SUNDALE

Because we care

Annual Report

2022


Anima
SUNDALE

Highlights

3 year plan

THE CREATION OF A BOARD APPROVED, ALL-ENCOMPASSING, THREE-YEAR STRATEGIC PLAN

CARERS

240

104

SUPPORT STAFF

124

8,920

CARE RECIPIENT ACTIVITIES

VOLUNTEERS

124

APPROVAL TO BUILD 69 UNITS, A COMMUNITY CENTRE AND HEALTH & WELLNESS CENTRE AT PALMWOODS GARDEN VILLAGE

23,396

IN HOME CARE SERVICES

Chairperson's Report

The past year saw the Sundale Board build foundations to improve profitability.

Delivering high-quality care will always be our number one priority, however, Sundale must change to ensure its long-term future. A critical financial lens must be applied to key decisions, so Sundale can return to profit in the coming years.

I acknowledge recording a sizeable operating loss is not consistent with a financially sustainable organisation. A combination of factors, which were predicted, contributed to the loss including increased expenditure on team members salaries, investment losses and the pandemic, which impacted our ability to attract new residents to our Care Centres.

Refurbishment costs and challenges filling beds at James Grimes Care Centre and the closure of McGowan Care Centre impacted Sundale's bottom-line. Changes at Board (four new Directors) and Executive Leadership Team (four new members) level also delayed turnaround efforts by nine months. These issues are being addressed and I expect to see improvement in our financial results next year.

There can be no dispute the sector is under enormous pressure financially, with costs rising at a much faster rate than annual increases in Government subsidies. In the past five years Government subsidies have increased 5.5%, however, wage awards have increased 14.8%, nearly three times as much over the same period.

Several key initiatives linked to the Royal Commission into Aged Care Quality and Safety were implemented in the past year, including preparation to transition from Aged Care Funding Instrument (ACFI) to the Australian National Aged Care Classification (AN-ACC). This will enable Sundale to further increase revenue per bed at our Care Centres. A framework for regulating the sector will be rolled out in the coming years and will help inform the new Aged Care Act and the yet to be implemented Support at Home programme. Some of these initiatives were delayed due to industry feedback provided to Government.

Sundale's financial position was impacted by the decline in equity markets in May and June. In late FY22, the Board endorsed an investment strategy and whilst the volatility of the share market is out of our control, the newly structured portfolio will deliver less volatile and longer-term, higher returns with a less risk adverse approach taken to asset allocation.

In keeping with the Board's commitment to build foundations which improve profitability, four clear goals were approved by the Board in June, as part of an all-encompassing, three-year strategic plan.

- Returning to a position of financial stability by 2025;
- To provide highly reliable care across all Sundale facilities;
- Create an environment of learning and growth;
- Create, connect and engage with our communities.

The Board also decided to value add and reduce risks to existing assets prior to considering any further sales.

Sundale is in the process of developing business cases for each site to ensure we meet future resident expectations and enable quality care to be delivered within a financially sustainable model. We are informed by Government research, including the Dementia in Australia 2021 report which indicates up to 472,000 Australians are currently living with dementia. Australia's ageing population means this number is projected to more than double by 2058. We are also considering how the Baby Boomer generation's needs may differ from our current residents' needs.

Aged care, particularly independent living is becoming a crowded space on the Sunshine Coast, with a host of private operators building new facilities or looking at development opportunities. Sundale was established with a clear purpose and it's the Board's responsibility to determine how to respond to this competition while being true to the organisation's purpose.

Pleasingly the Board approved the $48million development of 69 units built on a vacant lot adjacent to Palmwoods Garden Village. The development will include a new community centre and health and wellness centre.

In addition to Palmwoods Garden Village, we will progress key development opportunities such as the Nambour site, however, implementation will be staggered, supporting the need to bring Sundale back to a more secure financial position.

The past year saw Sundale continue to tackle the challenges of COVID-19. The pandemic impacted the entire Sundale community, including residents, care recipients and In-Home Care clients. Like the rest of the sector, we also battled with team member shortages.

Significant change at Board level occurred at the FY21 Annual General Meeting with the departure of Troy Wainwright, Anita Phillips, John Woodward and Steve Telburn. This was offset by the addition of four new Directors, Matt Sierp, Jenny McKay, Angie Coleman and Chris Westacott.

Helen Sharpley replaced Danielle Mackenzie as CEO midway through the year. I would like to thank Helen and her Executive Leadership Team for their hard work and the key role they have played rebooting Sundale from the inside.

On behalf of the Board, I would like to thank Sundale's team members and volunteers for their dedication and for supporting our residents through the uncertainly of COVID-19.

On a personal note, I would like to thank my fellow Board Directors for their counsel, support and guidance over the past year.

The Board and Executive Leadership Team will continue to work tirelessly to ensure Sundale has a bright future. The coming years will prove challenging with more difficult decisions ahead to ensure Sundale's long-term viability. I believe we now have the Board and Executive Leadership Team to achieve the change required to address these challenges.

S.Walters

Sonja Walters
SUNDALE CHAIRPERSON

CEO's Report

The past year saw Sundale create a clear, responsible pathway to financial stability while staying true to its purpose.

Sundale has been the heartbeat of the Nambour community for almost 60 years, however, in recent years it has lost sight of its goal:

To provide support and care to our communities to enable them to live their best lives with dignity, respect and choice.

This purpose is unachievable if Sundale continues to operate at a financial loss. Smarter, strategic financial decisions must be made to ensure Sundale remains relevant and can support the evolving needs of the Sunshine Coast, Kilcoy and Gladstone communities for decades to come.

The sector remains in a state of flux following the Royal Commission into Aged Care Quality and Safety and subsequent funding reform. The wide-ranging recommendations are now due for implementation and include new legislation and governance structures, a new funding structure, care minute requirements and regulatory reporting responsibilities.

At Sundale, we welcome these recommendations, which will be implemented in conjunction with a new strategic plan which was approved by the Board in June.

The first phase of the strategic plan is underway and will see financial stability return to Sundale within three years. This will be achieved by maximising Aged Care Funding Instrument (ACFI) revenue and the transition to the Australian National Aged Care Classification (AN-ACC).

In the past year, the ACFI Team has worked incredibly hard alongside Provider Assist to 'uplift' our residents and increase the organisation's bottom line. Sundale's average occupied bed is now $193.66 per day, an increase of $7.13 in the past year. This coupled with additional funding suggestions, will see an $800,000 boost to Sundale's bottom line.

Modelling for new base rostering was completed which will enable the care minutes prescribed by the Government to be delivered cost effectively. These new base rosters will be implemented in FY23.

The strategic plan will also allow Sundale to improve its investment returns, implement Care Centre budget changes and prepare for In-Home Care reform.

Delivering highly reliable care is front and centre of the strategic plan and will ensure unwavering standards are maintained over long periods of time.

A model of care which details what highly reliable care looks like, specifically at our Care Centres, was developed in the past year. The model includes how Sundale will optimise its workforce, develop future Care Centres and engage with care recipients and their families.

Sundale must build and maintain a highly capable workforce to be a provider of choice. In the past year a Leadership and Management Hub Series saw Site Managers undergo training to be more effective leaders.

The sessions included:

- Leadership fundamentals;
- Performance and accountability;
- Empowering team members through performance discussions;
- Having difficult conversations;
- Introduction of the Results, Action, Review (RAR) process.

Importantly, the series will be available to all Sundale managers in the coming months.

The final objective of Sundale's strategic plan details what Sundale will build and the programs it will offer to connect and engage care recipients, residents, volunteers, public health and community health providers. Critical to this objective are the Nambour, Tewantin, Aloaka and Bindaree master plans and exploring how to improve the care experience of care recipients, residents and In-Home Care clients, especially as their expectations and needs change.

Since arriving at Sundale in December 2021, I have spent a lot of time meeting with and listening to care recipients, residents and their families to better understand their needs.

In partnership with the Executive Leadership Team (ELT), I have also spent time with team members and worked alongside cooks, carers, lifestyle and nurses in our Care Centres, so I can better understand their challenges. I am committed to not only investing in, but retaining the best and the brightest team members, so Sundale can prosper.

I would like to thank Sundale's team members and volunteers who displayed tremendous compassion, kindness and resilience this year, particularly through the waves of the pandemic to care for and support our care recipients, residents and In-Home Care clients.

I would also like to thank the Board for their guidance and support, along with my colleagues on the ELT. The addition of four new faces in the past year has created a strong, capable and highly-skilled ELT.

I will work tirelessly to ensure Sundale delivers enviable support and care to its communities, so care recipients, residents and In-Home Care clients can live with dignity, respect and choice.

Despite the challenges and difficult decisions ahead, I am confident Sundale now has the leadership and vision required to not only survive, but thrive for another 60 years.

Helen Sharpley
SUNDALE CHIEF EXECUTIVE OFFICER

Care Centres

With six locations, servicing the Sunshine Coast, Gladstone and Kilcoy, Sundale's Care Centres provide exceptional aged care and assistance services for optimal health and wellbeing.

6
LOCATIONS

ROTARY GARDEN VILLAGE
98 Windsor Road, Nambour, QLD 4560

COOLUM WATERS
4 Wembley Rd, Coolum Beach, QLD 4573

NAMBOUR GARDEN VILLAGE
35 Doolan Street, Nambour, QLD 4560

PALMWOODS GARDEN VILLAGE
61 Jubilee Dr, Palmwoods, QLD 4555

BINDAREE
1 Beacon Ave, Boyne Island, QLD 4680

ALOAKA
52 Taylor St, Kilcoy, QLD 4515

FACTS & FIGURES

		ALOAKA LODGE	BINDAREE LODGE	BOWDER	COOLUM WATERS	JAMES GRIMES	PALMWOODS GARDEN VILLAGE	ROD VOLLER
BEDS		40	40	32	50	74	71	50
CARERS		26	32	20	34	40	52	36
NURSES	CLINICAL	1	1	–	–	1	1	2
	ENROLLED	7	10	5	4	6	4	4
	REGISTERED	4	5	11	9	6	16	7
SUPPORT STAFF		13	28	4	15	37	16	11
LIFESTYLE TEAM MEMBERS		4	4	3	4	3	3	2
VOLUNTEERS		7	39	9	19	14	20	16

Kay & Des Hall

Residents – Palmwoods Garden Village

Kay Hall met her husband, Des at an old-time-dance at Palmwoods Hall in 1969. Half a century on, Palmwoods Garden Village is now home, however, that decision was also unexpected, like their chance encounter on the dance floor.

“My sister Bev and her husband Wes Parry always wanted to move into Palmwoods Garden Village,” Kay said.

“Des and I happened to be driving past one day and popped in for a look and we ended up here too.

“It turns out we are surrounded by lifelong friends. Our immediate neighbour, Emily Thomas, is a friend from way-back, while Fran Newman and I used to go camping together with our families.”

The lush greenery of the Sunshine Coast is a far cry from the red dirt of Nhulunbuy and Katherine in the Northern Territory where Kay and Des worked as church pastors for more than 16 years, however, it was the pull of family that brought the couple back to the region.

“Des and I have three girls and five grandchildren, three boys and two girls,” Kay said.

“If they’re not keeping us busy, activities and events around the village are.

“People look out for one another at Palmwoods and you can be as involved as much as you would like.

“Streets are really important in the village too. You know everyone on your street and there is always support if you are in need.”

Kay and Des met as teenagers and recently celebrated their 51st wedding anniversary.

