James Brown Memorial Trust

ABN 15 447 235 771

Annual Report - 30 June 2022

James Brown Memorial Trust
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30 June 2022

James Brown Memorial Trust
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue	6	46,125,448	45,243,155
Expenses			
Expenses from ordinary activities	7	(15,102,297)	(12,612,960)
Employee benefits expense		(25,548,307)	(23,680,141)
Depreciation and amortisation expense		(2,356,217)	(2,327,221)
Total expenses		(43,006,821)	(38,620,322)
Surplus for the year		3,118,627	6,622,833
Other comprehensive income for the year		-	-
Total comprehensive income for the year		3,118,627	6,622,833

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

James Brown Memorial Trust
Statement of financial position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash at bank and on hand	8	26,802,938	22,628,970
Trade and other receivables	9	1,009,409	1,251,236
Other assets	12	370,299	241,019
Total current assets		28,182,646	24,121,225
Non-current assets			
Financial assets	10	17,307,189	17,867,000
Property, plant and equipment	13	77,448,116	77,430,241
Intangible assets	14	175,000	350,000
Investment properties	11	36,190,000	36,361,000
Total non-current assets		131,120,305	132,008,241
Total assets		159,302,951	156,129,466
Liabilities			
Current liabilities			
Trade and other payables	15	2,245,215	5,180,961
Employee provisions	16	2,868,658	2,549,908
Provisions	17	455,084	564,413
Resident loans	18	43,656,283	41,463,865
Total current liabilities		49,225,240	49,759,147
Non-current liabilities			
Employee provisions	16	1,562,204	1,432,337
Provisions	17	1,919,603	1,460,705
Total non-current liabilities		3,481,807	2,893,042
Total liabilities		52,707,047	52,652,189
Net assets		106,595,904	103,477,277
Equity			
Reserves		54,455,115	54,626,115
Retained earnings		52,140,789	48,851,162
Total equity		106,595,904	103,477,277

Refer to note 5 for detailed information on Restatement of comparatives.

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

James Brown Memorial Trust
Statement of changes in equity
For the year ended 30 June 2022

	Asset revaluation reserve $	Asset fluctuation reserve $	Retained earnings $	Total equity $
Balance at 1 July 2020	35,769,451	19,341,664	45,009,329	100,120,444
Surplus for the year	-	-	6,622,833	6,622,833
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	6,622,833	6,622,833
Transfer to/(from) reserves	-	(485,000)	485,000	-
Adjustment for correction of error, Note 5	-	-	(3,266,000)	(3,266,000)
Balance at 30 June 2021	35,769,451	18,856,664	48,851,162	103,477,277

Refer to note 5 for detailed information on Restatement of comparatives.

	Asset revaluation reserve $	Asset fluctuation reserve $	Retained earnings $	Total equity $
Balance at 1 July 2021	35,769,451	18,856,664	48,851,162	103,477,277
Surplus for the year	-	-	3,118,627	3,118,627
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	3,118,627	3,118,627
Transfer to/(from) reserves	-	(171,000)	171,000	-
Balance at 30 June 2022	35,769,451	18,685,664	52,140,789	106,595,904

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

James Brown Memorial Trust
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from residents and Government subsidies		43,632,878	39,870,680
Payments to suppliers and employees		(38,613,098)	(33,130,318)
Interest received		119,738	152,476
Interest paid		(129,109)	(101,615)
Investment receipts		1,334,241	512,430
Net cash from operating activities		6,344,650	7,303,653
Cash flows from investing activities			
Payments for property, plant and equipment		(2,436,465)	(1,674,452)
Payments for financial assets		(3,167,703)	(4,789,573)
Proceeds from disposal of property, plant and equipment		88,502	50,530
Proceeds from sale of financial assets		1,152,566	790,843
Net cash used in investing activities		(4,363,100)	(5,622,652)
Cash flows from financing activities			
Net proceeds from refundable accommodation deposits		2,192,418	2,916,041
Net cash from financing activities		2,192,418	2,916,041
Net increase in cash and cash equivalents		4,173,968	4,597,042
Cash and cash equivalents at the beginning of the financial year		22,628,970	18,031,928
Cash and cash equivalents at the end of the financial year	8	26,802,938	22,628,970

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

Note 1. General information

The financial report includes the financial statements of James Brown Memorial Trust as an individual entity. The financial statements are presented in Australian dollars, which is James Brown Memorial Trust's functional and presentation currency.

