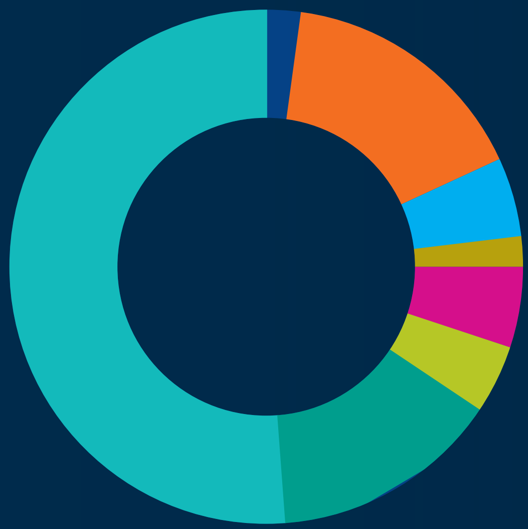
SUNDALE

Because we care

Annual Report

2023

Membership Breakdown



- COOLUM WATERS MEMBERS
- PALMWOODS GARDENS MEMBERS
- ROTARY GARDENS MEMBERS
- BOARD MEMBERS
- FOUNDING MEMBERS
- LIFE MEMBERS
- COMMUNITY MEMBERS
- TEAM MEMBERS (SUNDALE EMPLOYEES)

IN THE SPIRIT OF RECONCILIATION, SUNDALE ACKNOWLEDGES THE TRADITIONAL CUSTODIANS OF COUNTRY THROUGHOUT AUSTRALIA AND THEIR CONNECTIONS TO LAND, SEA AND COMMUNITY. WE PAY OUR RESPECT TO THEIR ELDERS PAST AND PRESENT AND EXTEND THAT RESPECT TO ALL ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLES TODAY.

Highlights

240+ CARERS

100+

120+ SUPPORT STAFF

9,000+
CARE RECIPIENT ACTIVITIES

120+ VOLUNTEERS

PALMWOODS GARDEN VILLAGE EXTENSION BEGINS

BOWDER LODGE – NAMED THE SUNSHINE COAST'S ONLY FIVE-STAR RESIDENTIAL AGED CARE HOME BY THE AUSTRALIAN GOVERNMENT

23,000+
IN HOME CARE SERVICES

Chairperson's Report

The aged care and ageing in place sectors remain in the midst of considerable change, specifically from governmental oversight and increasing competition and cost pressures. As Sundale adapts and responds to this transformational change, it is vital the organisation maintains its focus so it can achieve long-term success.

As a member of Sundale's Board, I wish to thank the members of Sundale for the ongoing interest in and passion for Sundale's role in the community.

Throughout FY23, the pathway to financial stability has become much clearer. The team and management of Sundale have addressed a range of performance issues and we are on track to achieve break even operational financial performance by 30 June 2025.

In FY23, Sundale made important strides to become a more customer-centred organisation, so it can continue to meet the evolving needs of care recipients, residents and clients. This commitment was formally recognised by the Australian Government in December when Bowder Lodge was named in the top one per cent of all aged care home nationally for compliance, residents' experience, staffing minutes and quality measures. Pleasingly Sundale's other aged care homes all received Four-Star ratings by the Australian Government.

Throughout the year, the Board and management have been working to develop a range of frameworks to combat a number of strategic risks, which left ignored could threaten Sundale's future, specifically:

- Cybersecurity - breach of information system security resulting in data loss;
- Business continuity threatened by disaster event;
- Recurrent annual operating losses impact ability to fund development projects;
- Increased cost and scarcity of essential construction goods and service affecting the approved expansion projects;
- Ageing infrastructure across portfolio;
- Inability to attract and retain team members due to sector workforce shortages, particularly to enable regulatory requirements to be achieved;
- Possible gaps in policies and procedures gaps may result in Sundale being non-compliant with legislation;
- Ineffective care including clinical care resulting in unplanned serious injury or death;
- Industrial action: negotiation of Enterprise Agreement in current industrial relations landscape could lead to strike action.

Another priority of the Board in FY23 was the importance of using data to make informed decisions. This approach has and will continue to sharpen Sundale's strategic and operational focus and will influence the design and rollout of technology throughout our Care Centres, Retirement Communities and in In-Home Care.

Sundale is firmly focused on growth and developing business and service models for new Care Centre and Retirement Community developments and growth of In-Home Care.

The multi-million-dollar Palmwoods Garden Village expansion is well underway. While development plans will inform decisions at Henebery Road and timelines at the Tewantin and Nambour Garden Village sites.

The Board is committed to Sundale's long-term success and growth. Importantly, the principles of care and support for the community, which have underpinned the organisation's success for the past 60 years will not be abandoned, as Sundale exists to foster connection, purpose and joy and to remind care recipients, residents and clients of their skills and abilities.

I would like to thank and congratulate management and Sundale team members for their vision, resolve and hard work.

On behalf of the Board, I would also like to specifically thank our volunteers for their dedication, passion and care throughout FY23.

On a personal note, I would like to thank my fellow Board Directors for their counsel, energy and guidance over the past year. I would also like to acknowledge and thank Christine Perren for her nine years of service to Sundale as a Board Director.

There's no dispute the sector is changing, however, I'm confident the considered decisions the Board has made in the past year will deliver long term success, benefiting the community and most importantly Sundale's team members and our care recipients, residents and clients.

Terence Seymour
SUNDALE CHAIRPERSON

CEO's Report

Sundale has proudly been the heartbeat of the Nambour community for the past 60 years and this year re-defined its vision to ensure our aging community has the care and support they need to live life with purpose and joy.

The aged care and ageing in place sectors remain in the midst of significant change. As Sundale adapts and responds to the aged care revolution, it's essential we maintain our focus on four key areas which will help ensure long term success.

- Ensure systems, processes and practices support full and timely receipt of government funding;
- Maintain and increase capability of our team members to meet increasingly high standards of care expected from the community and government regulators;
- Adopt a portfolio management view of Sundale's assets to ensure all are engaged to best and highest use;
- Redevelop ageing assets and associated business models to meet the expectations of, and opportunities presented by Baby Boomers.

This year, Sundale, the Sunshine Coast's original aged care provider celebrated 60 years of caring for the community with a series of celebrations.

In 1963, then Sundale President, J.D. Grimes presided over the official opening of Sundale. The main building was named Nicklin Lodge and officially opened by namesake and then Queensland Premier, Frank Nicklin.

From humble beginnings, no other project has touched Nambour's conscience more than Sundale, which now provides extraordinary care, friendship and support to more than 1,000 care recipients, residents and clients throughout Nambour, Kilcoy and Gladstone.

Perhaps the best description of Sundale's early days is from Noel Parry M.B.E., a foundation Sundale Committee and Board Member.

*"For months the town seemed to revolve around fundraising to get the project started. At the height of the fundraising drive, 30 Apexians were collecting scrap metal three mornings a week before work and loading it into railway trucks. I remember (on) one occasion a few Apexians had to haul by hand a Caterpillar track from one of the Council's bulldozers onto a railway truck. It took some doing but by sheer determination we did it and we still laugh about it."

Similar to Sundale's forefathers, our Care Centre team members worked together to achieve excellent Star Ratings from the Australian Government. In December, Bowder Lodge was recognised as the Sunshine Coast's only Five-Star residential aged care home. The Star Ratings allow older Australians and their loved ones to easily compare services and make informed choices.