“What’s the secret to a long, happy marriage? Look at all the positives about one another – don’t look at the negatives.”

Retirement Communities

Blending independence and outstanding support with caring, compassionate team members, Sundale is the perfect place to call home.

4 **LOCATIONS**

328 **RESIDENCES**

59 **FURRY FRIENDS**

IN DETAIL

ROTARY GARDEN VILLAGE

- 24 One-bedroom units
- 52 Two-bedroom units
- 4 Three-bedroom units

COOLUM WATERS

- 35 Two-bedroom units
- 88 Three-bedroom units

NAMBOUR GARDEN VILLAGE

- 18 Two-bedroom units

PALMWOODS GARDEN VILLAGE

- 81 Two-bedroom units
- 26 Three-bedroom units

Marie & Ivan Otto

In-Home Care clients

The Johnny Cash hit, I've Been Everywhere could have been written about Marie and Ivan Otto.

Woombye has been home for the past 11 years, but the couple has also lived in Burnside, Nambour, Yandina, Hervey Bay, Gladstone and Caloundra.

Along the journey, they have owned and operated a milk-run at Caloundra and concrete truck businesses along the east coast of Queensland.

With Ivan's health deteriorating, it was their granddaughter, Brooklyn, a local university student and Sundale carer who first suggested In-Home Care.

"Ivan was unwell and I was doing everything," Marie said.

"Sundale has been wonderful. They do all the outside work including the gardening and mowing and also help shower Ivan.

"They come three days a week and provide eight hours of support. They have done a lot for us."

A serious health scare which saw Ivan go into anaphylactic shock after being stung by a bee made the grandfather reluctant to go outside. In response, Sundale constructed a purpose-built full screen enclosure, so Ivan could still enjoy outdoor living without the risk of being stung by insects.

Sundale's In-Home Care team has allowed Marie and Ivan to maintain their independence all while living at home.

"The carers are part of our family," Ivan said.

"We get on with everyone as long as they are joyful and cheeky."

The couple, who have three daughters, five granddaughters and a great-grandson recently celebrated their 58th wedding anniversary.

"What's the secret to a long, happy marriage? Giving in," Ivan joked.

"Doing what you are told," Marie said laughing.

In-Home Care

Sundale's dedicated In-Home Care team of registered nurses and carers provides outstanding aged care services throughout the Sunshine Coast.

75km
WORKING RADIUS

SUNSHINE COAST
75km radius from Rotary Garden Village
(98 Windsor Road, Nambour, QLD 4560)

333
CLIENTS

7,696
LOADS OF WASHING

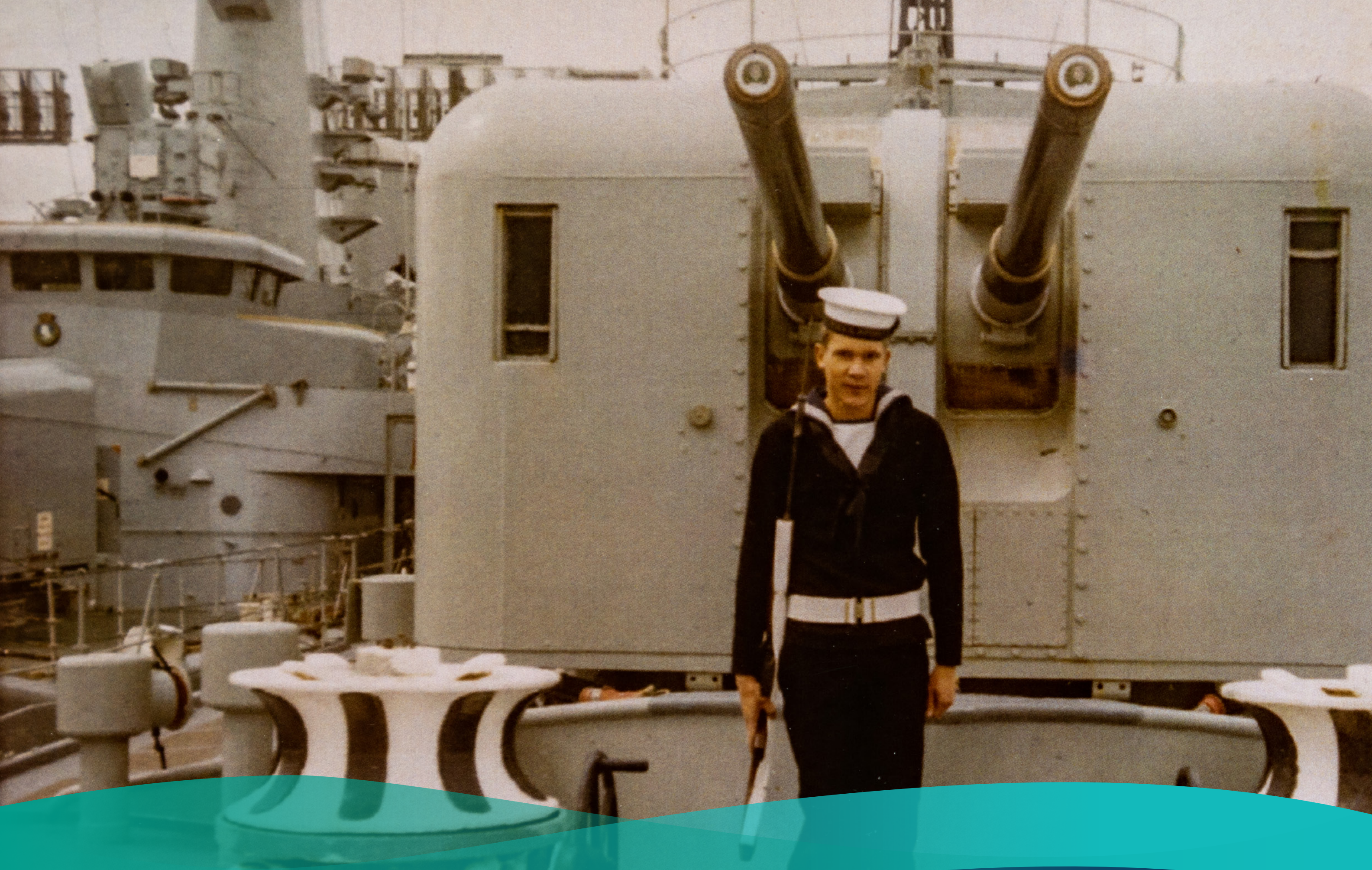
3,133
OUTINGS

31
IN-HOME CARERS

8,128
BEDS MADE

306,347
KILOMETRES TRAVELLED

23,396
SERVICES



Neville Walker

Care recipient – James Grimes Care Centre

Neville Walker is affectionately known as Neville the Devil at James Grimes Care Centre.

The title is a nod to Neville's cheeky nature.

"I like to make up words when I'm playing Scrabble," Neville grinned.

"The carers have to check the dictionary – I like to push my luck."

The 72-year-old is also the home's unofficial welcomer and can usually be found sunbaking in one of the courtyards.

Neville was born in Atherton, raised on a dairy farm at Eumundi and left school at 15 to start an apprenticeship as a cabinet maker in Nambour, however, it was the navy where he found his purpose.

"There was a bit of upheaval at work, so I decided to join the navy," Neville said.

"I was a Stoker 1st Class in the navy and worked as a diesel mechanic because I was pretty good with my hands.

"We'd cruise along the coast of Australia and into the waters of Papua New Guinea. I loved the navy – I wish I was still in the navy."

Neville was 21 when a car accident turned his life upside down. He spent 18 months in hospital and was lucky to survive.

"I came back to Nambour after the accident and worked as a cabinet maker and carpenter. It was great to be back home," Neville said.

Neville's twin, Estelle and older sister Carol regularly visit James Grimes Care Centre to see Neville the Devil, who has spent the past seven years at Sundale.

"I love the way they look after me. Pip is my favourite carer. She's been looking out for me since day one".

John Freiberg

Volunteer

When you see John Freiberg at Sundale, chances are he'll only be wearing one shoe.

For the past 20 years John has been supporting the spiritual needs of Sundale's residents and playing the organ in the Nambour Garden Village Chapel, where he removes one shoe to reach the foot pedals.

As a teenager, John wanted to be a nurse, but was denied the opportunity because nursing was then a female-only profession. Instead, he worked in the Accounts Department at the Sunshine Coast Council for 42 years, but never lost the ambition to care for and give back to the community.

After retiring in 2000, John completed a Pastoral Care course and volunteered at the Nambour General Hospital where he regularly visited patients who requested a spiritual visitor. However, it was a recommendation from a friend and former school teacher that saw John volunteer at Sundale.

"Norma McLeod was my singing teacher and it was Norma who suggested I volunteer at Sundale and help out the chaplain," John said.

"However, the chaplain moved on after a couple of years and there was no one left to organise church services at Sundale, so I decided to have a go. Two decades later I'm still doing it.

"It brings me great joy because I'm able to share Jesus with Sundale's residents and I have no doubt God chose this path for me.

"I try and connect with people, particularly the residents who love to sing the old hymns. If they have hymns they want to sing, I let them do it."

John leads church services in the Sundale Chapel at Nambour Garden Village every Friday at 10:45am. To date he's overseen more than 1,000 services at Sundale.

Governance

Sundale's Board is accountable for the strategy, performance, compliance and risk management of the organisation.

Responsible for the overall governance of Sundale, the Board ensures the continuity and long-term viability of the business.

To properly evaluate opportunities and risks faced by Sundale, Board Directors have a responsibility to understand the complexities of the aged care sector, specifically operations, controls, regulatory obligations, technology, types of transactions and the evolving political, social and economic environment.

Board responsibilities include:

STRATEGY, POLICIES AND GOVERNANCE

- Establishing and observing high ethical standards and approving high level policies;
- Approving the strategic direction of Sundale;
- Monitoring the implementation Sundale's strategic direction by the Chief Executive Officer;
- Approving Board policy documents;
- Establishing and determining the powers and functions of all Committees of the Board to ensure their effective operation and performance against their Terms of Reference; and
- Setting the cultural standards expected at Sundale.

MANAGEMENT

- Appointing and removing the Chief Executive Officer;
- Appointing and removing the Company Secretary;
- Recommending the appointment of an external auditor to members;
- Monitoring the performance of the Chief Executive Officer; and
- Oversight of Sundale, including its control and accountability systems.

FINANCIAL

- Input to, final approval of, and monitoring performance against the corporate strategy, annual business plan and budget;
- Approving and monitoring the progress of major capital expenditure, capital management and property acquisitions;
- Approving and monitoring financial expenditure;
- Ensuring Sundale's assets are safeguarded;
- Approving expenditure outside the approved budget and delegations; and
- Monitoring the performance of external auditors.

COMPLIANCE AND RISK

- Ensuring appropriate mechanisms are in place to monitor compliance in line with all legal and regulatory obligations;
- Reviewing and ratifying systems of risk management and internal compliance and controls, codes of conduct, legal compliance and other significant corporate policies; and
- Reviewing the effectiveness of the implementation of Sundale's risk management systems at least once a year.

Clinical Governance

Sundale's purpose is to provide support and care to our communities to enable them to live their best lives. This means our care recipients, residents and In-Home Care clients can live with dignity, make their own choices and enjoy independence. There is increasing demand for elderly care services, and the types of care are becoming more intense and complex as people live longer, have more demanding co-morbidities and expect higher levels of more advanced care.