James Brown Memorial Trust is a not-for-profit incorporated association registered with the Australian Charities and Not-for-profits Commission.

The financial statements were authorised for issue on 10 October 2022.

Note 2. Financial Reporting Framework

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

New or amended Accounting Standards and interpretations adopted
The Trust has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
This standard is applicable from 1 July 2021 and provides a single standard containing all the disclosure requirements for an entity preparing General Purpose Financial Statements under the new Tier 2 reporting framework with simplified disclosures. The new standard replaces the current Reduced Disclosure Regime (RDR) disclosures. Entities applying AASB 1060 are exempt from the requirements of disclosure paragraphs in other Australian Accounting Standards (AAS) and are not required to comply with presentation and disclosure specific AAS.

Significant Accounting Policies

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

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

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

Financial instruments
Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Note 2. Financial Reporting Framework (continued)

Financial assets are classified at fair value through profit and loss if acquired principally for the purpose of selling in the short-term or if so designated by management. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Financial liabilities are recognised at amortised cost, comprising original debt less principal payments, retentions and amortisation. At each reporting date, the Trust assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

The fair value of quoted investments is determined by reference to quoted market bid prices at the close of business at the end of the reporting period.

Income tax
The Trust is a tax-exempt entity being endorsed by the Australian Taxation Office as an income tax exempt charitable entity under Subdivision 50-B of the Income Tax Assessment Act 1997.

The Trust is also endorsed by the Australian Taxation Office as a deductible gift recipient (DGR) under Subdivision 30-B of the Income Tax Assessment Act 1997.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Trust's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Trust's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Trust has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Investments
Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the Trust has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Note 2. Financial Reporting Framework (continued)

Impairment of financial assets
The Trust 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 Trust'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.

Government subsidies and grants
The Trust recognises these amounts as income and allocates the amount of such income from the total available for appropriation to the capital reserve. Expenses of a recurrent nature will be recognised in the year in which they are incurred and the total available for appropriation will likewise be allocated to the capital reserve.

Bed licences
Bed licences are carried at cost and subsequently tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

Note 3. Critical accounting judgements, estimates and assumptions

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

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include a reflection on historical collection rates.

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

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Trust 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 Trust 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.

Impairment of property, plant and equipment
The Trust assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the Trust 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.

Employee benefits provision
The liability for employee benefits expected to be settled more than 12 months from the reporting date 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.

Note 4. Additional entity information

James Brown Memorial Trust ("Trust") is an entity incorporated by the James Brown Memorial Trust Incorporation Act, 1990, and operates in South Australia.

The Trust's principal place of business is at Kalyra, 2 Kalyra Road, Belair, South Australia where it operates a residential aged care facility and a retirement village. The Trust also operates residential aged care facilities at McLaren Vale and Woodcroft, retirement villages at Bellevue Heights, McLaren Vale and Woodside, Affordable Housing Cottages at five metropolitan sites and Community Services in the Hills Mallee Southern, and South and East Metropolitan Adelaide Regions.

Note 5. Restatement of comparatives

Correction of error
During the valuation process conducted by the independent Valuer, Brett & Watson Consulting Actuaries in 2022, the Valuer identified an error in the McLaren Vale Village valuations from the previous two years. The error resulted in an overstatement of $3,266,000 in 2021.

The adjustment of the above-mentioned error has been applied retrospectively and the following comparative information has been restated.

Note 5. Restatement of comparatives (continued)

Statement of financial position at the end of the earliest comparative period

Extract	2021 $ Reported	$ Adjustment	2021 $ Restated
Assets			
Non-current assets			
Investment properties	39,627,000	(3,266,000)	36,361,000
Total non-current assets	135,274,241	(3,266,000)	132,008,241
Total assets	159,395,466	(3,266,000)	156,129,466
Net assets	106,743,277	(3,266,000)	103,477,277
Equity			
Retained earnings	52,117,162	(3,266,000)	48,851,162
Total equity	106,743,277	(3,266,000)	103,477,277

Note 6. Revenue

	2022 $	2021 $
Operating revenue		
Accommodation charges	1,073,357	1,211,370
Client fees	10,748,329	7,549,295
Government subsidies and grants	17,641,961	17,328,292
Resident charges	8,145,288	8,230,998
Retirement village deferred management fees and movement in investment	7,010,764	5,511,604
	44,619,699	39,831,559
Other income		
Dividend income	1,334,241	512,430
Donations and bequests	1,100	150
Gain/(loss) on sale and increase in market value of financial assets	(2,749,948)	2,399,031
Imputed interest on RADs and bonds	1,812,578	1,687,087
Interest income	132,682	155,307
Profit from the sale of non-current assets	26,128	17,335
Other income	948,968	640,256
	1,505,749	5,411,596
Revenue	46,125,448	45,243,155