As a leader of aged care services throughout Queensland, Sundale hosted the Sunshine Coast's first ever Palliative Care Conference in April. The event, attended by nurses, carers, aged care workers and volunteers from dozens of Sunshine Coast aged care providers facilitated important conversations about palliative care and the physical, emotional, spiritual and social support they provide to families-in-need.

In FY23 we made a series of important infrastructure decisions. Administration team members vacated the three-level Currie Street building and relocated to the former In-Home Care office at Rotary Garden Village on Windsor Road. We reversed a decision not to upgrade independent living units at Rotary Garden Village, and instead renovated the kitchens, bathrooms, bedrooms and living areas in 12 units.

Construction also began on the $42m Palmwoods Garden Village expansion. Boasting elegant design options, amazing views and aging in place services, the 69-villa project is due for completion in 2025 and is Sundale's largest infrastructure project since building Coolum Waters Care Centre and Retirement Community in 2004.

Importantly, the past year saw Sundale agree to a model of care which details the structured approach we take to delivering healthcare services which will optimise care recipient outcomes and experiences. The model of care will also influence the design of Sundale's aged care homes of the future.

We also continued to learn key lessons, specifically the challenges of filling James Grimes Care Centre, the importance of appropriate IT systems for growth and efficiency and the need to better manage multiple and often complex and concurrent projects. To prosper, Sundale must overcome these specific challenges given the Australian Government's regulatory expectations and to keep pace with the sector's best performing operators.

Sundale is in a significantly better financial position than it was last year, however, there is still a lot of heavy lifting yet to be done.

As one of the Sunshine Coast's leading employers with an enviable landbank to develop, Sundale has an opportunity to redefine the standard of aged care services available in Queensland. However, we must continue to adapt to changes handed down by the Royal Commission into Aged Care Quality and Safety, while at the same time focusing on our key strategic objectives of financial sustainability, highly reliable care, providing learning and development opportunities for valuable team members and creating communities.

I would like to acknowledge Sundale's team members for their hard work and dedication over the past year and thank Sundale's members for their support.

Over time, the smallest changes on the ground can have an enormous ripple effect.

Stay caring,

Helen Sharpley
SUNDALE CHIEF EXECUTIVE OFFICER

**Sundale Creating Communities 1963 – 2013 (Elaine and Inga Green)*

***As reviewed by Acting Chief Executive Officer, Richard Langley.*

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 and internal 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.

AGED CARE REFORMS

The Australian aged care reforms encompass a comprehensive set of measures aimed at enhancing the quality, accessibility, and transparency of care services for consumers. These reforms address critical areas such as governance, accountability, and workforce development within the aged care sector. They emphasise improving the overall quality of care to ensure consumers receive safe and dignified treatment. Additionally, the reforms promote greater engagement with stakeholders and the implementation of innovative care models.

Board responsibilities include:

- Ensure effective implementation of the aged care reforms and monitor their progress;
- Develop and adapt strategies that align with the reform goals and address the evolving needs of the aged care sector;
- Establish transparent governance practices that uphold the principles of accountability, integrity and ethical conduct;
- Ensure Sundale complies with all relevant policies, regulations and guidelines set forth within the aged care reforms;
- Implement mechanisms to continuously assess and enhance the quality of care and services provided to consumers;
- Foster positive relationships with stakeholders, including consumers, families, staff and community members to gather feedback and insights;
- Allocate resources effectively to support the implementation of reforms and maintain financial sustainability;
- Invest in training and development programs for staff to meet the changing requirements of the reformed aged care landscape;
- Provide accurate and timely data reporting to regulatory bodies to demonstrate compliance and progress towards reform objectives;
- Encourage innovative approaches to service delivery and care models that align with the reform's principles;
- Identify and address potential risks associated with the implementation of reforms, ensuring the well-being of consumers and Sundale; and
- Regularly review and assess the effectiveness of the implemented changes, making adjustments as needed to achieve the desired outcomes.

Clinical Governance

Sundale's mission is to foster connection, purpose and joy for our older people and help remind them of their many unique skills and abilities. This means our care recipients, residents and 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 care recipients, residents and clients are considered and work effectively. Our goal is to have a system of clinical governance that creates highly reliable care for everyone at Sundale.

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, residents and clients and their 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 influence how we make decisions; Sundale's values and Sundale's clinical governance principles.

This system of clinical governance has served as the foundation for the development of additional essential healthcare components during FY23. High-quality care is consistently provided by establishing clear accountability, standards, and oversight mechanisms. Within this system, the development of our model of care has been a strategic endeavour, tailoring care approaches based on evidence-based practices and interdisciplinary collaboration. Sundale's Older Person Engagement and Participation Framework aligns with clinical governance, prioritising shared decision-making and fostering consumer involvement.

MODEL OF CARE

Sundale's model of care outlines a structured approach to delivering healthcare services that focus on optimising consumer outcomes and experiences. It encompasses a systematic framework for assessing, diagnosing, treating, and managing consumer's health conditions. The model integrates evidence-based practices, standardised protocols, and interdisciplinary collaboration among healthcare professionals to ensure comprehensive and consistent consumer care. Sundale's model of care, enhances the effectiveness and efficiency of our services, promotes consumer safety, and improves overall healthcare quality.

OLDER PERSON ENGAGEMENT AND PARTICIPATION FRAMEWORK

Sundale's Older Person Engagement and Participation Framework outlines a structured approach to involving care recipients, residents and clients in their healthcare journey, promoting active participation, shared decision-making, and collaboration. Our framework emphasises the importance of empowering care recipients, residents and clients to take an active role in their care by providing them with information, resources, and opportunities to voice their preferences and concerns. It involves communication strategies, educational tools, and technological solutions to enhance consumer-provider interactions.

Work, Health & Safety

FY23 saw the Safety and Workers Compensation (SWC) team implement important changes, including the appointment of a new Safety and Workers Compensation Manager and the introduction of Gallagher Bassett as a third-party provider to manage Sundale's workers' compensation program.

The creation and implementation of the Safety and Workers Compensation Strategic Plan in FY23 highlighted Sundale's commitment to fostering a safer, healthier and more productive work environment. The multifaceted plan is driven by the following key considerations:

- Enhanced safety
- Workers' compensation
- Compliance with regulations
- Improve workforce wellbeing
- Enhance workplace safety and productivity
- Continuous improvement