Sundale's clinical governance structure ensures all the elements that create the care and support for our residents are considered and work effectively. Our goal is to have a system of clinical governance that creates highly reliable care for everyone in Sundale's Care Centres, Retirement Communities and In-Home Care communities.

There are seven pillars which influence the extent to which care will be delivered in a highly reliable way:

BENCHMARKS

Our care is audited to ensure we're meeting expected benchmarks and can improve where gaps are identified.

EFFECTIVE

Clinical treatment is effective, research based and adheres to guidelines. We learn from experience, have practice manuals and use research to ensure alignment with evidence-based care practices.

COMPETENT

Team members are competent and capable and receive ongoing education and training.

ENGAGED

Care recipients and families are engaged. Feedback from team members, care recipients and their families drive improvements in the safety and quality of care.

MANAGE RISK

We identify and manage risk by creating a shared understanding (policies, procedures and protocols), monitoring, managing and reporting what's working and what isn't (clinical performance, compliments and complaints, open disclosure, adverse patient safety events).

GOVERNANCE

Sundale's overall governance ensures team members are recruited to, and continue to work in, an organisation that supports staff management. Clearly defined strategy, policies, delegations, reporting lines, risk management and performance accountability create an environment for effective operational clinical governance.

INTEGRATED

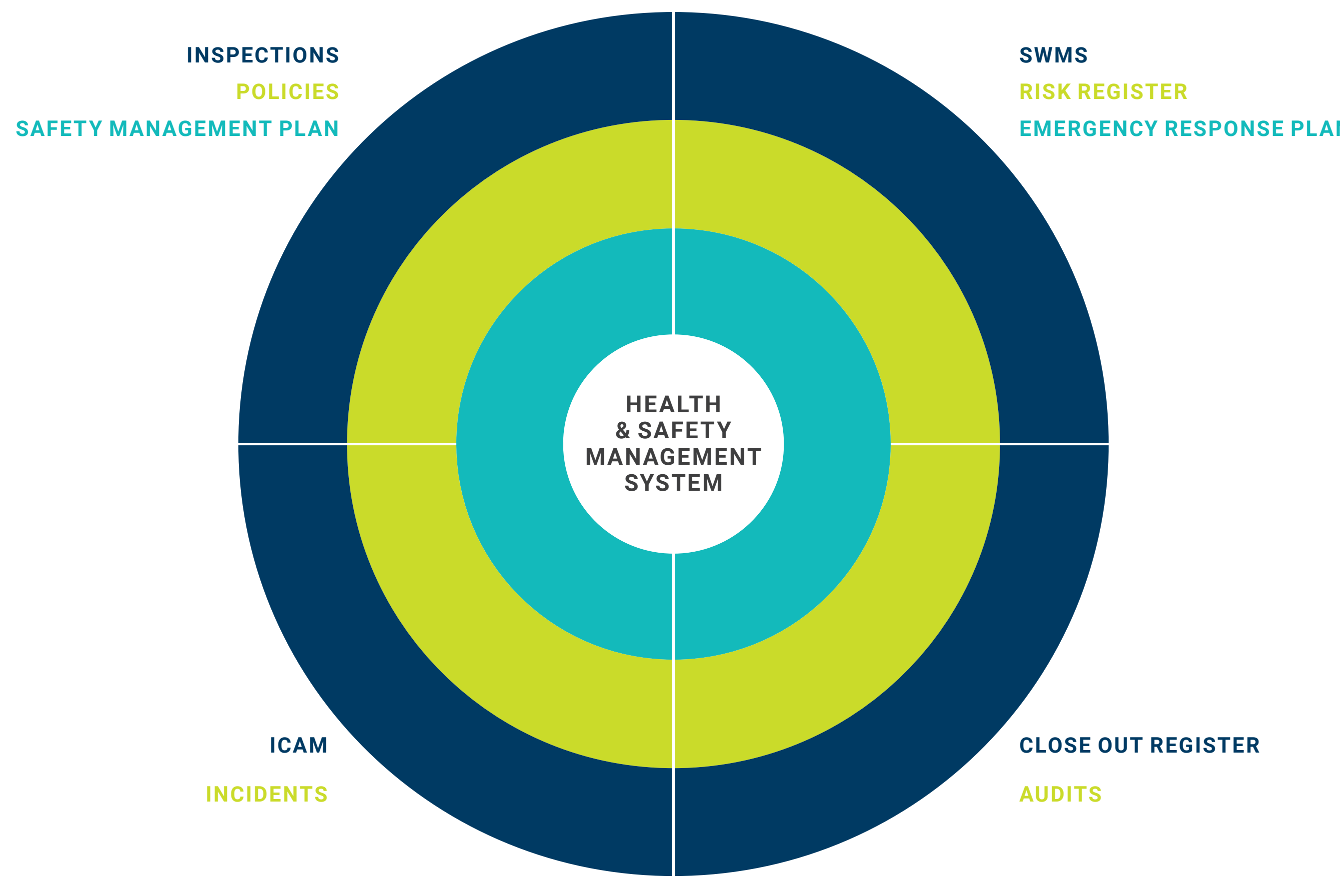
Information and information technology is safe, effective, integrated, high quality and continuously improving.

Two overarching drivers will influence how we make decisions; Sundale's values and Sundale's clinical governance principles. Our values define what we believe is important and the behaviours we want to live by, while our principles of clinical governance expand further on these values.

Work, Health & Safety

FY22 year saw the formation of the Safety and Workers Compensation Team. As a self-insured organisation, we understand the importance of workplace health and safety, the impact it has on team member wellbeing and the direct connection it has to reducing workplace injuries.

Sundale's Health and Safety Management System is underpinned by comprehensive governing documentation and supported by regular audits, inspections, incident follow-up and investigations.



Site based Health and Safety representatives champion a safety culture, assist with inspections, escalate any identified risks and work in partnership with the Safety and Workers Compensation Team.

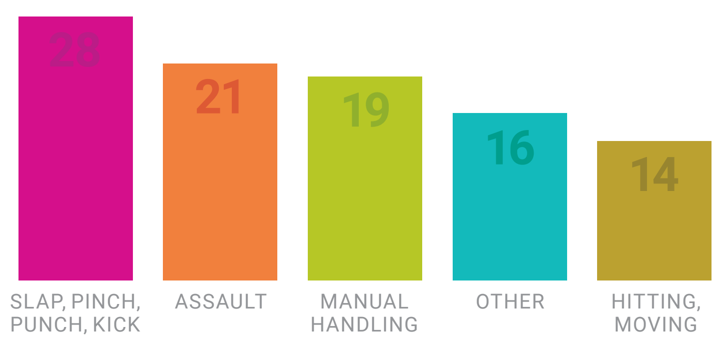
In the past year, Sundale has improved its reporting capabilities to ensure accurate and timely data is available. This decision has allowed team members to close-off incidents in a timely fashion and/or undertake additional investigation where required.

FY22 saw 193 workplace events/incidents at Sundale. Of these, 92% were near misses or required first aid. Three team members required hospitalisation, however, all were non-work-related medical conditions. Eleven team members sustained injuries which required medical attention. Of these, 82% were musculoskeletal injuries related to manual handling. There were no reportable incidents to the regulator.

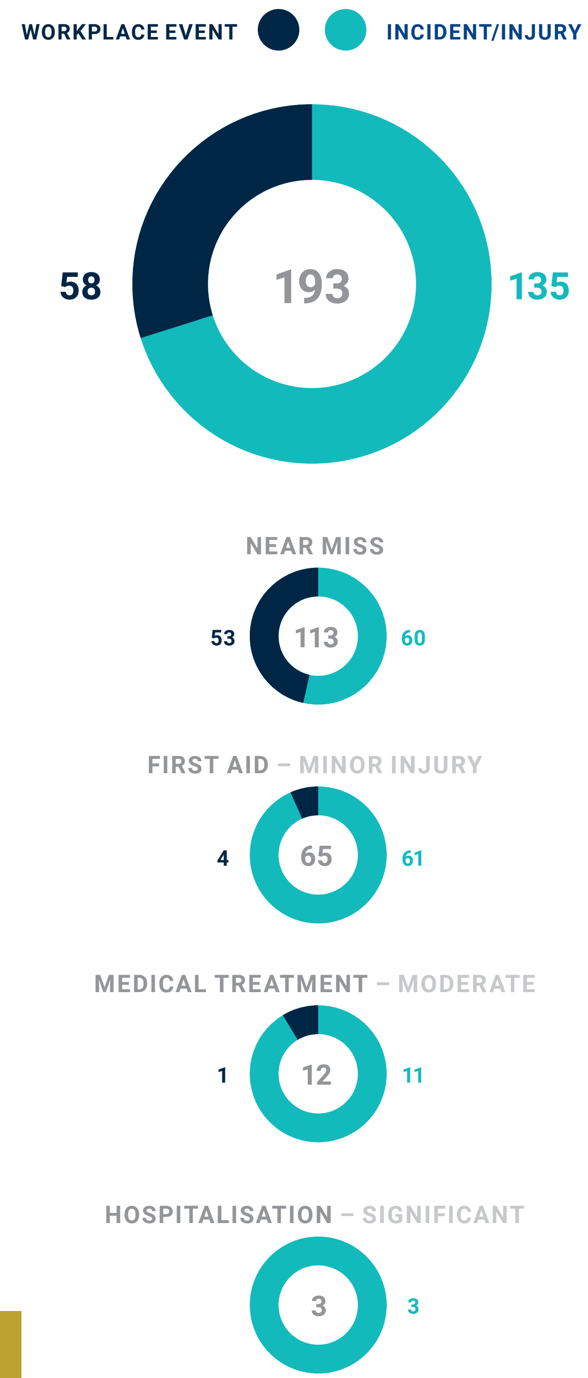
To help reduce the number of manual handling incidents and to keep team members safe, mandatory manual handling training has now been added to Sundale's Corporate Orientation Day, which all new starters must complete.

As of 30 June 2022, there were 12 workers compensation claims open, including eight statutory claims and four common law claims.

With a dedicated Safety and Return to Work Coordinator now in place, Sundale's focus is helping injured team members assimilate back into the workplace as soon as practicable. This will be achieved by providing greater touch points for injured team members, including a wider range of suitable duties to enable social contact to continue when team members are unable to return to their normal role.



INCIDENT TYPE BREAKDOWN



Nicala McGillivray

Roster Coordinator – Rod Voller Care Centre

It's fair to say Nicala McGillivray's career path to aged care was written in the stars.

Following a career break after the birth of her three children, Nicala was driving home after visiting her grandfather when she saw a billboard advertising a Certificate III in Aged Care.

"I stopped the car, went inside and discovered the trainers had one spot left," Nicala said.

"Fate intervened and it was meant to be. I started the course the following day."

Nicala completed her training on the Sunshine Coast and following a brief stint as a private carer, arrived at Sundale, looking to make a difference.

"I started on the floor at Rod Voller, but found my calling as a Lifestyle Coordinator," Nicala said.

"Aged care is more than a job because you need to give it your all, including your heart.

"The ability to positively impact somebody's quality of life is so rewarding and is one of the main reasons I continue to work in aged care.

"The residents become your family and you develop deep relationships built on trust, empathy and fun.

"I'm very big on choices and help empower my residents and their families to have choices.

"I also care for residents in the same way I would like to be treated if I was in their situation."

Nicala has worked at Sundale for the past seven years and recently accepted a new challenge as Roster Coordinator.

"Irrespective of my role at Sundale, I'm here for the residents – that's what it's all about."

