Motor vehicles	22.5%
Furniture, fixtures and fittings	10% - 30%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that 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. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Borrowing costs
General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

Note 3. Significant accounting policies (continued)

Leases
Where the company is a lessee under a lease agreement, at the inception of the lease a right-of-use asset and corresponding lease liability is recognised at the commencement date of a lease.

The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or assets.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Provisions
Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Note 3. Significant accounting policies (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Financial instruments

Financial instruments include the financial assets and financial liabilities of the company. These are recognised initially on the date that the company becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs.

Financial assets

The company's financial assets in the Statement of financial position comprise of cash and cash equivalents, trade and other receivables and investments and term deposits.

Classification

On initial recognition, the company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through other comprehensive income

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets.

Amortised cost

The company's financial assets measured at amortised cost comprise cash and cash equivalents, trade and other receivables and term deposits. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment. Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the company has irrevocably elected to classify them as such upon initial recognition. Subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

Financial liabilities

The financial liabilities of the company comprise of trade and other payables, borrowings and lease liability. The company 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.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis. Impairment of trade receivables has been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The company has determined the probability of non-payment of the receivables and multiplied this by the amount of the expected loss arising from default.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of property, plant and equipment
The company assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Valuation of land and buildings
The freehold land and buildings were independently valued as at 31 March 2023 by CBRE Valuation and Advisory Services. The valuation was based on the going concern basis for the villages. The critical assumptions adopted in determining the valuation included the location of the land and buildings and their continuing use. The valuation resulted in a revaluation increment of $27,737,243 being recognised for the year ended 31 March 2023.

The company assesses impairment at the end of each reporting period by evaluating conditions specific to the company that may be indicative of impairment triggers.

Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units, based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

The valuations on the existing retirement villages are calculated on the Net Present Value of the estimated future income stream of the villages. The valuation is based on a number of input factors including cash flow terms, terminal cap rate, discount rate, compound growth rate, rollover period, average rollover rate, average rollovers per annum, average capex.

Resident contribution
The company classifies resident contribution as current liabilities in the statement of financial position. Based on historical experience the bulk of resident contribution will not be repaid within the next twelve months. The amount payable within the next twelve months as disclosed in the statement of financial position is calculated using the average of the last three years' refunds.

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

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Note 5. Revenue

	2023 $	2022 $
Revenue from operations		
Retention of ingoing contributions	4,234,771	1,139,003
Rental income	387,845	475,912
Recurrent charges	833,706	567,057
Cafe income	78,195	-
	5,534,517	2,181,972
Other revenue		
Dividends	185,668	203,069
Realised gain on investments	398,150	102,739
Interest revenue	121,071	1,651
Other revenue	201,472	238,290
	906,361	545,749
Total revenue and other income	6,440,878	2,727,721

Note 6. Expenses

	2023 $	2022 $
Surplus before income tax includes the following specific expenses:		
Depreciation		
Buildings	2,195,595	215,362
Leasehold building improvements (Rhodes head office)	105,559	105,558
Furniture, fixtures and fittings	10,565	10,965
Motor vehicles	14,144	10,045
Buildings - right-of-use	75,645	75,645
Total depreciation	2,401,508	417,575
Finance costs		
Interest and finance charges paid/payable on borrowings	291,350	-
Interest and finance charges paid/payable on lease liabilities	6,352	10,936
Finance costs expensed	297,702	10,936
Superannuation expense		
Defined contribution superannuation expense	125,327	65,884
Employee benefits expense excluding superannuation		
Employee benefits expense excluding superannuation	1,349,532	889,147
Auditor remuneration		
Audit fees	35,000	20,000

Note 7. Cash and cash equivalents

	2023 $	2022 $
Current assets		
Cash on hand	-	37
Cash at bank	3,026,574	227,731
Restricted cash at bank - villages	452,030	231,322
	3,478,604	459,090

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	3,478,604	459,090
Bank overdraft (note 15)	-	(930,407)
Balance as per statement of cash flows	3,478,604	(471,317)

Restricted cash at bank - villages
In accordance with the requirements Retirement Villages Act 1999, the company has bank accounts that hold funds on behalf of the residents of each village to meet the villages' operating costs from its Recurrent Charges for General Services and a Capital Works Fund for each village. These include cash in call deposits as reported above and term deposits reported in note 11 'Other financial assets'.

The company has no right to dispose of those funds except in accordance with the instructions of the residents.