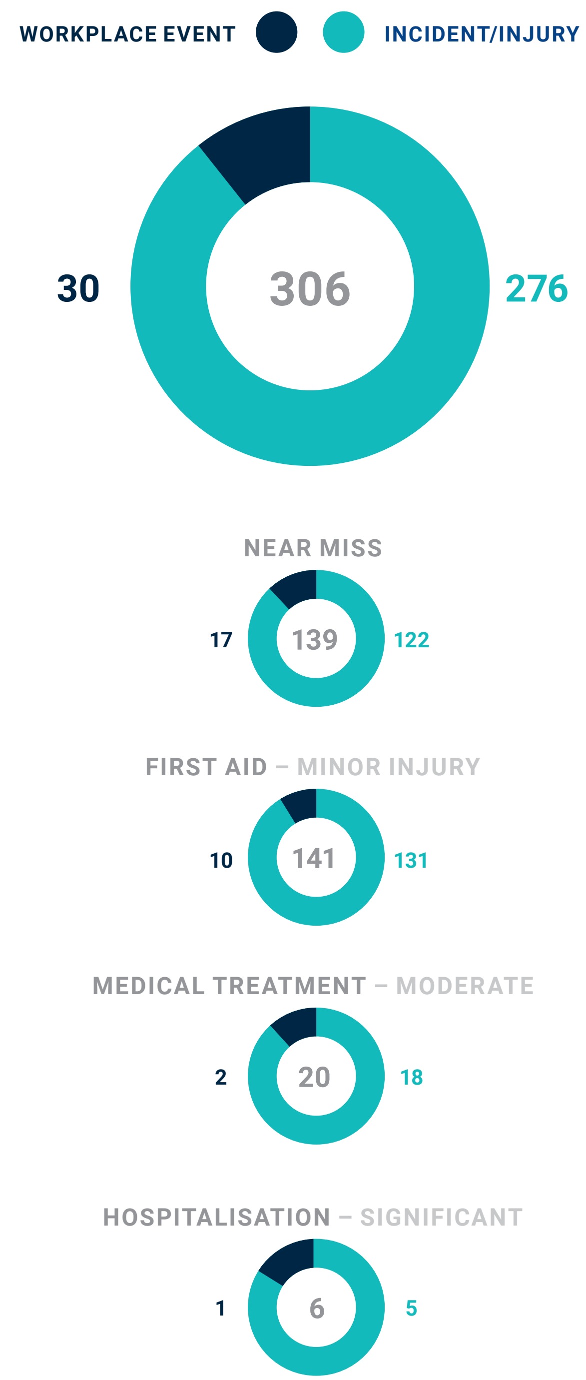
The past financial year saw Sundale continue to improve its reporting capabilities to ensure accurate and timely data is available.

FY23 saw 306 workplace events/incidents at Sundale, a jump of 58.5% compared to FY22. The increase reflects our proactive efforts to educate team members of the importance of reporting workplace events/incidents and signifies a growing awareness and commitment to safety within Sundale.

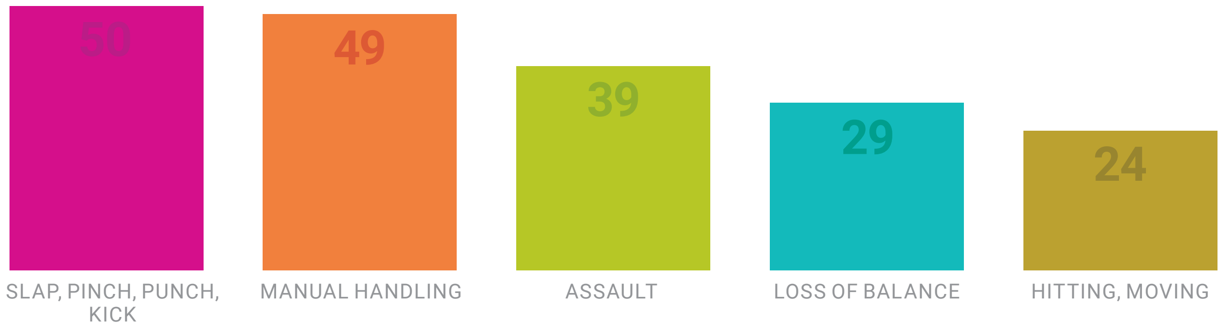
Consistent with FY22, 91% of workplace events/incidents in FY23 were near misses or required first aid. Six team members required hospitalisation, while 20 team members sustained injuries which required medical attention.

The number of physical, manual handling and assault incidents increased compared to FY22.

INCIDENT TYPE BREAKDOWN



INCIDENTS BY MECHANISM – TOP 5



INCIDENTS BY TYPE

Month	Incident / Injury	Workplace Event	*Total*
July 22	13	5	***18***
August 22	17	1	***18***
September 22	41	2	***43***
October 22	17	2	***19***
November 22	17	4	***21***
December 22	21	0	***21***
January 23	20	1	***21***
February 23	29	5	***34***
March 23	23	2	***25***
April 23	15	0	***15***
May 23	23	8	***31***
June 23	40	0	***40***

The rise of physical incidents is attributed to residents grappling with cognitive decline and/or adjusting to a changed environment.

New team members, receive training as part of their induction process to familiarise themselves with resident behaviours, triggers and safe management techniques. This training is also provided to existing team members facing heightened challenges.

WORKERS' COMPENSATION

As of 30 June 2023, there were 17 active workers' compensation claims, while 20 claims were resolved in FY23.

Gallagher Bassett managed Sundale's workers' compensation program in FY23 and provided enhanced support and management of injured workers at Sundale.

Sundale also transitioned to SolvInjury in FY23. The platform provides a more streamlined and efficient system for recording and analysing workers' compensation data.

60 YEARS OF CARE

Keith McKinnon

Resident, Builder

Keith McKinnon built Sundale – literally.

When tenders were called for the first stage of Sundale (Nicklin Lodge) to build three cottages, 20 hostel units with dining and kitchen facilities and a supervisor's flat, Keith and his business partner, Bill Blandford submitted the successful quote of £65,181.

"With the help of local cane farmers, we dug all the trenches for the foundations by hand," Keith said.

"There were five of us on site for the duration of the build, Bill and myself, two builders labourers and an apprentice.

"Sundale was my first job using an electric drill and an electric saw, prior to that everything was done hand.

"There were minimal safety regulations and no scaffolding when we built Nicklin Lodge, but it did go up very quick."

Keith was born in Nambour and raised in Maleny and knew he wanted to be a builder from an early age.

"When I was in Year 2 at Maleny State School, I watched the Presbyterian Church being built across the road," Keith said.

"I decided then and there I was going to be a builder."

Keith had nine years building experience and had only just partnered with his brother-in-law, Bill Blandford when he submitted the quote to build the first stage of Sundale.

"I distinctly remember building the back deck at Nicklin Lodge. We also did all the carpentry. It was a beautiful building," Keith said.

"The build was the talk of the town and I remember the local paper taking that famous first photo (Image 0) because it was the same day by brother, Gordon married his wife.

"I'm very proud looking back and the building went up without a hitch, however, 60 years on, I am the only one that is left in that photo. Most of my friends are gone, that's the trouble with living too long."

Keith's association with Sundale didn't stop at Nicklin Lodge, he and son Douglas also built 30 units at Rotary Garden Village in 1986 and a Day Therapy Centre on the same site in 1987.

"Sundale has played a very important role in every aspect of my life," Keith said.

"Initially, it was professionally but it became more personal over the years. My grandfather lived at Nicklin Lodge, my parents and in-laws both lived at McGowan Lodge, my sister lived at Rod Voller Care Centre and now I live at Palmwoods Garden Village.

"Hundreds of families have been able to say they've called Sundale home – that's pretty pleasing."

The Board

Terence Seymour
CHAIRPERSON

Terence has extensive experience in the private, for profit and not for profit sectors and in the public sector. He has developed considerable expertise in the areas of strategic transformation of people and cultures, in customer service, corporate governance and risk management, business development and in driving operational efficiency and transformation.

His employment history includes periods as an executive and business leader within national and international organisations across a range of industries and contexts and he has worked in a broad range of cultures and environments.

Joined the Sundale Ltd Board in 2022.

Jenny McKay
DEPUTY CHAIRPERSON

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.

Sonja Walters
DIRECTOR

MBA, BSW, GAICD, Fellow – Institute of Managers and Leaders ANZ

Social Worker and training consultant with over 20 years' experience in Executive 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 of 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.

Ross Morgan
DIRECTOR

Ross is a Non-Executive Director with experience in the disability, family services, aged care services, mental health, tourism, membership and charity sectors.