The Board

Sonja Walters
CHAIRPERSON

MBA, BSW

Social Worker and training consultant with over 20 years' experience in Executive roles and Boards across public, private and not for profit sectors. Particular experience in the property, education, insurance, occupational rehabilitation, and community services industries.

Joined the Sundale Ltd Board in 2019.

Chris Westacott
DIRECTOR

Chris is a specialist aged care consultant who works with organisations to improve performance through practical renewal of their people management and governance systems and processes.

Chris holds an MBA, degree qualifications in human resources and marketing and a Diploma of Directorship. Chris also holds Fellowships with the Australian Institute of Company Directors, the Australian Human Resources Institute and the Australian Institute of Leadership and Management.

Joined the Sundale Ltd Board in 2022.

Jenny McKay
DIRECTOR

Extensive Local, State and Federal government experience, including 20 years as a Sunshine Coast councillor.

More than 20 years of experience in administration for the Queensland Police Service in Nambour, Maroochydore and Noosa.

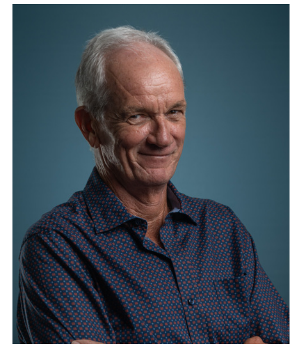
A past Sundale Board Member, who played an important role in the creation of Palmwoods Garden Village Care Centre, Coolum Waters Care Centre and Sundale's In-Home Care unit in the early 2000s.

Born in Nambour with numerous family and friendship connections to Sundale.

Joined the Sundale Ltd Board for the second time in 2021.

Board and AGM attendance

Name	Held	Attended
Sonja Walters	12	12
Chris Westacott *(Joined January 2022)*	4	4
Ian Hall	12	12
Jenny McKay *(Joined November 2021)*	7	7
Angie Coleman *(Joined January-2022)*	4	4
Christine Perren	12	12
Matt Sierp *(Joined January 2022)*	4	4
Troy Wainwright *(Finished November 2021)*	5	5
Stephen Telburn *(Finished November 2021)*	6	5
John Woodward *(Finished November 2021)*	5	5
Anita Phillips *(Finished November 2021)*	5	4
Derek Lundberg *(Finished October 2021)*	3	2



Ian Hall
DIRECTOR

Dip.Tech, B.Ed

40 years involvement in Education, including 25 years as Principal. The last 10 years has been as School Auditor which involves reviewing the actions of School Boards and Committees. Extensive experience working with government regulations and policies.

Born in Nambour with numerous family connections to Sundale.

Joined the Sundale Ltd Board in 2019.

Angie Coleman
DIRECTOR

Angie is a legal professional (General Counsel / Company Secretary) with more than 19 years' experience, specifically in property.

She is the General Counsel and Company Secretary for Springfield City Group, one of Queensland's largest and most respected private property developers.

Joined the Sundale Ltd Board in 2022.

Matt Sierp
DIRECTOR

Matt is an experienced, client focused and dedicated health professional with more than 30 years' experience in the aged care industry.

He has a wealth of experience in community, retirement communities and care facilities and has developed his clinical and business management expertise while providing effective executive leadership for a number of aged care organisations.

Matt is currently CEO of a not-for-profit aged care organisation and delivers quality operational leadership on aged care issues affecting the industry.

Matt is a graduate of the Australian Institute of Company Directors.

Joined the Sundale Ltd Board in 2022.

Christine Perren
DIRECTOR

BBus, AIMM, CPA

Partner with SDE Accountants since 2013 and involved in a number of local community-based organisations on the Sunshine Coast, holding a number of Board positions within those organisations.

Joined the Sundale Ltd Board in 2015.

Sarah McAree
COMPANY SECRETARY

Sarah has extensive experience advising on governance matters. She has worked in the corporate advisory groups of large law firms in Brisbane, Hong Kong and London.

Sarah is passionate about helping not-for-profit organisations implement effective corporate governance practices to enable them to achieve their strategic goals.

Finance

Changes to the Board and Executive Leadership Team (ELT) in the past financial year triggered a review of Sundale's strategic direction and assumptions signed off by the previous Board.

The new Board and ELT are focused on creating a pathway which will return Sundale to surplus within the next three years.

From a revenue perspective, there are some clear remediation steps such as addressing the steady decline in Residential Care Facility Commonwealth funding by:

- Ensuring that clinical assessments of Sundale's residents are up to date and accurate and reflect the additional workload of care staff;
- Maximising the occupancy rates at Sundale's Care Centres by ensuring a steady supply of eligible residents and reducing the time to fill vacant rooms;
- Engaging a professional Aged Care consultancy in FY22 to work with Sundale's Clinical Assessment team to increase per resident, per bed day Commonwealth funding and prepare Operational teams for the AN-ACC funding transition.

From an expenses perspective, Sundale has put in place a professional procurement approach to improve compliance, reduce waste, and increase value for money.

At present, staffing costs make up 71% of Sundale's annual operating expenses. Based on the Commonwealth funding model, Sundale's staffing expenses are over and above industry averages. Work has already commenced to rectify the issue.

Sundale's consolidated loss for FY22 of $0.3m is $3.9m lower than the restated FY21 profit of $3.6m. A revaluation gain of $21.2m on investment property assets contributed significantly to the profit and loss result, masking the deteriorating financial position of Sundale's operations.

Sundale's underlying financial performance has worsened over several years. An underlying operating loss of $16.9m was budgeted for FY22, however, significant changes to the Board and ELT impacted Sundale's ability to deliver to budget. Other factors which influenced the result were non-reimbursed COVID-19 costs and the unplanned closure of McGowan Care Centre.

COVID-19 saw Sundale and the sector experience significant staff shortages and team member turnover in FY22. Concurrently, substantial resources were dedicated to the transition to a new Australian National Aged Care Classification (AN-ACC) funding model on 1 October 2022. The benefit of these efforts will positively impact the FY23 operational results.

Over the past four years, Sundale's operating revenue has dropped by 10%, while Sundale's operating expenditure has increased by 13% ($7.1m) driving a series of operational losses which have almost tripled since 2019.

Table 1 - Annual Financial Performance decline

	2019 $'000	2020 $'000	2021 $'000	2022 $'000
Total revenue*	48,320	45,342	43,623	43,489
Operating expenses	(54,746)	(57,121)	(61,450)	(61,797)
Operating surplus/(loss)	(6,426)	(11,779)	(17,827)	(18,308)

**NB: Excludes Government Coronavirus pandemic government assistance and property and equity portfolio revaluation income*

PROFIT AND LOSS

Sundale recorded an operating loss of $18.3m for FY22, of which $15.9m relates to its Care Centres. The instability and delay in key decisions caused by key executive and senior manager vacancies during the first half of FY22, and the impact of de-commissioning McGowan Care Centre contributed to the loss.

Care Centre staffing is relatively inflexible making consistent occupancy a key driver of profitability. A decline in revenue of $2.06m without a consequential drop in staffing costs contributed $1.21m to the operational loss.

Revenue losses were also driven by:

- Reduced Commonwealth funding per resident, per bed per day, linked to the decision to disband the Clinical Assessment team and retire the external consultant in August 2021, without a planned transition to another provider or internal resourcing;
- Delay in reinstatement of the Aged Care Funding Instrument (ACFI) team until April 2022 and engagement of consultants in May 2022 to uplift the Commonwealth funding per resident, per bed day;
- The significant delay in de-commissioning McGowan Care Centre and the refurbishment of James Grimes Care Centre, which in turn led to a delay in filling beds, with less than 50% of rooms occupied as of June 30 2022, resulting in a delay costing $1.6m;
- Significant reduction in COVID-19 support packages by $7.7m from FY21, despite incurring additional pandemic costs of $1.4m.

Increased staffing costs relate to several factors including:

- The increased use of agency care staff partly due to COVID-19 but also linked to a year-on-year increase in the employment of agency staff which can be traced back to FY19;
- The use of agency staff to fill rosters reflects poor rostering practices within Sundale which are now being addressed;
- Inflexible rostering practices, which led to overstaffing of care and support staff during the decommissioning of McGowan Care Centre and the refurbishment of James Grimes Care Centre.

Following the advice from industry experts to re-assess the carrying value of bed licences (held as an intangible asset), Sundale has written off the remaining carrying value of $0.8m. This has resulted in an additional $0.8m expenditure for FY22.

The Retirement Communities delivered a profit of $6.2m before application of the investment property revaluation gain, which was $4m higher than the prior year.

Sundale's investment properties returned a loss of $3.4m before application of the investment property revaluation gain, a reduction of $3.4m over the prior year. The Sundale owned Woombye Gardens Caravan Park returned a surplus of $0.3m before application of the investment property revaluation gain, a reduction of $0.4m over the prior year despite an increase in sewage maintenance repair costs. Noting also in FY21, Woombye Gardens Caravan Park was held for resale and valued at $4.4m against latest market valuation of $6.8m as of June 2022. As part of the review into Sundale's strategic direction, the Board agreed in April 2022 to suspend asset sales pending understanding future development funding requirements.

Finance

The In-Home Care business returned an operating loss for the year of $0.51m, compared to prior year profit of $0.01m. The loss of $0.5m of COVID-19 related Commonwealth benefits had a significant impact on the FY22 operational result.

Similar to FY21, dividend and interest income of $1m was affected by low interest rates and the reduction in dividend payments as a response to COVID-19 economic uncertainty. The investment portfolio was heavily impacted by the geo-political issues affecting the equity markets in the last quarter of FY22, with the value of the portfolio falling by $2m. Sundale recognises the construct of its investment portfolio established in FY19 of 50% cash and 50% equities did not align with its liquidity profile and medium to long term capital needs. As such, the Board approved a new investment strategy in late FY22 that will seek to diversify risk, reduce volatility, improve risk adjusted return and align to our liquidity management strategy approved in July 2022.

Revaluation of investment properties (Retirement Communities, rental properties, Woombye Gardens Caravan Park and vacant land) under the revised accounting standard adopted for the first time in FY21 has resulted in a gain of $21.2m. The impact of the revaluation has had a positive impact on the overall consolidated result but does not improve the underlying financial health of Sundale. The focus of the Board and ELT continues to be addressing the underlying operational loss of $18.3m.

BALANCE SHEET

The investment property revaluation has added another $21.2m to the value of Sundale's assets and equity. However, the revaluation does not address the underlying reduction in cash reserves due to the heavy operational loss. $14.4m was also transferred out of maturing Term Deposits into cash to address the shortfall.

While the net increase of $7.2m to the value of Refundable Accommodation deposits helped boost Sundale's cash reserves, operational losses continue to degrade our cash reserves and reduce the equity available for future capital investment, with the value of cash and cash equivalents falling by $20m over FY22.

Business cases are being prepared for all sites to define the achievable economic return on our asset portfolio.

STATEMENT OF CASHFLOWS

There was a reduction in funds over FY22, predominantly losses from operating activities of $20.3m.

Investing activities provided $9m after redemption of $14.4m of Term Deposits to supplement the shortfall in short term cash caused by the level of operational losses. $2.5m was spent on refurbishing investment property assets due to the need to address ageing asset issues.

A $7.2m funds injection came from refundable accommodation payables, with proceeds in excess of repayments.