Note 8. Trade and other receivables

	2023 $	2022 $
Current assets		
Trade receivables	1,323,721	22,355
Other receivables	22,000	6,100
BAS receivable	38,213	1,300,632
	1,383,934	1,329,087

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Note 9. Financial assets at fair value through other comprehensive income

	2023 $	2022 $
Current assets		
Investments	19,940,269	5,543,558

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	5,543,558	5,619,906
Additions	19,380,978	462,160
Disposals	(4,319,975)	(430,249)
Revaluation (decrements)increments	(664,292)	(108,259)
Closing fair value	19,940,269	5,543,558

Note 10. Right-of-use assets

	2023 $	2022 $
Non-current assets		
Buildings - right-of-use	378,227	378,227
Less: Accumulated depreciation	(302,579)	(226,934)
	75,648	151,293

The company has a lease over the head office premises in Rhodes. The lease term is assessed as 5 years, with the lease ending in June 2023, with no option to extend. The lease is an operating lease with a 5 year term, with rent payable monthly in advance. A bank guarantee for an amount equal to 6 months' rent has been provided to the lessor. The Bank guarantee is secured against the term deposit disclosed in non-current assets on the Statement of Financial Position and as 'Bank guarantee term deposit'.

	2023 $	2022 $
Balance as at 1 April	151,293	226,938
Depreciation	(75,645)	(75,645)
Balance as at 31 March	75,648	151,293

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Note 11. Other financial assets

	2023 $	2022 $
Current assets		
Bank guarantee term deposit	63,934	63,934
Restricted term deposits - villages (Refer to note 7)	468,000	417,000
Term deposit investments	3,050,871	-
	3,582,805	480,934

Note 12. Property, plant and equipment

	2023 $	2022 $
Non-current assets		
Land and buildings - at independent valuation	153,989,933	54,760,020
Less: Accumulated depreciation	-	(2,176,966)
	153,989,933	52,583,054
Leasehold building improvements (Rhodes head office) - at cost	251,327	251,327
Less: Accumulated depreciation	(223,997)	(118,438)
	27,330	132,889
Capital works in progress - Others - at cost	86,876	15,932
Capital works in progress - Waitara - at cost	-	57,143,429
	86,876	57,159,361
Plant & equipment - at cost	366,081	152,159
Less: Accumulated depreciation	(105,176)	(87,233)
	260,905	64,926
	154,365,044	109,940,230

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land and buildings $	Leasehold building improvements (Rhodes head office) $	Capital works in progress - Waitara $	Capital works in progress - Others $	Plant and equipment $	Total $
Balance at 1 April 2022	52,583,054	132,889	57,143,429	15,932	64,926	109,940,230
Additions	1,411,583	-	19,162,325	70,944	232,392	20,877,244
Disposals	(1,843,804)	-	-	-	(20,005)	(1,863,809)
Revaluation increments	27,737,243	-	-	-	-	27,737,243
Transfers in/(out)	76,297,452	-	(76,305,754)	-	8,302	-
Depreciation expense	(2,195,595)	(105,559)	-	-	(24,710)	(2,325,864)
Balance at 31 March 2023	153,989,933	27,330	-	86,876	260,905	154,365,044

'Additions' include additions at cost to existing properties since the last revaluation.

Note 12. Property, plant and equipment (continued)

Revaluation of land and buildings
The freehold land and buildings were independently valued at 31 March 2023 on a going concern basis. The independent valuations were undertaken by CBRE Valuations & Advisory Services.

Note 13. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	136,411	-
Accrued expenses	168,890	4,642,882
Rental security bond	24,654	24,654
Other payables	765	-
	330,720	4,667,536

Note 14. Contract liabilities

	2023 $	2022 $
Current liabilities		
Resident contributions in advance	89,539,932	8,361,694
Rental income in advance	8,960	7,900
Recurrent charges paid in advance	65,770	44,252
	89,614,662	8,413,846

	2023 $	2022 $
Resident contributions		
Based on historical information it is estimated that refunds will occur as follows.		
Within one year	1,936,045	232,483
After one year	87,603,887	8,129,211
	89,539,932	8,361,694

Note 15. Borrowings

	2023 $	2022 $
Current liabilities		
Bank overdraft	-	930,407
CBA loan	-	38,248,299
	-	39,178,706

Note 16. Lease liabilities

	2023 $	2022 $
Current liabilities		
Lease liability	26,681	100,363
Non-current liabilities		
Lease liability	-	26,681
	26,681	127,044
Future lease payments		
Future lease payments are due as follows:		
Within one year	28,015	106,715
One to five years	-	28,015
	28,015	134,730

Note 17. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	70,539	36,911
Non-current liabilities		
Long service leave	29,982	-
	100,521	36,911

Note 18. Reserves

	2023 $	2022 $
Revaluation surplus reserve	64,284,956	36,547,713
Financial assets at fair value through other comprehensive income reserve	(46,459)	617,833
Village operating fund	41,811	41,811
Village capital works fund	449,951	449,951
	64,730,259	37,657,308

Revaluation surplus reserve
The reserve is used to recognise increments and decrements in the fair value of land and buildings.