He holds a Graduate Certificate of Management and a Business Degree. Ross is a qualified CPA (Certified Practising Accountant), a Member of the Australian Institute of Company Directors, a Fellow of the Governance Institute of Australia and a Fellow of the Institute of Managers and Leaders ANZ.

Joined the Sundale Ltd Board in 2022.

Martin (Marty) Hunt
DIRECTOR

Marty has had a 32-year career as a Queensland Police Officer and a three-year stint as the Member for Nicklin in the Queensland Parliament being appointed as Shadow Assistant Treasurer. He holds a Certificate IV in Small Business Management and a Certificate IV in Workplace Health and Safety.

Marty's career included management of the non-profit Police Citizens Youth Club at Nambour for 17 years, including several school aged care facilities winning several awards including the Sunshine Coast Council Australia Day Award for Community Organisation of the year in 2015. He has been a local in the Nambour area for 23 years.

Joined the Sundale Ltd Board in 2022.

Angie Coleman
DIRECTOR

Angie is a legal professional with more than 19 years' experience, specifically in property.

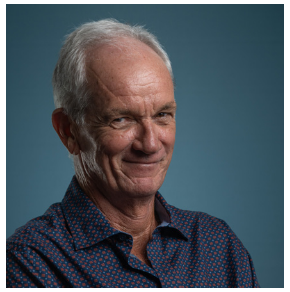
Joined the Sundale Ltd Board in 2022.

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.



Ian Black
DIRECTOR

Before moving to the private sector, Ian held positions with the National Capital Development Commission and the Darwin Reconstruction Commission specialising in Capital Works Programming. Has been a team leader in his own businesses, in particular in property and property development. He has held positions with the Real Estate Institute of Australia and more recently the Real Estate Institute of Queensland. A Sunshine Coast resident for almost 40 years and business owner of Day and Grimes Real Estate (1996 to 2022) and a Nambour resident since 2007.

Joined the Sundale Ltd Board in 2022.

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.

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.

Joined the Sundale Ltd Board in 2022.

Matthew Glossop
DIRECTOR

Matthew is a construction and property professional with experience in Australia and the UK.

He has been involved in local community-based organisations on the Sunshine Coast and held multiple directorship positions.

Joined the Sundale Ltd Board in 2022.

Board meeting attendance

Name	Held	Attended
Terence Seymour *(Commenced November 2022)*	7	7
Jenny McKay	11	9
Sonja Walters	11	8
Chris Westacott	11	10
Ross Morgan *(Commenced November 2022)*	7	7
Martin (Marty) Hunt *(Commenced November 2022)*	7	7
Ian Black *(Commenced November 2022)*	7	7
Ian Hall *(Finished November 2022)*	4	3
Angie Coleman *(Finished November 2022)*	4	4
Matt Sierp *(Finished November 2022)*	4	4
Christine Perren *(Finished June 2023)*	11	11
Matthew Glossop *(Finished June 2023)*	7	6

Graham Chapman

President (1986 – 2006), Vice President (1983 – 1986), Secretary (1977 – 1983), Board member (1977 – 2010)

It's impossible to tell the story of Sundale without mentioning the remarkable contribution of Graham Chapman, aka 'Mr Sundale', one of Sundale's most important figures and the organisation's longest serving Board President.

Born and raised on a cattle farm at Eumundi, Graham relocated to Nambour with his mother in 1953 following a three-month National Service stint and soon found work as a carpenter with local builder Geoff Rigby.

Graham joined the Sundale Committee in 1977 as an Apexian nominee and would play a crucial role in the growth of Sundale in Nambour, including the second and third stages of James Grimes Care Centre, the construction of Sunvilla Court, Bowder Lodge and the development of Rotary Garden Village.

Under Graham's leadership, Sundale also expanded beyond the 4560 postcode, including the construction of the Palmwoods Garden Village and Coolum Waters' Retirement Communities and Care Centres and the purchase of Aloaka Care Centre at Kilcoy.

Graham's wife of 62 years, Joan said Graham was passionate about helping others and giving back to the local community, but knew nothing about being a secretary when appointed to the role on the Sundale Board.

"As a builder, Graham had a great eye for detail, but knew nothing about taking minutes or the Board's processes and lingo," Joan laughed.

Joan believes Graham's greatest Sundale achievement was the construction of Palmwoods Garden Village, which opened in 1993.

"Palmwoods was his great love," Joan said.

"Graham's building background allowed him to oversee every aspect of the build from the purchase of land to construction.

"Graham would regularly travel to Brisbane for a working breakfast with the architects, and then come back to the Sunshine Coast to go to work.

"Sundale kept Graham very busy. He would often say 'I'm just popping down to Sundale', which was code for I won't be back for at least two hours.

"To this day our kids say, 'I just have to pop into Sundale' if they are running late."

An aged care visionary, Graham's* plan for Palmwoods Garden Village, and aged care more broadly in the 1990s is remarkably similar to the recommendations handed down recently by the Royal Commission into Aged Care Quality and Safety.

"Gone are the days of building large facilities where residents are living in a family of 30 to 60 people… this new concept will house groups of 12 to 14 with a lounge, dining room and small kitchen to service that number of people. Residents will be able to prepare and eat breakfast at a time to suit themselves and participate in the usual house-keeping activities as if they were in the family home. Staff will still provide services for those who prefer to have all meals prepared. Within the complex, we will still have a large commercial kitchen, main dining room and large activities room for special occasions and gatherings. Each of these smaller satellite families is connected to the other and to the central community area by enclosed walkways as well as shaded external paths for the enjoyment of our sunny days."

Graham also played a key role in the construction of the bowling green at Rotary Garden Village, the Rehabilitation Centre and hydrotherapy pool at James Grimes Care Centre, the purchase of Cooroy Hospital and the construction of Transition House.

Graham's vision, particularly the decision to build Palmwoods Garden Village inspired countless others to support Sundale. Simply put, without Graham, there would be no Sundale.

Graham passed away in 2021. He is survived by his wife Joan, their children, Russell, Jill, Brett, Bruce and their families.

*Sundale Creating Communities 1963 – 2013 (Elaine and Inga Green)

Finance

The Board and Executive Leadership Team continued to focus on returning Sundale to profitability whilst navigating a host of complex regulatory changes.

FY23 was the first year of the three-year plan to return Sundale to operational surplus. The strategy ensures we focus on cash generation and stop the trend of the past four years of increasing annual operational losses, which have been funded by our cash reserves and asset sales.

In the first year of our three-year turnaround plan, we have delivered an operational loss after depreciation of $9.0m, which is approximately half of the annual operational losses in the past two financial years.

Pleasingly, the operating result was better than our budgeted target of $9.9m.

The improved financial result is driven by an increase in operating revenue of $6.1m and a reduction in operating expenditure of $2.6m.

The majority of the increased operating revenue is attributable to Residential Aged Care income uplift of $5.3m, and increased revenue across all operating segments, most notably In-Home Care with an increase in annual revenue of 30 per cent.

At the start of FY23, Sundale dedicated substantial resources to transition to a new Australian National Aged Care Classification (AN-ACC) funding model for residential aged care. This decision addressed the steady decline in Residential Care Facility Commonwealth funding by:

- ensuring clinical assessments of our residents are up to date and accurate and reflect the additional workload of care staff;
- maximising the occupancy rates at our facilities by ensuring a steady supply of eligible residents and reducing the time to fill vacant rooms;
- engaging a professional Aged Care consultancy to work with our own Clinical Assessment team to increase our per person, per bed day Commonwealth funding and prepare our operational teams for the AN-ACC funding transition.