Financials
2022

SUNDALE
Because we care

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	NOTE	2022 $'000	As restated* 2021 $'000
CONTINUING OPERATIONS			
Operational revenues	6	38,389	38,278
Accommodation bond/Licence contribution		2,882	2,457
Finance income	7	1,018	1,164
Other revenue		1,200	1,724
TOTAL REVENUE		**43,489**	**43,623**
Depreciation, amortisation and impairment	7	(4,393)	(3,123)
Employee costs		(39,685)	(40,742)
Finance costs	7	(146)	(142)
Minor project costs		(1,862)	(4,238)
Other expenses	7	(15,711)	(13,205)
TOTAL EXPENSES		**(61,797)**	**(61,450)**
Results from operating activities		**(18,308)**	**(17,827)**
SIGNIFICANT ITEMS			
Coronavirus pandemic: Government assistance	21	77	7,771
Coronavirus pandemic: additional costs	21	(1,374)	(2,182)
(Loss)/gain on revaluation of investments		(2,358)	6,671
Gain on revaluation investment property	13	21,220	8,401
Profit on disposal of discontinued operations		-	204
Gain on recognition of property, plant and equipment	15	462	-
Net (deficit)/surplus for the year from continuing operations		**(281)**	**3,038**
Gain from discontinued operations	22	-	573
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(281)**	**3,611**

**The statement of profit and loss and other comprehensive income for the year ended 30 June 2021 has been restated; see Note 4.*

STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

	NOTE	2022 $'000	As restated* 2021 $'000	As restated* 1 July 2020 $'000
CURRENT ASSETS				
Cash and cash equivalents	9	3,760	8,324	7,629
Trade and other receivables	10	1,879	1,748	3,759
Inventories		250	229	206
Financial assets	11	43,976	58,389	49,202
Non-current assets classified as held for sale	12	-	4,402	-
TOTAL CURRENT ASSETS		**49,865**	**73,092**	**60,796**
NON-CURRENT ASSETS				
Trade and other receivables	10	-	580	1,023
Financial assets	11	46,109	48,095	41,154
Investment properties	13	199,632	171,642	171,032
Intangibles	14	-	1,640	2,459
Property, plant and equipment	15	17,295	16,455	16,972
Right-of-use assets	16	593	1,653	2,196
TOTAL NON-CURRENT ASSETS		**263,629**	**240,065**	**234,836**
TOTAL ASSETS		**313,494**	**313,157**	**295,632**
CURRENT LIABILITIES				
Trade and other payables	17	2,467	4,714	5,159
Accommodation payables expected to be paid within 12 months	17	8,682	9,169	8,846
Accommodation payables not expected to be paid within 12 months	17	122,921	115,269	102,929
Provisions	18	4,592	5,239	4,984
Interest bearing loans and borrowings	19	305	474	506
Accrued expenses		716	2,388	547
TOTAL CURRENT LIABILITIES		**139,683**	**137,253**	**122,971**
NON-CURRENT LIABILITIES				
Provisions	18	837	1,784	1,703
Interest bearing loans and borrowings	19	217	1,082	1,531
TOTAL NON-CURRENT LIABILITIES		**1,054**	**2,866**	**3,234**
TOTAL LIABILITIES		**140,737**	**140,119**	**126,205**
NET ASSETS		**172,757**	**173,038**	**169,427**
EQUITY				
Accumulated Funds		172,757	173,038	169,427
TOTAL EQUITY		**172,757**	**173,038**	**169,427**

**The statement of financial position for the year ended 30 June 2021 has been restated; see Note 4.*

STATEMENT OF CHANGES IN EQUITY

or the year ended 30 June 2022

	NOTE	Accumulated Funds $'000
Balance at 1 July 2020 - as previously reported		**172,920**
Impact of restatement (note 4)		(3,493)
Balance at 1 July 2020 - restated		**169,427**
Surplus for the year restated		3,611
Total comprehensive income		**3,611**
Balance at 30 June 2021 - restated		**173,038**
Balance at 1 July 2021 - restated		**173,038**
Deficit for the year		(281)
Total comprehensive income		**(281)**
Balance at 30 June 2022		**172,757**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2022

	NOTE	2022 $'000	2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts of subsidies and revenue from clients		42,397	50,752
Receipt of grants and one-off funding		77	1,161
Sundry income		122	93
Payments to suppliers and employees		(63,781)	(60,732)
Donations		43	80
Interest paid		(146)	(142)
Interest received		1,018	919
Net cash used in operating activities		**(20,270)**	**(7,869)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant & equipment		(2,556)	(9,050)
Acquisition of financial assets		14,413	(9,187)
Proceeds from sale of property, plant & equipment		-	52
Purchase of investments		(372)	-
Purchase of investment property		(2,453)	-
Proceeds from sale of business segment		-	12,039
Net cash used in investing activities		**9,032**	**(6,146)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(486)	(482)
Repayment of unsecured interest free loans		(5)	(84)
Proceeds from accommodation payables		25,191	27,665
Repayment of accommodation payables		(18,026)	(12,388)
Net cash provided by financing activities		**6,674**	**14,710**
Net increase in cash and cash equivalents		**(4,564)**	**695**
Cash and cash equivalents at beginning of year		8,324	7,629
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**9**	**3,760**	**8,324**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

The financial report of Sundale Ltd (the "Entity") for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Board on 17 October 2022.

The Entity is a public company limited by guarantee and is registered as Sundale Ltd [A.C.N. 164 270 946] under the Corporations Act 2001. The registered office is located at 144 Currie St, Nambour 4560.

Sundale Ltd provides a range of services including supporting and caring for residential aged care clients (National Approved Provider System ID 461), retirement living communities, in-home care, housing and long and short-term caravan park accommodation.

The entity is a not-for-profit entity for the purposes of Australian Accounting Standards and is incorporated and domiciled in Australia.

The functional and presentation currency of Sundale Ltd is Australian dollars.

1 Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards – Simplified Disclosures and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Aged Care Act 1997 relating to approved providers of residential and in-home care, as well as relevant requirements under the Australian Charities and Not-for-profit Commission Act 2012 and as appropriate for not-for-profit orientated entities. The financial report has been prepared on an accrual basis of accounting including the historical cost convention, except for intangible assets, investment properties and non-current investments.

The Entity is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Entity.

The 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 if the revision affects only that period or in the period reviewed.

Comparative information is reclassified where appropriate to enhance comparability.

2 Summary of Significant Accounting Policies

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

(a) Capital Replacement, Maintenance Reserves and General Services Trust Funds

Sundale Ltd has established Capital Replacement Fund (CRF) and Maintenance Reserve Fund (MRF) Trust Account bank accounts in accordance with Section 97 of the Retirement Villages Act 1999. While the transactions of the MRF trusts are excluded from this financial report, the bank account balances relating to the CRF's are included in the report under cash and cash equivalent balance as secured or restricted cash (Note 9).

(b) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with a maturity date of three months or less from balance date.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above and investments at call, net of outstanding bank overdrafts.

(c) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(d) Property, plant and equipment

Property, plant and equipment is stated at cost, or deemed cost less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

During the year the Entity revisited its policy regarding the expensing of low value assets. As at 1 July 2021 all assets under $2,000 are expensed, prior to this assets under $500 had been expensed. This represents a non material change that will provide processing expediency.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment less than $2,000	1 Year
Plant and equipment greater than $2,000	2-10 years
Motor vehicles	3-5 years
Furniture and fittings	3-10 years
Buildings	10-40 years

Freehold land is held at cost less accumulated impairment losses.

The assets' residual values, useful lives, depreciation, and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Capital works in progress represents (i) the accumulation of construction costs on facilities currently under construction; (ii) accumulated costs of major information systems infrastructure and (iii) other similar type projects. Upon completion, the assets are transferred into the asset category and depreciation commences at that time.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of plant and equipment is the depreciated replacement cost of the asset when the asset's future economic benefit does not depend primarily on its ability to generate cash inflows, and if deprived of the asset the Entity would replace it. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

2 Summary of Significant Accounting Policies (continued)

(e) Right-of-use assets

A right-of-use asset 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 for restoring the site or asset.

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 Entity 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 Entity 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.

(f) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Entity prior to the end of the financial year that are unpaid and arise when the Entity becomes obliged to make future payments in respect of the purchase of those goods and services.

(g) Provisions

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(h) Lease liabilities

A lease liability is recognised at the commencement date of a lease. 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.

(i) Employee leave benefits

Annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave, are recognised in provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 high quality (AAA- and AA-rated) Australian corporate bonds with terms of maturity that match, as closely as possible, the estimated future cash outflows.

(j) Revenue

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

The following specific recognition criteria are applied before revenue is recognised:

a) Government subsidies – recognised as an accrual based on actual resident/client classifications, with any adjustments required being made upon receipt of funds from the Government.

b) Client contributions – fees are payable by residents and recognised when due.

c) Dividend income – recognised when the Entity's right to receive payment is established.

d) Accommodation bond retentions– recognised when due.

e) Licence contributions – recognised on a contractual basis.

f) Government grants – recognised as income at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

g) Interest – recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

h) Investment property rental revenue – recognised on a straight-line basis over the lease term.

(k) Goods & Services Tax

The Entity is registered for Goods & Services Tax (GST) on an accruals basis.

- Services relating to Residential Aged Care, In-Home Care, Child Care, Rehabilitation Services and Retirement Living are primarily classified as GST free.
- The Rental segment comprises residential rents and treated accordingly for GST. A proportion of income from low-cost accommodation qualifies for treatment as GST free rather than Input-taxed income as a result of "nominal consideration" concessions for endorsed charities.
- The Caravan Parks segment includes long term and short-term stays; the former attract a concessional rate of GST, the latter the standard rate.
- Goods and services such as externally contracted laundry and other similar services are subject to GST and levied accordingly.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows is classified as operating cash flows. Commitments and contingencies are disclosed net of GST. For the purpose of cash flow statement preparation, cash and cash equivalents comprises the above.

2 Summary of Significant Accounting Policies (continued)

(l) Income tax

As the Entity is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997 as amended, it is exempt from paying income tax.

(m) Intangible Assets

The Entity holds Residential Care Government funded bed licences that meet the definition of an intangible asset under AASB 138 Intangible Assets.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets currently held by the Entity have been assessed as being finite.

The valuations were reassessed in 2017 and it was determined that the assets had become finite in the light of the "Aged Care Roadmap" issued by the Department of Health, which outlines a timetable for the transfer of the licences, and the freedom to choose a provider, to the consumer. The assets are being amortised on a straight-line basis over seven years from 2017, covering the period until the Roadmap indicates that this reform will occur.

At the end of each reporting period the Entity assesses whether there is an indication that an asset (including an intangible asset) is impaired. If any such indication exists the Entity estimates the recoverable value of the asset as compared to the assets carrying amount. Indicators of impairment relating to bed licenses were present at the end of the year, prompting an assessment of the recoverable amount of bed licenses held. At the completion of this assessment it was decided bed licenses held had nil recoverable value and were subsequently impaired (see note 14).

Any gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Comprehensive Income when the asset is de-recognised.

(n) Financial Instruments

Financial assets in the scope of AASB 9 Financial Instruments are classified as financial assets subsequently measured either at amortised cost, at fair value through Profit or Loss or at fair value through Other Comprehensive Income, as appropriate. Financial liabilities in the scope of AASB 9 are classified as financial liabilities subsequently measured at amortised cost.

Financial assets comprise investments in managed funds, term deposits, trade and other receivables and cash and cash equivalents. Financial liabilities comprise trade and other payables, accrued expenses, accommodation payables and loans.

Financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition financial instruments are measured as described below.