Financial assets at fair value through other comprehensive income reserve
The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Village operating fund
The fund is established as per the requirements of the Retirement Villages Act 1999. The fund is used for meeting annual recurrent charges and annual expenses of the respective retirement village in line with the approved annual budget.

Village capital works fund
The fund is established as per the requirements of the Retirement Villages Act 1999. The fund is to be used for long-term repair and maintenance of the retirement villages.

Note 19. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2023 $	2022 $
Aggregate compensation	577,556	464,425

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Stewart Brown, the auditor of the company:

	2023 $	2022 $
Audit services - Stewart Brown (2022: National Audits Group)		
Audit of the financial statements	35,000	20,000

Note 21. Financial instruments

	2023 $	2022 $
Financial assets held at amortised cost:		
Cash and cash equivalents	3,478,604	459,090
Trade and other receivables	1,383,934	1,329,087
Other financial assets	3,582,805	480,934
	8,445,343	2,269,111
Financial assets held at fair value through other comprehensive income:		
Investments	19,940,269	5,543,558
Financial liabilities held at amortised cost:		
Trade and other payables	330,720	4,667,536
Borrowings	-	39,178,706
Lease liabilities	26,681	127,044
	357,401	43,973,286

Note 22. Related party transactions

Key management personnel
Key management personnel of the company during the year were as follows:

Mr Graham Hooper – CEO
Ms Katherine Gunton – Chairman
Colonel John Hutcheson AM ADC (Ret'd) – Non-executive Director (appointed 19 July 2022)
Mr Karl Bradwell Wood – Non-executive Director
Mr Athanasios (Arthur) Koumoukelis – Non-executive Director
Ms Christina Hobbes – Non-executive Director
Ms Megan McKechnie – Non-executive Director
Colonel Keith Schollum – Non-executive Director (retired 19 July 2022)

Disclosures relating to key management personnel compensation are set out in note 19.

Note 22. Related party transactions (continued)

Transactions with related parties
The following were the transactions with related parties during the year ended on 31 March 2023:

- Director Athanasios (Arthur) George Koumoukelis is a Partner of Thomson Geer Lawyers. Thomson Geer Lawyers were engaged to provide legal services during the year. A total of $168,597 (2022: $36,014) excluding GST was paid to Thomson Geer for legal services during the financial year.

The directors have determined that the transactions shown above are on normal commercial terms and conditions. These terms and conditions are no more favourable than those available to other parties unless otherwise stated.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 23. Members' guarantee

The Vasey Housing Association N S W is a company limited by guarantee. In the event of the company being wound up, the constitution states that each member is required to contribute a maximum of $50 each towards meeting any outstandings and obligations of the company. At 31 March 2023 the number of members was 36 (2022: 33)

Note 24. Commitments

In the opinion of the directors the company did not have any capital expenditure commitments as at 31 March 2023 (As at 31 March 2022: $14,448,987).

Note 25. Events after the reporting period

No matter or circumstance has arisen since 31 March 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Vasey.

In the directors' opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards - Simplified Disclosures, the Australian Charities and Not-for-profits Commission Act 2012, associated regulations and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 March 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

On behalf of the directors

Katherine Gunton
Director

Megan McKechnie
Director

19 June 2023

StewartBrown
Integrity + Quality + Clarity
CHARTERED ACCOUNTANTS

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THE VASEY HOUSING ASSOCIATION N S W
ABN 79 000 389 319

FINANCIAL REPORT – 31 MARCH 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE VASEY HOUSING ASSOCIATION N S W

Opinion

We have audited the financial report of The Vasey Housing Association N S W which comprises the statement of financial position as at 31 March 2023, the statement of profit or loss and other comprehensive income, the statement of changes in funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

In our opinion, the accompanying financial report of The Vasey Housing Association N S W is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a) giving a true and fair view of the company's financial position as at 31 March 2023 and of its financial performance for the year then ended, and

b) complying with Australian Accounting Standards – Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and 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 confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the Directors of the company, would be in the same terms if given to the Directors as at the time of this auditor's report.

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

Directors' Responsibility 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 - Simplified Disclosures* 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 a 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.

The Directors are responsible for overseeing the company's financial reporting process.

THE VASEY HOUSING ASSOCIATION N S W
ABN 79 000 389 319

FINANCIAL REPORT – 31 MARCH 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE VASEY HOUSING ASSOCIATION N S W

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.

A further description of our responsibilities for the audit of the financial report is located at *The Auditing and Assurance Standards Board* and the website address is http://www.auasb.gov.au/Home.aspx

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.

StewartBrown

StewartBrown
Chartered Accountants

Justin Weiner
Audit Partner

19 June 2023