Sundale's consolidated profit for FY23 of $16.2m is a $16.5m improvement on the FY22 loss of $0.3m. A revaluation gain of $22.4m on investment property assets contributed significantly to the profit and loss result, masking the underlying operational loss of $9m.

On a positive note, the remediation steps taken in FY23 have not yet had a full year effect on our residential care operating performance from both a revenue and cost perspective, while the forecast growth of our In-Home Care business will further boost our operating result in FY24.

Table 1 - Operational Performance Year on Year

	2019 $'000	2020 $'000	2021 $'000	2022 $'000	2023 $'000
Total revenue	48,320	45,342	43,623	43,998	50,092
Operating expenses	(54,746)	(57,121)	(61,450)	(61,651)	(59,098)
Operating surplus/(loss)	(6,426)	(11,779)	(17,827)	(17,653)	(9,006)

PROFIT AND LOSS

Sundale recorded an operating loss of $9m for FY23, of which $10.1m relates to the Care Centres. Key factors in the Care Centre loss were the continuing revenue shortfall and increased operating expenditure.

The major cause of the revenue budget shortfall was the level of bed vacancies at James Grimes Care Centre and Rod Voller Care Centre. The increase in the AN-ACC funding per person, per bed day offset some of the revenue shortfall associated with lower than budgeted occupancy levels.

Care Centre expenditure before recharges was over budget by $1.8m for FY23. Key reasons were administration costs ($0.7m), energy costs ($0.3m), food services ($0.2m) and staffing ($0.5m).

Administration costs were impacted by the decision to engage a consultant to boost our Aged Care Funding Instrument (ACFI) subsidies and assist with the successful transition to AN-ACC. This decision saw a boost in subsidy revenue of circa $1m. Energy costs also quadrupled from November 2022 with the uncertainty and price inflation caused by Russo-Ukrainian War.

The Work Value Case which saw changes to minimum wages for aged care employees in three awards came into effect on 30 June 2023 and saw annual and long service leave provisions increase by $0.26m in FY23.

The Retirement Communities delivered a profit of $1.8m before application of the investment property revaluation gain, which was $1.9m higher than FY22.

Sundale's investment properties returned a loss of $0.84m before application of the investment property revaluation gain, an increase of $3.4m over FY22. The caravan park returned a deficit of $0.1m before application of the investment property revaluation gain, a reduction of $0.5m over FY22, which was partially due to an increase in the sewage maintenance repair costs.

The In-Home Care business returned a profit of $0.5m, compared to the FY22 loss of $0.1m.

Investment returns in FY23 were strong with the portfolio increasing in value by more than $4m, (+9.0 per cent), noting that the total increase of $8m included an additional $4m injection from Sundale. The solid returns were driven predominantly by buoyant equity markets which saw the equity portfolio return ~15 per cent, and higher interest rates providing better returns on cash and fixed interest investments.

The Board approved a new investment strategy in the first quarter of FY23 which sought to better diversify risk, reduce portfolio volatility, improve risk adjusted return and align to our liquidity and capital management strategy. The new investment strategy was implemented with pleasing early results. The portfolio now holds assets across domestic equities, international equities, alternative and fixed income investments.

Returns in FY23 were $0.4m (0.8 per cent) more than would have been achieved under the previous strategy. A 12.3 per cent return was generated by the growth asset component of the portfolio (equities and alternatives) while the volatility of those assets (a proxy for risk) reduced by 40 per cent relative to equity benchmarks. The new defensive fixed interest investments generated a strong annualised return of 7.9 per cent. The portfolio is now structured appropriately to maximise its support of Sundale's broader activities.

Finance

Revaluation of investment properties (Retirement Communities, rental properties, a caravan park and vacant land) under the revised accounting standard adopted for the first time in FY21 resulted in a gain of $22.4m. The impact of the revaluation has had a significant positive impact on the overall consolidated result but does not improve the underlying financial health of Sundale. The focus of the board and management continues to be addressing the underlying operational loss of $9m.

BALANCE SHEET

The investment property revaluation added another $22.4m to the value of Sundale's assets and equity. However, the revaluation does not address the underlying reduction in cash reserves due to the significant operational loss, with $33.6m transferred out of maturing Term Deposits into cash to address the shortfall.

Whilst the net increase of $2.7m to the value of Refundable Accommodation deposits helped boost Sundale's cash reserves, the continued 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 and financial assets falling by $20m over FY23.

STATEMENT OF CASHFLOWS

There was an increase in funds over FY23 of $13.5m, predominantly from proceeds of investing activities.

Investing activities provided $20.1m after redemption of $33.6m of Term Deposits to supplement the shortfall in short term cash caused by the level of operational losses. $8.5m was spent on investment property assets, including land at Coolum and development works for the Palmwoods Garden Village expansion.

Financials

2023

SUNDALE

Because we care

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	NOTE	2023 $'000	2022 $'000
OPERATION REVENUE AND OTHER INCOME			
Operational revenues	5	43,960	38,389
Accommodation bond/Licence contribution		2,742	2,882
Other income	5	3,390	2,727
EXPENSES			
Depreciation, amortisation and impairment	6	(2,057)	(4,393)
Employee costs		(41,220)	(39,685)
Minor project costs		(203)	(1,862)
Other expenses	6	(15,618)	(15,711)
TOTAL EXPENSES		**(59,098)**	**(61,651)**
Deficit from operating activities		**(9,006)**	**(17,653)**
Finance income	6	2,260	1,018
Finance costs	6	(2,556)	(1,673)
Net finance costs		**(296)**	**(655)**
SIGNIFICANT ITEMS			
Coronavirus pandemic: Government assistance		84	77
Coronavirus pandemic: additional costs		-	(1,374)
(Loss)/gain on revaluation of investments – fair value through profit or loss		2,985	(2,358)
Gain on revaluation investment property – fair value through profit or loss	12	22,402	21,220
Gain on recognition of property, plant and equipment		-	462
Net (deficit)/surplus for the year from continuing operations		**16,169**	**(281)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**16,169**	**(281)**

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

	NOTE	2023 $'000	2022 $'000
CURRENT ASSETS			
Cash and cash equivalents	8	17,242	3,760
Trade and other receivables	9	1,165	794
Inventories		93	250
Financial assets at amortised cost	10	10,412	43,976
Other current asset	11	2,077	1085
TOTAL CURRENT ASSETS		**30,989**	**49,865**
NON-CURRENT ASSETS			
Financial assets at fair value through profit and loss	10	54,259	46,109
Investment property	12	229,854	199,632
Property, plant and equipment	13	17,284	17,295
Right-of-use assets	14	284	593-
TOTAL NON-CURRENT ASSETS		**301,681**	**263,629**
TOTAL ASSETS		**332,670**	**313,494**
CURRENT LIABILITIES			
Trade and other payables	15	3,378	3,183
Accommodation payables	16	134,341	131,603
Provisions	17	4,585	4,592
Lease liabilities	18	156	305
TOTAL CURRENT LIABILITIES		**142,460**	**139,683**
NON-CURRENT LIABILITIES			
Provisions	17	1,144	837
Lease liabilities	18	140	217
TOTAL NON-CURRENT LIABILITIES		**1,284**	**1,054**
TOTAL LIABILITIES		**143,744**	**140,737**
NET ASSETS		**188,926**	**172,757**
EQUITY			
Accumulated Funds		188,926	172,757
TOTAL EQUITY		**188,926**	**172,757**