A financial instrument is recognised if the Entity becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised if the Entity's contractual rights to the cash flows from the financial asset expire, the Entity has transferred substantially all risks and rewards related to the asset or the entity no longer has control of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e. the date the Entity commits itself to purchase or sell the asset. A financial liability is de-recognised if the Entity's obligations specified in the contract expire or are discharged or cancelled.

Accounting for finance income and expenses is described in Note 2 (q).

Instruments measured at amortised cost

Except for the Entity's investments in equity instruments, the financial assets listed above are held within a business model whose objective is to hold them in order to collect contractual cash flows. In addition the contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on principal amounts outstanding. As such, they are measured at amortised cost. Financial liabilities are also measured at amortised cost.

Instruments measured at fair value through profit or loss

The Entity's investments in equity instruments are not held for trading. They are measured at fair value through profit or loss. The fair value of investments is determined by reference to market bid prices at the close of business on the Statement of Financial Position date as provided by the respective investment managers.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses.

(o) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

(p) Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non- current asset, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified.

Non-current assets classified as held for sale are presented on the face of the statement of financial position, in current assets.

(q) Finance income and expenses

Finance income comprises interest and dividend income on funds invested and is recognised as it accrues in profit or loss, using the effective interest rate method.

Finance expenses comprise interest expense on borrowings including finance leases. All borrowing costs are recognised in profit or loss using the effective interest rate method.

(r) Capital management

Management considers the Entity's accumulated funds as capital. Management controls the capital of the Entity in order to ensure that the Entity can fund its operations and continue as a going concern. The Entity is not subject to any external capital restrictions.

(s) Investment property

Investment properties principally comprise of buildings held for long-term rental and capital appreciation that are not occupied by the entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Reclassifications between investment properties and property, plant and equipment are determined by a change in use to or from owner-occupation. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at cost.

2 Summary of Significant Accounting Policies (continued)

(t) Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

(u) 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.

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.

(v) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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 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.

(w) Contract liabilities

Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the goods or services to the customer.

(x) New, revised or amended Accounting Standards and Interpretations adopted

The entity has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted unless otherwise stated.

There have been no new or revised accounting standards which materially impacted the financial report. Standards not yet applicable are not expected to have a material impact on the Entity.

3 Critical Accounting Estimates and Judgements

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.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the services offered, customers, supply chain, staffing and geographic regions in which the company operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Investment property valuation

The company measures investment property at revalued amounts, with changes in fair value being recognised in the statement of profit or loss. The properties were valued by reference to market conditions for properties of a similar nature, location and condition.

4 Prior Period Error

Several adjustments have been made which require the restatement of prior period balances as well as the disclosure in each adjustment description.

Asset under construction – prior period adjustment

The accounts have been restated to incorporate the impairment write-off of asset under construction ($3.5m), relating to the Nambour site redevelopment. Two years previous plans for a retirement village and aged care facility on the site were abandoned and a new strategy for the site was proposed during the year ended 30 June 2020. As a result of that decision all costs relating to that project became sunk and should have been written off at that time. The change has resulted in a reclassification between asset under construction investment properties and accumulated funds of $3.5m as at 30 June 2022. The error has been corrected by restating each of the affected financial statement line items for prior periods.

Asset under construction valuation– prior period adjustment

The accounts have been restated to incorporate the fair value of the Tewantin property development. During FY2021 associated land improvements were accounted for as an asset under construction and measured at cost, while evidence was available for a reliable determination of the assets fair value. The change has resulted in a reclassification between asset under construction investment properties and accumulated funds of $4.1m as at 30 June 2021.

The following table summarises the accumulated impacts on the financial statements at the end of the earliest comparative period for both errors noted above:

	Previously reported at 1 July 2020	Adjustments	Restated
	$'000	$'000	$'000
STATEMENT OF FINANCIAL POSITION (EXTRACT)			
Accumulated funds	172,920	(3,493)	169,427
Investment property	174,525	(3,493)	171,032

	Previously reported at 30 June 2021	Adjustments	Restated
	$'000	$'000	$'000
STATEMENT OF FINANCIAL POSITION (EXTRACT)			
Accumulated funds	180,653	(7,615)	173,038
Investment property	179,257	(7,615)	171,642
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (EXTRACT)			
Gain on revaluation investment property	12,523	(4,122)	8,401
Total comprehensive income	7,733	(4,122)	3,611

5 Working Capital Deficiency

As at 30 June 2022, the financial statements disclose prima facie a deficiency in working capital, being excess of current liabilities over current assets of $89,818,000 (2021: deficiency $64,161,000). This may indicate to the users that the Entity may have difficulty in paying its debts as and when they become payable. The Directors do not believe that the Entity will have difficulty in paying its debts as and when they become payable based on the following reasoning.

The probable timing for the payment of current liabilities will allow the Entity to trade normally, particularly given that Accommodation Payables of $122,921,000, although classed as current in accordance with accounting standards, is not practically payable to the residents within 12 months. The resident Licence Contributions are not required to be paid out to the outgoing resident until the incoming residents have paid their Licence Contribution to the Entity (except in the rare event of the accommodation having been vacant for 18 months). The Refundable Accommodation Deposits/Bonds become payable upon the departure of aged care residents. It is unlikely that all residents would depart in the next 12 months thereby requiring a pay-out of the full amount of the Accommodation Deposits/Bonds. Historically, the average turnover of the residents (Aged Care and Independent Living Units) has been around 20%. Vacant aged care beds are generally refilled within a short time. Therefore management's worst case estimate, supported by historical cash flows over the last five years, of the amount likely to be payable within the next 12 months is $8,951,000.

6 Operational Revenues	2022	2021
	$'000	$'000
Government subsidies	24,782	24,765
Client contributions	11,815	11,703
Rental revenues	1,670	1,662
Sundry operating revenue	122	148
Total revenue	**38,389**	**38,278**

7 Expenses and Finance Income

	2022 $'000	2021 $'000
Finance costs		
Interest expense on lease liabilities	69	66
Interest expense on resident accommodation payables	77	76
	146	**142**
Finance income		
Interest income on financial assets measured at amortised cost	512	449
Interest and dividend income on financial assets measured at fair value	483	677
Interest income on outstanding accommodation receivables	21	34
Interest income on bank accounts	2	4
	1,018	**1,164**
Other expenses		
Impairment of trade receivables	(16)	62
Meal costs	1,684	1,717
Repairs and maintenance costs	1,587	1,200
Office equipment - minimum operating lease payments	41	7
Medical costs	2,338	2,458
Energy costs	780	786
Housekeeping costs	641	626
Vehicle fleet costs	167	164
Vehicle fleet - minimum operating lease payments	115	92
Clothing costs	44	58
Investment management fees	53	425
Other sundry expenses	637	853
Administrative costs (i)	7,640	4,757
	15,711	**13,205**

7 Expenses and Finance Income (continued)

	2022 $'000	2021 $'000
Included within administrative costs (i)		
Rates and charges	1,154	1,290
Insurances	438	389
Recruitment costs	488	293
Software and licences*	3,039	1,189
Management fees	168	279
Telephone	715	758
Security	246	227
Legal fees	305	144
Other	1,087	188
	7,640	**4,757**
Depreciation, amortisation and impairment		
Depreciation of property, plant and equipment	2,082	1,752
Depreciation of right-of-use assets	517	552
Amortisation of intangible assets	820	819
Impairment of intangible assets	820	-
Impairment of investment property	18	-
Impairment of property, plant and equipment	136	-
	4,393	**3,123**
Superannuation expense included within employee costs		
Superannuation contribution expense	**3,624**	**3,419**

** Implementation costs Epicor ERP and business management software $1.4m.*

8 Operating Segments

The composition of operating segments is based on the internal reporting and assessment of various components of the Entity that are regularly reviewed by key management personnel (who are identified as the Chief Operating Decision-makers), evaluating the results of these business segments for comparison to other entities, for strategic planning and for the allocation of resources.

The Entity operates in one geographical segment, being the Queensland area, and has five reportable segments, as described below, which are the Entity's strategic business units. Each segment provides a service to a different consumer demographic and is managed separately as they require different marketing and operational strategies:

- Residential Aged Care provides services and care to the elderly within a residential based environment providing accommodation and a range of care from modest to substantial assistance for multiple morbidities.
- Retirement Living provides an environment for independent living in a communal setting with care and support services readily available if required.
- In-home care provides in-home services and care to the community across a broad spectrum of care levels.
- Investment Properties provides a range of residential rental properties and units, of which 29 are currently available under the National Rental Affordability Scheme (NRAS), as well as a small number of commercial tenancies.
- Caravan Parks provide a combination of long-term low-cost and short-term tourist accommodation.

Other segments relate to corporate administrative and information services and support services of catering, laundering and maintenance. These segments operate as full cost recovery passed to operating segments, except for Laundering services, which are charged at an arms length market rate.

Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated on consolidation. The following tables present revenue and surplus information regarding business segments for the years ended 30 June 2022 and 30 June 2021.

8. Operating segments (continued)

	Residential Aged Care	Retirement Living	In-Home Care	Investment Properties	Caravan Parks	Other	Total
2022	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue and other income							
External Segment Revenue and other income (i)	22,413	4,008	2,197	743	793	13,335	43,489
Inter segment revenue and other income	10,113	293	811	477	-	(11,694)	-
Total segment revenue and other income	**32,526**	**4,301**	**3,008**	**1,220**	**793**	**1,641**	**43,489**
Finance income	9	21	-	-	-	988	1,018
Finance costs	(83)	-	(1)	-	-	(62)	(146)
Depreciation, amortisation and impairment	(2,192)	(19)	(46)	(26)	(14)	(2,096)	(4,393)
Other material non cash items							
Investment property revaluatione	-	19,806	-	4,839	2,464	(5,889)	21,220
Total segment comprehensive income	**(15,950)**	**26,035**	**(58)**	**1,402**	**2,792**	**(14,502)**	**(281)**

	Residential Aged Care	Retirement Living	In-Home Care	Investment Properties	Caravan Parks	Other	Total
2021	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue and other income							
External Segment Revenue and other income (i)	24,918	3,465	2,546	(589)	2,117	11,166	43,623
Inter segment revenue and other income	6,363	269	619	128	443	(7,822)	-
Total segment revenue and other income	**31,281**	**3,734**	**3,165**	**(461)**	**2,560**	**3,344**	**43,623**
Finance income	17	33	-	-	-	1,114	1,164
Finance costs	(77)	-	(4)	-	(1)	(60)	(142)
Depreciation, amortisation and impairment	(1,558)	(14)	(33)	(18)	(10)	(1,490)	(3,123)
Other material non cash items							
Investment property revaluatione	55	5,455	-	1,995	(96)	1,002	8,401
Total segment comprehensive income	**(8,811)**	**7,596**	**14**	**1,962**	**604**	**2,246**	**3,611**

8. Operating segments (continued)

2022	Residential Aged Care $'000	Retirement Living $'000	In-Home Care $'000	Investment Properties $'000	Caravan Parks $'000	Other $'000	Total $'000
Main products and services							
Government subsidies	24,095	-	366	323	-	(2)	24,782
Client contributions	7,861	1,411	2,588	-	-	-	11,815
Sundry operating revenue	91	-	1	-	24	6	122
Revenue from contracts with customers	**32,002**	**1,411**	**2,955**	**323**	**24**	**4**	**36,719**
Rental revenues	-	-	-	898	772	-	1,670
Accommodation bond and license contribution	76	2,806	-	-	-	-	2,882
Finance income	9	21	-	-	-	988	1,018
Other revenue	439	63	53	(1)	(3)	649	1,200
(i) Total segment income	**32,526**	**4,301**	**3,008**	**1,220**	**793**	**1,641**	**43,489**

2021	Residential Aged Care $'000	Retirement Living $'000	In-Home Care $'000	Investment Properties $'000	Caravan Parks $'000	Other $'000	Total $'000
Main products and services							
Government subsidies	22,112	-	510	337	36	1,770	24,765
Client contributions	7,767	1,309	2,627	-	-	-	11,703
Sundry operating revenue	106	-	-	(65)	102	5	148
Revenue from contracts with customers	**29,985**	**1,309**	**3,137**	**272**	**138**	**1,775**	**36,616**
Rental revenues	-	-	-	(733)	2,395	-	1,662
Accommodation bond and license contribution	89	2,368	-	-	-	-	2,457
Finance income	17	33	-	-	-	1,114	1,164
Other revenue	1,190	24	28	-	27	455	1,724
(i) Total segment income	**31,281**	**3,734**	**3,165**	**(461)**	**2,560**	**3,344**	**43,623**

9 Cash and cash equivalents

	2022 $'000	2021 $'000
Operating/Trading bank accounts	3,054	7,799
Secured Capital Replacement Fund (c)	695	514
Petty Cash & Cash on Hand	11	11
	3,760	**8,324**

Reconciliation of Cash		
Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:		
Cash and cash equivalents	3,760	8,324
	3,760	**8,324**

a. Non-cash financing and investing activities		
Bank guarantees		
- amount used	840	600
- amount unused	250	250
	1,090	**850**

b. Trust account balances

The following amounts held in Trust Accounts and equal to the amounts held on behalf of trust creditors are not included in the assets or liabilities of Sundale Ltd as set out in the Statement of Financial Position:

	2022 $'000	2021 $'000
Resident Trust Bank Account and Cash Float	2	43
Funds held in Trust ex Eden Healthcare Centre Inc.	-	150
Palmwoods Retirement Community Maintenance Reserve Fund Trust Account	95	214
Rotary Retirement Community Maintenance Reserve Fund Trust Account	151	168
Nambour Retirement Community Maintenance Reserve Fund Trust Account	33	4
Coolum Beach Retirement Community Maintenance Reserve Fund Trust Account	194	152
	475	**731**

9 Cash and cash equivalents (continued)

c. Secured capital replacement funds

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

	2022	2021
Account Balances at 30 June	$'000	$'000
- Fund for Palmwoods Retirement Community	177	97
- Fund for Rotary Retirement Community	196	141
- Fund for Nambour Retirement Community	102	102
- Fund for Coolum Beach Retirement Community	220	174
	695	**514**

The Retirement Villages Act 1999 prescribes the uses of the Capital Replacement Funds.

10 Trade and other receivables	2022	2021
	$'000	$'000
Current		
Trade and Other Debtors	368	360
Resident Debtors	544	434
Less Provision for Doubtful Debts / Expected Credit Losses	(118)	(171)
	794	**623**
Accrued Income	635	504
BAS Tax Refundable	99	243
Other Prepayments	316	260
Other current assets	35	118
	1,879	**1,748**
Non-current		
Resident Debtors Account (i)	-	580

(i) During the year the Entity reduced its risk profile by closing all resident debtor accounts..

11 Financial assets	2022	2021
	$'000	$'000
Current		
Measured at amortised cost		
- maturity within 90 days	26,277	22,093
- maturity greater than 90 days	17,699	36,296
	43,976	**58,389**

Current financial assets are on deposit for varying terms of up to one year and terminable on notice (subject to an administration fee and/or interest rate reduction), with an effective interest rate during 2021-22 between 0.56% and 1.85% (2021: 0.25% - 1.85%)

Non-current		
Measured at fair value through profit or loss		
Harper Bernays managed funds	46,109	48,095
	46,109	**48,095**

Financial assets measured at fair value through profit or loss are not held for trading and have no specified maturity date. Funds are available in accordance with the terms of the respective managed investment service agreements.

12 Non-current Assets Classified as Held For Sale	2022	2021
	$'000	$'000
Caravan Park	-	4,402
	-	**4,402**

During the year ended 30 June 2022, the Board has resolved to continue operating the Caravan Park business segment and therefore is no longer considered a discontinued operation. The comparatives have not been adjusted as it was considered as a held for sale in the prior year.

13 Investment Properties

	2022 $'000	Restated 2021 $'000
Investment properties - at fair value		
Land	62,289	58,921
Buildings	134,941	104,267
Under Construction	2,402	8,454
	199,632	**171,642**

Movements in carrying amounts of property, plant and equipment	Land $'000	Buildings $'000	Under Construction $'000	Totals $'000
Year ended 30 June 2022				
Balance at the beginning of the year - as previously reported	47,632	104,267	27,358	179,257
Prior year error (note 4)	11,289	-	(18,904)	(7,615)
Balance at the beginning of the year - restated	58,921	104,267	8,454	171,642
Additions	-	874	1,579	2,453
Revaluations	2,173	19,047	-	21,220
Capitalisation from under construction	25	7,588	(7,613)	-
Impairment	-	-	(18)	(18)
Moved to assets held for sale	1,170	3,165	-	4,335
Balance at the end of the year	**62,289**	**134,941**	**2,402**	**199,632**

a. Lease receivables

	2022 $'000	2021 $'000
Minimum lease payments receivable but not recognised in the financial statements:		
Not later than 1 year	930	497
Later than 1 year and not later than 5 years	72	78
	1,002	**575**

The Entity's main source of rental income is derived from operation of low-cost accommodation in an apartment complex and its caravan park. A motel complex is also utilised for low-cost accommodation and the Entity leases a small number of houses on land held for future development. Commercial lease income is derived from Childcare premises and an office building (both from February 2020).

14 Intangible Assets

	2022 $'000	2021 $'000
Residential Aged Care Bed Licences		
Cost	11,580	11,580
Accumulated amortisation and impairment	(11,580)	(9,940)
Balance at the end of the year	**-**	**1,640**

Residential Aged Care Bed Licences

At the end of each reporting period the Entity assesses whether there is an indication that an asset (including an intangible asset) is impaired. If any such indication exists the Entity estimates the recoverable value of the asset as compared to the assets carrying amount. Indicators of impairment relating to bed licenses were present at the end of the year, prompting an assessment of the recoverable amount of bed licenses held.

Impairment

Funding of residents in residential aged care was previously linked to allocated places (bed licenses) held by the Approved Provider with the Department of Health allocating places in the Aged Care Approval Round (ACAR). Providers applied for places in the ACAR. This restricted supply, and created a secondary market for bed licenses held by the provider as the licenses could be transferred with Ministerial approval under the Aged Care Act to another provider.

In July 2021, at the time of announcing the results of the 2020 ACAR, the Government advised that the 2020 round would be the last ACAR and that, with effect from 1 July 2024, the system of approved places which are held by the Provider would be replaced with a funding entitlement held by approved care recipients. At the time of this announcement, the Government advised that in the interim (July 2021 – June 2024), approved providers wanting additional places could apply directly to the Department under transition rules.

The transition rules provide for two options:

1. Providers could acquire places in the secondary market; or

2. They could apply directly to the Department for an allocation of places.

Under option two any provider can obtain places directly from the department at no cost. This has put an end to providers seeking to acquire for value, existing approved places in the secondary market.

Movements in carrying amounts of intangible assets	Residential Aged Care Bed Licences $'000
Year ended 30 June 2022	
Balance at the beginning of the year	1,640
Amortisation	(820)
Impairment	(820)
Closing value at 30 June 2022	**-**

15 Property, Plant and Equipment

	2022 $'000	2021 $'000
Freehold land		
At cost	4,776	4,321
Accumulate impairment losses	(177)	(177)
	4,599	4,144
Buildings		
At cost	27,823	27,775
Accumulated depreciation	(20,317)	(19,792)
	7,506	7,983
Plant and equipment		
At cost	11,016	10,213
Accumulated depreciation	(7,977)	(6,856)
	3,039	3,357
Motor vehicles		
At cost	912	913
Accumulated depreciation	(855)	(811)
	57	102
Furniture and fittings		
At cost	2,488	1,930
Accumulated depreciation	(1,547)	(1,239)
	941	691
Low value assets		
At cost	1,109	1,025
Accumulated depreciation	(1,109)	(1,025)
	-	-
Under construction assets		
At cost	1,153	178
	1,153	178
Total property, plant and equipment	**17,295**	**16,455**

15 Property, Plant and Equipment (continued)

Movements in carrying amounts of property, plant and equipment

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

	Freehold Land	Buildings	Plant and Equipment	Motor Vehicles	Furniture and Fittings	Low Value Assets	Under Construction	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	**$'000**
Year ended 30 June 2022								
Balance at the beginning of year	4,144	7,983	3,357	102	691	-	178	**16,455**
Additions	-	35	724	-	535	84	1,178	**2,556**
Gain on initial recognition	462	-	-	-	-	-	-	**462**
Disposals	(7)	-	(3)	(8)	(6)	-	-	**(24)**
Depreciation expense	-	(525)	(1,121)	(44)	(308)	(84)	-	**(2,082)**
Impairment	-	-	-	-	-	-	(136)	**(136)**
Transfers	-	13	82	7	29	-	(67)	**64**
Balance at the end of the year	**4,599**	**7,506**	**3,039**	**57**	**941**	**-**	**1,153**	**17,295**

16 Right-of-use Assets

	2022 $'000	2021 $'000
Right-of-use plant & equipment		
At cost	301	301
Accumulate impairment losses	(206)	(145)
	95	156
Right-of-use motor vehicles		
At cost	674	444
Accumulated depreciation	(369)	(242)
	305	202
Right-of-use buildings		
At cost	1,177	1,952
Accumulated depreciation	(984)	(657)
	193	1,295
Total property, plant and equipment	**593**	**1,653**

Movements in carrying amounts of right-of-use assets

Movement in the carrying amounts for each class of right-of-use assets between the beginning and the end of the current financial year:

	Right-of-use plant & equipment	Right-of-use motor vehicles	Right-of-use buildings	**Total**
	$'000	$'000	$'000	**$'000**
Year ended 30 June 2022				
Balance at the beginning of year	156	202	1,295	**1,653**
Additions	-	230	6	**236**
Derecognition of right-of-use asset (i)	-	-	(779)	**(779)**
Depreciation charge	(61)	(127)	(329)	**(517)**
Balance at the end of the year	**95**	**305**	**193**	**593**

See note 19 for details of leasing activities.

(i) Derecognition of right-of-use assets relates to the change in lease term due to the reassessment of the probability of the Entity exercising the option to the right to extend its head office property lease.

17 Trade and Other Payables

	2022 $'000	2021 $'000
Trade payables	761	1,088
Contract liabilities	1,157	1,702
Accrued payroll account	549	1,665
Retentions held on WIP contracts	-	259
	2,467	**4,714**

Trade payables are normally settled between 7 and 30 days.

(a) Accommodation payables	2022 $'000	2021 $'000
Resident Licence Contribution	107,740	99,568
Accumulated Diminution	(14,446)	(12,872)
	93,294	**86,696**
Provision against gains on disposals of retirement living accommodation	144	166
	144	**166**
Accommodation bonds and refundable accommodation deposits	38,621	38,064
Accumulated retentions / drawn-down accommodation payments	(456)	(488)
	38,165	**37,576**
	131,603	**124,438**
Allocation of accommodation payables:		
Payables expected to be paid in 12 months	8,682	9,169
Payables not expected to be paid in 12 months	122,921	115,269
	131,603	**124,438**

Accommodation payables expected to be paid in 12 months is the average of payments made during the current and preceding three years.