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

or the year ended 30 June 2023

	NOTE	Accumulated Funds $'000
Balance at 1 July 2021 - restated		**173,038**
Deficit for the year		(281)
Total comprehensive income		**(281)**
Balance at 30 June 2022		**172,757**
Balance at 1 July 2022		**172,757**
Surplus for the year		16,169
Total comprehensive income		**16,169**
Balance at 30 June 2023		**188,926**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2023

	NOTE	2023 $'000	2022 $'000
OPERATING ACTIVITIES			
Receipts of subsidies and revenue from clients		45,521	42,397
Receipt of grants and one-off funding		281	199
Payments to suppliers and employees		(57,428)	(65,673)
Donations		43	43
Interest paid		(130)	(146)
Interest received		1,094	1,018
GST refunded		1,582	1,892
Net cash used in operating activities		**(9,037)**	**(20,270)**
INVESTING ACTIVITIES			
Acquisition of property, plant & equipment		(950)	(2,556)
Proceeds from financial assets		33,565	14,413
Purchase of investments		(4,000)	(372)
Purchase of investment property		(8,524)	(2,453)
Net cash provided by/(used in) investing activities		**20,091**	**9,032**
FINANCING ACTIVITIES			
Repayment of lease liabilities		(311)	(486)
Repayment of unsecured interest free loans		-	(5)
Proceeds from accommodation payables		28,942	25,191
Repayment of accommodation payables		(26,203)	(18,026)
Net cash provided by financing activities		**2,428**	**6,674**
Net increase/(decrease) in cash and cash equivalents held		**13,482**	**(4,564)**
Cash and cash equivalents at beginning of the financial year		3,760	8,324
Cash and cash equivalents at end of the financial year	**8**	**17,242**	**3,760**

(i) Includes restricted cash of $1,004,000 (2022: $1,170,000). Restricted cash relates to cash the Entity is required to have on hand under the Retirement Villages Act 1999 (Qld.) for maintenance and replacement of retirement village capital items.

NOTES TO THE FINANCIAL STATEMENTS

The financial report of Sundale Ltd (the "Entity") for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Board on 23 October 2023.

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 96 Windsor Rd, Burnside 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-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. 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

(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.

Assets under $2,000 cost are expensed.

Depreciation

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

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.

The self-insurance provision relates to claims under the employee insurance scheme of which Sundale is a member; The Entity accrues losses for the total cost of both asserted and unasserted 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.

(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.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(j) Revenue and other income

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.

Residential aged care and in-home care

The Entity recognises revenue from aged care and in-home care services over time as performance obligations are satisfied, which is as the services are performed as the customer simultaneously receives and consumes the benefits provided by the Entity. Revenue from in-home care services is recognised net of third-party charges for the provision of the service.

The provision of care to a resident is a single performance obligation. Other services, such as additional services (including additional menu choices or Foxtel) and accommodation charges contain a number of different performance obligations.

Government grants are 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. When the grant relates to compensation for expenses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised in the profit and loss in the period in which it becomes a receivable. Government grants are considered as other income.

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

Imputed income on RAD and bond balances for accommodation services provided to residents are accounted for as a lease under AASB 16. Under AASB 16 Leases the fair value of non-cash consideration (in the form of an interest-free loan) received from a resident that has elected to pay a RAD or accommodation bond, is required to be recognised as income (see operating revenue) and correspondingly interest expense (see finance costs), with no impact on profit and loss.

Retirement living

Revenue arises predominantly from deferred management fees as agreed in a single contract with the resident. Revenue from a deferred management fee is recognised over the expected length of stay of a resident. The expected length of stay of a resident is estimated based on historical tenure data. The difference between revenue recognised and contractual deferred management fees earned is recognised as deferred revenue (contract liabilities).

Investment properties

Lease income is recognised on a straight-line basis over the lease term.

2 Summary of Significant Accounting Policies (continued)

Interest income

Interest is 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.

(k) Goods & Services Tax

The Entity is registered for Goods & Services Tax (GST) on an accrual's 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 is 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.

(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) 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 (p).

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.

(n) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'weighted average cost' 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.

(o) 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.

(p) 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.

(q) 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)

(r) 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.

(s) 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.

(t) 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.

(u) 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.

(v) 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.

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.

Employee provision

The liability for employee benefits expected to be settled more than 12 months from the reporting dater are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Provision for self-insurance

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.

Three primary actuarial methods are employed, the Chain Ladder method, Payments Per Claim Incurred and Projected Case Estimate method.

Impairment of non-financial assets

The entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

3 Critical Accounting Estimates and Judgements (continued)

Maximum permissible interest rate

The entity has determined the use of the Maximum Permissible Interest Rate ("MPIR") as the interest rate to be used in the calculation of the Imputed DAP Revenue on RAD and Bond balances. The MPIR is a rate set by the Government and is used to calculate the Daily Accommodation Payment applicable to residents.

Investment property valuation

Investment property is initially measured at cost, including transactions costs and subsequently at fair value with any change therein recognised in the statement of profit and loss. The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value of properties are calculated using a combination of market sales comparisons, discounted cash flows and capitalisation rates.

The fair values are a best estimate but may differ to actual sales price if the properties were to be sold. The key judgements for each valuation method are explained below.

Direct comparison approach: Utilises recent sales of comparable properties, adjusted for any differences including the nature, location, town planning/zoning, flooding and environmental impediments.

Discounted cash flow (DCF): Projects a series of cashflows over the properties life and a terminal value, discounted using a discount rate to give the present value.

The projected cash flows incorporate expected rental income (based on contracts or market rates), operating costs, lease incentives, lease fees, capital expenditure and a terminal value from selling the property. The terminal value is calculated by applying the terminal yield to the net market income. The discount rate is a market rate reflecting the risk associated with the cash flows, the nature, location and tenancy profile of the property relative to comparable investment properties and other asset classes.

Capitalisation rate: The rate or yield at which the annual net income from an investment is capitalised to ascertain its capital value at a given date. The annual net income is based on contracted rents, market rents and operating costs. The capitalisation rate reflects the nature, location and tenancy profile of the property together with current market evidence and sales of comparable properties.

Investment properties under construction: There generally is not an active market for investment properties under construction (IPUC). Due to the inherent difficulty in valuing IPUC, fair value will generally be capitalised costs to date.

4 Working Capital Deficiency

As at 30 June 2023, the financial statements disclose prima facie a deficiency in working capital, being excess of current liabilities over current assets of $111,471,000 (2022: deficiency $89,818,000). 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 $134,341,000, 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) continues to be approximately 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 $5,831,000.