17 Trade and Other Payables (continued)

(a) Accommodation payables (continued)

Pre 1992 Agreements relate to Retirement Village residents and are carried at the principal amount. An accumulated diminution account records the reduction in principal. An additional liability payable to the outgoing resident arises on the changeover of the unit. The amount payable is 50% of the difference between the licence contribution paid by the incoming resident, and the interest-free loan of the exiting resident, less any unit refurbishment costs. Resident interest-free loans comprise a gift /donation component, which was taken to account as income over a period of five years from the agreed date of occupancy as stated in the resident agreement. The balance of the loan is refunded to the resident in accordance with contractual obligations.

Post 1992 Resident Licence Contributions relate to Retirement Village residents and are carried at the principal amount. No interest is due and payable as per the terms of the Residency Agreement. An accumulated diminution account records the reduction in principal, with the net licence contribution refundable to the resident, reducing on an annual basis on a sliding scale as stated in the resident agreement. The balance of the licence contribution is refunded to the resident in accordance with contractual obligations.

Accommodation Bonds reduce progressively over a period of five years in accordance with Division 57 of the Aged Care Act 1997. The Accommodation Bond is refunded to the Resident within a maximum of 14 days from termination of agreements. Refundable Accommodation Deposits (RADs) replaced Accommodation Bonds from 1 July 2014; diminution occurs only if there is a balance of the accommodation price to be covered by Daily Accommodation Payments and the resident has opted to pay these by drawing down on the lump sum. RADs are refundable on termination of agreements.

18 Provisions

	2022 $'000	2021 $'000
CURRENT		
Long service leave	1,208	830
Annual leave	2,729	2,892
Self insurance	655	1,496
Legal costs	-	21
	4,592	**5,239**
NON-CURRENT		
Long service leave	396	880
Self insurance	441	904
	837	**1,784**

	Long Service Leave $'000	Annual Leave $'000	Self Insurance $'000	Legal costs $'000	**Total** **$'000**
Opening balance at 1 July 2021	1,710	2,892	2,400	21	**7,023**
Raised during the year	547	-	988	2	**1,537**
Unused amounts reversed	-	-	(1,116)	-	**(1,116)**
Used/released	(653)	(163)	(1,176)	(23)	**(2,015)**
Balance at 30 June 2022	**1,604**	**2,729**	**1,096**	**-**	**5,429**

The self-insurance provision relates to claims under the employee insurance scheme of which Sundale is a member; the outflows of these provisions are of uncertain timing and amount due to the many factors involved such as response to treatment and outcome of common law claims. An actuary reports annually on the scheme's performance and outlook and provides an estimate of the portion of provision likely to be used within the next 12 months, and the split between current and non-current elements of the provision shown in the table has been derived from the most recent report. $358k (2021: $321k) of the total provision relates to statutory claims as estimated by the actuary; the balance is management's estimate of common law claims liability based upon the actuary's report and assessment of current cases.

The opening provision for legal costs was largely related to a claim against the Entity which was settled during the year being reported. The remainder of the balance is in relation mainly to legal assistance with ongoing debt collection

19 Interest bearing loans and borrowings

	2022 $	2021 $
Current		
Lease liabilities	305	469
Loans from residents	-	5
	305	**474**
Non-current		
Lease liabilities	217	1,082
	217	**1,082**

The entity leases motor vehicles, mainly for provision of in-home care services, for periods of two to four years. Options to extend these leases are rarely exercised. Printer/photocopier equipment is leased on an agreement with a term of 52 months; this agreement replaced a 60-month agreement during the 2019/20 financial year, with the revised term set so as to leave the expiry date unchanged. On 1 July 2019 the Entity entered a lease to occupy a Head Office building for a period of three years, with an option to extend for a further three years. The lease was terminated on 1 July 2022 but the building will continue to be leased until November 2022 on a month to month basis.

Future lease payments	2022 $	2021 $
Future lease payments are shown as follows:		
Within one year	305	469
One to five years	217	1,082
	522	**1,551**

20 Related parties

The Directors of the Board during the financial year were:

Mr J Woodward (Chair until 10 December 2020, Retired 23 November 2021)
Mr T Wainwright (Chair until 23 November 2021, Not reelected 23 November 2021)
Ms C Perren
Ms A Phillips (Not reelected 23 November 2021)
Mr I Hall
Mr S Telburn (Deputy Chair until 25 November 2021, Resigned 25 November 2021)
Ms S Walters (Chair from 24th November 2021)
Mr D Lundberg (Resigned 25 October 2021)
Mr M Sierp (Appointed 19 January 2022)
Ms J McKay (Appointed 23 November 2021)
Mr C Westacott (Appointed 19 January 2022)
Ms A Coleman (Appointed 19 January 2022)

There were no transactions with Directors or parties related to Directors during the course of the financial year ended 30 June 2022 except for payment of remuneration and reimbursement of expenses.

The compensation paid to directors and key management personnel is as follows:	2022 $	2021 $
Aggregate Compensation	**1,610,573**	**1,593,799**

Other transactions with Key Management Personnel:

There were no transactions with other related parties that needed to be disclosed in the financial statements in the current or in the previous financial year.

21 Impact of Coronavirus (Covid-19) pandemic

As the Coronavirus (COVID 19) pandemic has developed the Entity's main response has been to manage the risks which the situation creates (work which includes financial and operational modelling of varying security-level impacts), maximise preparedness for any outbreak and ensure that full advantage is taken of available financial support to meet the costs of such work. On the ground extra resource has been brought in primarily to manage the increased restrictions on visitations etc. and to maintain residents' quality of life in the face of such restrictions.

In the second half of the financial year there were regular outbreaks at our Residential Care facilities, resulting in facility shutdowns, staff absences and additional care needs for residents. Additional expenditure included staffing and agency costs, protective equipment, housekeeping, and waste removal. Despite the impact, there was no additional Covid funding available to compensate for the increased costs of $1,374,000 unlike the prior year where Sundale received $7,771,000 in preparation for future outbreaks, effectively contributing a net cash injection of $5,589,000 in 2021.

The income of $77,000 (2021: $7,771,000) and costs of $1,374,000 (2021: $2,182,000) directly attributable to this event have been shown in the Statement of Profit or Loss and Other Comprehensive Income under Significant Items and are made up as follows:

	2022 $	2021 $
JobKeeper (JK) payment receivable due to reduction in turnover	-	7,320
Federal Govt.Covid-19 support payment	77	377
Commonwealth Govt. Continuity of Workforce Supply payments	-	44
Commonwealth Govt. temporary increase in Viability Supplement	-	30
Total Government assistance	**77**	**7,771**
JK top-up payments to staff as required under JK scheme	-	(800)
Spend with suppliers (mainly Personal Protective Equipment, lifestyle enhancement technology, communications and other professional assistance)	(579)	(628)
Additional rostered staffing hours	(795)	(754)
Total additional direct costs	**(1,374)**	**(2,182)**
Net identifiable impact	**(1,297)**	**5,589**

22 Discontinued operations

During the course of 2021 two of the three caravan parks operated by the Entity were disposed of and their results have been included under discontinued operations. The figures described below make up the discontinued operations figure reported within the Statement of Profit or Loss and Other Comprehensive Income. For the year ended 30 June 2021 the figures relate solely to the two caravan parks disposed of.

There were no discontinued operation to disclose for the 2022 financial year.

	2022 $'000	2021 $'000
Operational revenues	-	1,635
Other revenue	-	67
Total revenue	**-**	**1,702**
Employee costs	-	(283)
Other operational costs	-	(602)
Depreciation and impairment	-	(16)
Housekeeping	-	(105)
Repairs and maintenance	-	(67)
Energy	-	(92)
Jobkeeper income	-	36
Total expenses	**-**	**(1,129)**
Net result from operation	**-**	**573**

Cash flows from the discontinued operation were as follows:

	2022 $'000	2021 $'000
Operating	-	553
Investing	-	12,137
Financing	-	(35)
Net cash inflows/(outflows)	**-**	**12,655**

23 Contingent assets and liabilities

Other than the legal matters discussed under Note 18 above, there are no material contingent liabilities not elsewhere reported in this annual financial report; the same was true for the 2021 report.

24 Events after the reporting period

Approval will be sought for the issue of a Deed of Grant over Lot 801 on SP262521 to convert a lease under the land act. Currently this parcel of land is being leased by Sundale from the Crown and forms part of the land that Coolum Waters retirement village occupies. All required monies will be lodged with the Department of resources by 31 October 2022.

The Directors are not aware of any further matter or circumstance since the end of the financial year that has not been otherwise dealt with in the report or financial statements and that has significantly affected or may significantly affect the Entity's operations, the results of those operations or the Entity's state of affairs in future.

25 Commitments

	2022 $'000	2021 $'000
Under construction		
Not later than 1 year	164	851
Plant and Equipment		
Not later than 1 year	48	235

26 Fair Value Measurement

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

Fair value hierarchy

The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2022				
Investment property	-	-	199,632	199,632
Managed funds	46,109	-	-	46,109
	46,109	**-**	**199,632**	**245,741**
30 June 2021				
Investment property	-	-	171,642	171,642
Managed funds	48,095	-	-	48,095
	48,095	**-**	**171,642**	**219,737**

Assets and liabilities held for sale are measured at fair value on a non recurring basis.
There were no transfers between levels during the financial year.

26 Fair Value Measurement (continued)

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

27 Auditors' Remuneration

During the financial year the following fees were paid or payable for services provided by RSM Australia, for:

	2022 $'000	2021 $'000
Audit Sefrvices		
Auditing the financial statements	67,000	52,200
Other services		
Accounting and advisory services	14,500	10,800

SUNDALE LTD – DIRECTORS DECLARATION

For the year ended 30 June 2022

The directors of Sundale Ltd declare that in the directors' opinion:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:
   a. Comply with Australian Accounting Standards – Simplified Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC Regulation 2013); and
   b. give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the year ended on that date.
2. There are reasonable grounds to believe that the company will be able to pay all of its debts as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the ACNC Regulation 2013 on behalf of the directors by:

S.Waters

Sonja Waters 17 October 2022

CHAIRPERSON
Sundale Ltd

Australian Business Number 33 436 160 489

RSM Australia Partners

Level 6, 340 Adelaide Street Brisbane QLD 4000
GPO Box 1108 Brisbane QLD 4001

T +61 (0) 7 3225 7800
F +61 (0) 7 3225 7880

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Sundale Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

Albert Loots
Partner – Assurance and Advisory

Brisbane, QLD
Dated: 17 October 2022

RSM Australia Partners

Level 6, 340 Adelaide Street Brisbane QLD 4000
GPO Box 1108 Brisbane QLD 4001

T +61 (0) 7 3225 7800
F +61 (0) 7 3225 7880

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SUNDALE LIMITED

Opinion

We have audited the financial report of Sundale Limited, which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of Sundale Limited in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in Sundale Limited's annual report for the year ended 30 June 2022 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Report

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

In preparing the financial report, management is responsible for assessing Sundale Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Sundale Limited or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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.

RSM

RSM Australia Partners

Brisbane, Queensland
Dated: 18 October 2022

Albert Loots
Partner

SUNDALE

Because we care

sundale.org.au

1800 786 325

enquiries@sundale.org.au