5 Operational Revenue and other income

	2023	2022
	$'000	$'000
Government subsidies	27,794	24,782
Client contributions	14,055	11,815
Rental revenues	1,914	1,670
Sundry operating revenue	197	122
Total revenue	**43,960**	**38,389**

Other income		
Donations	63	34
Laundry income	408	373
Grants received	290	438
Imputed interest	2,426	1,527
Sundry income	203	355
	3,390	**2,727**

6 Expenses and Finance Income

	2023 $'000	2022 $'000
Finance costs		
Interest expense on lease liabilities	8	69
Imputed interest on RADs	2,426	1,527
Interest expense on resident accommodation payables	122	77
	2,556	**1,673**
Finance income		
Interest income on financial assets measured at amortised cost	282	512
Interest and dividend income on financial assets measured at fair value	1,573	483
Interest income on outstanding accommodation receivables	14	21
Interest income on bank accounts	391	2
	2,260	**1,018**
Other expenses		
Impairment of trade receivables	70	(16)
Meal costs	1,813	1,684
Repairs and maintenance costs	1,954	1,587
Office equipment - minimum operating lease payments	1	41
Medical costs	1,693	2,338
Energy costs	1,691	780
Housekeeping costs	566	641
Vehicle fleet costs	162	167
Vehicle fleet - minimum operating lease payments	61	115
Clothing costs	56	44
Investment management fees	291	53
Other sundry expenses	320	637
Administrative costs (i)	6,940	7,640
	15,618	**15,711**

6 Expenses and Finance Income (continued)

	2023 $'000	2022 $'000
Included within administrative costs (i)		
Rates and charges	661	1,154
Insurances	500	438
Recruitment costs	312	488
Software and licences	1,470	3,039
Management fees	178	168
Telephone	616	715
Security	267	246
Legal fees	15	305
Other	2,920	1,087
	6,939	**7,640**
Depreciation, amortisation and impairment		
Depreciation of property, plant and equipment	1,533	2,082
Depreciation of right-of-use assets	396	517
Amortisation of intangible assets	-	820
Impairment of intangible assets	-	820
Impairment of investment property	-	18
Impairment of property, plant and equipment	128	136
	2,057	**4,393**
Superannuation expense included within employee costs		
Superannuation contribution expense	**3,567**	**3,624**

7 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 provides 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 2023 and 30 June 2022.

7. Operating segments (continued)

2023	Residential Aged Care $'000	Retirement Living $'000	In-Home Care $'000	Investment Properties $'000	Caravan Parks $'000	Other $'000	Total $'000
Segment revenue and other income							
External Segment Revenue and other income (i)	28,420	4,431	3,289	533	818	14,860	52,351
Inter-segment revenue and other income	10,967	-	610	610	-	(12,187)	-
Total segment revenue and other income	**39,387**	**4,431**	**3,899**	**1,143**	**818**	**2,673**	**52,351**
Finance income	41	20	-	-	-	2,199	2,260
Finance costs	(2,555)	(3)	-	-	-	2	(2,556)
Depreciation, amortisation and impairment	(1,351)	(15)	(13)	(20)	(8)	(650)	(2,057)
Other material non cash items							
Investment property revaluatione	-	21,676	-	235	(600)	1,091	22,402
Total segment comprehensive income	**(12,606)**	**23,487**	**539**	**151**	**(727)**	**5,325**	**16,169**

2022	Residential Aged Care $'000	Retirement Living $'000	In-Home Care $'000	Investment Properties $'000	Caravan Parks $'000	Other $'000	Total $'000
Segment revenue and other income							
External Segment Revenue and other income (i)	23,940	4,008	2,197	743	793	13,335	45,016
Inter-segment revenue and other income	10,113	293	811	477	-	(11,694)	-
Total segment revenue and other income	**34,053**	**4,301**	**3,008**	1,220	**793**	**1,641**	**45,016**
Finance income	9	21	-	-	-	988	1,018
Finance costs	(1,610)	-	(1)	-	-	(62)	(1,673)
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)**

7. Operating segments (continued)

2023	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	27,554	-	217	23	-	-	27,794
Client contributions	8,767	1,649	3,639	-	-	-	14,055
Sundry operating revenue	141	-	-	-	25	30	196
Revenue from contracts with customers	**36,462**	**1,649**	**3,856**	**23**	**25**	**30**	**42,045**
Rental revenues	-	-	-	1,120	794	-	1,914
Accommodation bond and license contribution	22	2,720	-	-	-	-	2,742
Finance income	41	20	-	-	-	2,199	2,260
Other revenue	2,862	42	43	-	-	443	3,390
(i) Total segment income	**39,387**	**4,431**	**3,899**	**1,143**	**818**	**2,672**	**52,351**

2022	$'000	$'000	$'000	$'000	$'000	$'000	$'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	1,966	63	53	(1)	(3)	649	2,727
(i) Total segment income	**34,053**	**4,301**	**3,008**	**1,220**	**793**	**1,641**	**45,016**

8 Cash and cash equivalents

	2023 $'000	2022 $'000
Operating/Trading bank accounts	16,525	3,054
Secured Capital Replacement Fund (c)	707	695
Petty Cash & Cash on Hand	10	11
	17,242	**3,760**

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	17,242	3,760
	17,242	**3,760**

a. Non-cash financing and investing activities		
Bank guarantees		
- amount unused	1,419	1,246
	1,419	**1,246**

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:

	2023 $'000	2022 $'000
Resident Trust Bank Account and Cash Float	-	2
Palmwoods Retirement Community Maintenance Reserve Fund Trust Account	87	95
Rotary Retirement Community Maintenance Reserve Fund Trust Account	52	151
Nambour Retirement Community Maintenance Reserve Fund Trust Account	1	33
Coolum Beach Retirement Community Maintenance Reserve Fund Trust Account	158	194
	298	**475**

8 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.

	2023	2022
Account Balances at 30 June	$'000	$'000
Fund for Palmwoods Retirement Community	180	177
Fund for Rotary Retirement Community	199	196
Fund for Nambour Retirement Community	103	102
Fund for Coolum Beach Retirement Community	224	220
	706	**695**

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

9 Trade and other receivables

	2023 $'000	2022 $'000
Current		
Trade and Other Debtors	322	368
Resident Debtors	997	544
Less provision for expected credit losses	(154)	(118)
	1,165	**794**

10 Financial assets

	2023 $'000	2022 $'000
Current		
Measured at amortised cost		
- maturity within 90 days	3,732	26,277
- maturity greater than 90 days	6,680	17,699
	10,412	**43,976**

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 2022-23 between 1.10% and 5.1% (2022: 0.56% - 1.85%).

(i) Term deposits with an original maturity date of greater than three months are classified as financial assets

	2023 $'000	2022 $'000
Non-current		
Measured at fair value through profit or loss		
Harper Bernays managed funds	54,259	46,109
	54,259	**46,109**

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.

11 Other current assets

	2023 $'000	2022 $'000
GST tax refundable	515	99
Accrued income	487	635
Other prepayments	1,075	316
Other current assets	-	35
	2,077	**1,085**

12 Investment Properties

	2023 $'000	2022 $'000
Investment properties - at fair value		
Land	63,956	62,289
Buildings	159,965	134,941
Under Construction	5,933	2,402
	229,854	**199,632**

Movements in carrying amounts of property, plant and equipment	Land $'000	Buildings $'000	Under Construction $'000	Totals $'000
Year ended 30 June 2023				
Balance at the beginning of the year	62,289	134,942	2,403	199,634
Additions	3,466	1,522	3,536	8,524
Revaluations	(1,099)	23,501	-	22,402
Capitalisation from under construction	-	-	(6)	(6)
Transfer to property plant and equipment*	(700)	-	-	(700)
Balance at the end of the year	**63,956**	**159,965**	**5,933**	**229,854**

*Change in use of retirement village asset to corporate head office prompting reclassification from investment property to property plant and equipment.

a. Operating leases - lessor	2023 $'000	2022 $'000
Minimum lease payments receivable but not recognised in the financial statements:		
Not later than 1 year	517	930
Later than 1 year and not later than 5 years	361	72
Greater than 5 years	44	
	922	**1,002**

The Entity's main source of rental income is derived from operation of low-cost accommodation in an apartment complex and a 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 a Childcare Centre.

13 Property, Plant and Equipment

	2023 $'000	2022 $'000
Freehold land		
At cost	5,299	4,599
	5,299	4,599
Buildings		
At cost	28,980	27,823
Accumulated depreciation	(20,939)	(20,317)
	8,041	7,506
Plant and equipment		
At cost	9,811	11,016
Accumulated depreciation	(7,152)	(7,977)
	2,659	3,039
Motor vehicles		
At cost	648	912
Accumulated depreciation	(618)	(855)
	30	57
Furniture and fittings		
At cost	2,191	2,488
Accumulated depreciation	(936)	(1,547)
	1,255	941
Under construction assets		
At cost	-	1,153
	-	1,153
Total property, plant and equipment	**17,284**	**17,295**

13 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 2023								
Balance at the beginning of year	4,599	7,506	3,039	57	941	-	1,153	**17,295**
Additions	-	-	434	-	516	-	-	**950**
Depreciation expense	-	(618)	(693)	(27)	(195)	-	-	**(1,533)**
Impairment	-	-	(121)	-	(7)	-	-	**(128)**
Transfers	700	1,153	-	-	-	-	(1,153)	**700**
Balance at the end of the year	**5,299**	**8,041**	**2,659**	**30**	**1,255**	**-**	**-**	**17,284**

14 Right-of-use Assets

	2023	2022
	$'000	$'000
Right-of-use plant & equipment		
At cost	301	301
Accumulate impairment losses	(292)	(206)
	9	95
Right-of-use motor vehicles		
At cost	692	674
Accumulated depreciation	(488)	(369)
	204	305
Right-of-use buildings		
At cost	1,248	1,177
Accumulated depreciation	(1,177)	(984)
	71	193
Total right-of-use assets	**284**	**593**

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 2023				
Balance at the beginning of year	95	305	193	**593**
Additions	-	18	69	**87**
Depreciation charge	(86)	(119)	(191)	**(396)**
Balance at the end of the year	**9**	**204**	**71**	**284**

See note 18 for details of leasing activities.

15 Trade and Other Payables

	2023 $'000	2022 $'000
Trade payables	1,049	761
Contract liabilities	613	1,157
Accrued payroll account	656	549
Accrued expenses	1,060	716
	3,378	**3,183**

Trade payables are normally settled between 7 and 30 days.

16 Accommodation payables

(a) Accommodation payables

	2023 $'000	2022 $'000
Resident Licence Contribution	96,613	93,294
	96,613	**93,294**
Provision against gains on disposals of retirement living accommodation	289	144
	289	**144**
Accommodation bonds and refundable accommodation deposits	37,439	38,165
	37,439	**38,165**
	134,341	**131,603**

Resident licence contribution

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 and refundable accommodation deposits

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.

17 Provisions

	2023 $'000	2022 $'000
CURRENT		
Long service leave	1,226	1,208
Annual leave	2,810	2,729
Self-insurance	549	655
	4,585	**4,592**
NON-CURRENT		
Long service leave	497	396
Self-insurance	647	441
	1,144	**837**

	Long Service Leave $'000	Annual Leave $'000	Self Insurance $'000	**Total $'000**
Opening balance at 1 July 2022	1,604	2,729	1,096	**5,429**
Raised during the year	594	2,896	1,270	**4,760**
Used/released	(475)	(2,815)	(1,170)	**(4,460)**
Balance at 30 June 2023	**1,723**	**2,810**	**1,196**	**5,729**

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. $590k (2022: $358k) 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.

18 Lease liabilities

	2023	2022
	$	$
Current		
Lease liabilities	156	305
	156	**305**
Non-current		
Lease liabilities	140	217
	140	**217**

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 40 months. During FY23 (November 2022) the Entity ceased to lease a head office building and moved its head office function to an owned building at the conclusion of the lease.

	2023	2022
Future lease payments	$	$
Future lease payments are shown as follows:		
Within one year	167	330
One to five years	153	227
	320	**557**

19 Related parties

The Directors of the Board during the financial year were:

- Mr T Seymour (Appointed 22 November 2022)
- Ms J McKay
- Mr C Westacott (Appointed 14 January 2022)
- Mr R Morgan (Appointed 22 November 2022)
- Ms S Walters
- Mr M Hunt (Appointed 22 November 2022)
- Mr I Black (Appointed 22 November 2022)
- Ms C Perren (Resigned 30 June 2023)
- Mr M Glossop (Appointed 22 November 2022, Resigned 30 June 2023)
- Mr I Hall (Resigned 22 November 2022)
- Mr M Sierp (Appointed 14 January 2022, Not re-elected 22 November 2022)
- Ms A Coleman (Appointed 19 January 2022, Not re-elected 22 November 2022)

There were no transactions with Directors or parties related to Directors during the course of the financial year ended 30 June 2023 except for payment of remuneration and reimbursement of expenses.

The compensation paid to directors and key management personnel is as follows:	2023	2022
	$	$
Aggregate Compensation	**1,426,862**	**1,610,573**

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.

20 Events occurring after the reporting date

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.

21 Commitments

As at 30 June, capital commitments amounted to $15,805,000 (2022: $212,000). The capital commitments relate to earthworks and construction costs for the expansion of the Palmwoods retirement village.

22 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 2023				
Investment property	-	229,854	-	229,854
Managed funds	54,289	-	-	54,289
	54,289	**229,854**	**-**	**284,143**
30 June 2022				
Investment property	-	-	199,632	199,632
Managed funds	46,109	-	-	46,109
	46,109	**-**	**199,632**	**245,741**

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.

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.

23 Auditors' Remuneration

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd and RSM Australia, for:

	2023 $'000	2022 $'000
Audit Services		
Auditing the financial statements	82,000	67,000
Audit of compliance with the Aged Care Act 1997	4,500	4,500
Audit of compliance with the Retirement Villages Act 1999 (Qld)	9,200	10,000
Other services		
Accounting and advisory services	-	7,500
Total auditors' remuneration	**95,700**	**89,000**

SUNDALE LTD – DIRECTORS DECLARATION

For the year ended 30 June 2023

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 Disclosures Requirements and the Australian Charities and Not-for-profits Commission Regulation 2022 (ACNC Regulation 2022); and

(b) Give a true and fair view of the company's financial position as at 30 June 2023 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 2022 on behalf of the directors by:

Terence Seymour 23 October 2023

CHAIRPERSON
Sundale Ltd

Australian Business Number 33 436 160 489

Grant Thornton

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Auditor's Independence Declaration

To the Members of Sundale Limited

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Sundale Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Simon Hancox

Partner - Audit & Assurance

Brisbane, 23 October 2023

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Grant Thornton

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Independent Auditor's Report

To the Members of Sundale Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Sundale Limited (the "Registered Entity"), which comprises the statement of financial position as at 30 June 2023, and the statement of comprehensive income, statement of changes in equity and 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 financial report of Sundale Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012 ("ACNC Act")*, including:

a giving a true and fair view of the Registered Entity's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

b complying with Australian Accounting *Standards AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

Basis for opinion

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

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Other information

The Directors are responsible for the other information. The other information comprises the information included in the Registered Entity's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

The Directors of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the ACNC Act, and for such internal control as the Directors determine 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, the Directors are responsible for assessing the Registered Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Registered Entity or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Registered Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Registered Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

S G Hancox
Partner – Audit & Assurance

Brisbane, 23 October 2023

SUNDALE

Because we care

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