Accounting policy for revenue recognition
The Trust recognises revenue as follows:

Government subsidies and grants
Revenue from Government subsidies and grants is recognised in the statement of profit or loss and comprehensive income when the entity obtains control of the revenue, it is probable that the economic benefits gained from the revenue will flow to the entity and the amount of the revenue can be measured reliably.

Note 6. Revenue (continued)

Resident charges
Revenue from resident charges is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the revenue, it is probable that the economic benefits gained from the revenue will flow to the entity and the amount of the revenue can be measured reliably.

Retention income
Retention income is recognised in the statement of profit or loss and other comprehensive income when it has been established that obligations are satisfied.

Retirement village retentions deferred management fees
Revenue from retirement village deferred management fees are recognised in the statement of profit or loss and other comprehensive income over the actuarially determined average residence period of 13 years.

Interest
Interest revenue is recognised in the statement of comprehensive income on a proportional basis taking into account the interest rates applicable to the financial assets.

Distributions and dividends
Distributions and dividends from financial assets are recognised in the statement of profit or loss and other comprehensive income when received.

Bequests and donations
Revenue from bequests and donations is recognised in the statement of comprehensive income when received .

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

Note 7. Expenses from ordinary activities

	2022 $	2021 $
Allied health	1,105,040	626,202
Assets written off	-	117,375
Bad and doubtful debts	-	2,245
Client expenses	2,386,163	1,580,732
Energy expenses	385,690	420,879
Food supplies	1,154,889	1,017,085
Imputed interest charged on RADs and bonds	1,812,578	1,687,087
Insurance	377,333	334,309
Interest expense	129,109	101,615
Maintenance expenses	2,398,748	1,682,511
Medical and cleaning expenses	1,068,430	733,804
Rates and taxes	1,041,931	1,076,047
Retirement village provision for refurbishment	1,006,018	606,771
Fair value loss on investment properties - restated	171,000	485,000
Other expenses	2,065,368	2,141,298
	15,102,297	12,612,960

Note 8. Cash at bank and on hand

	2022 $	2021 $
Current assets		
Cash on hand	5,230	5,600
Cash at bank	7,174,185	7,414,238
Cash on deposit	19,623,523	15,209,132
	26,802,938	22,628,970

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 9. Trade and other receivables

	2022 $	2021 $
Trade receivables	962,360	1,216,131
Other receivables	-	1,000
Interest receivable	47,049	34,105
	1,009,409	1,251,236

Accounts receivable
Accounts receivable include amounts receivable from the State and Commonwealth Governments and due from customers for accommodation and services rendered in the ordinary course of business, and for interest income accrued on cash and cash equivalents to reporting date.

Accounting policy for 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 Trust 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.

The Trust writes off an accounts receivable amount when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

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

Note 10. Financial assets

Financial assets at fair value through profit and loss:

	2022 $	2021 $
Ordinary shares	10,206,771	11,097,482
International investments	2,369,352	2,689,962
Hybrid securities	4,731,066	4,079,556
	17,307,189	17,867,000

Note 11. Investment properties

	2022 $	2021 $
Retirement Village at fair value	36,190,000	36,361,000

Accounting policy for retirement villages
Retirement Villages are recognised as a non-current asset and its fair value at the end of a financial year is determined by actuarial valuation. Likewise, income is recognised actuarially. The Trust recognises Retirement Villages as investment properties and, during the financial year, receipts of loan licences are recognised as decreases in the investment whilst payments of exiting residents' loan licences are recognised as increases in the value of the investment. Capital expenditures increase the value of the investment. At financial year end, the Trust obtains an actuarial valuation and the investment is either increased or decreased to the net actuarial value of the Village. Changes in value are recognised as revenue or expense in the profit and loss, and are then allocated to the Asset Fluctuation Reserve.

At 30 June 2022, actuarial valuations of the Kalyra Belair Village, Kalyra Vineyard Village, Kalyra Bellevue Heights Village, Kalyra McLaren Vale Village and Kalyra Woodside Village were carried out by Brett & Watson Pty Ltd Consulting Actuaries, which determined that the net present value of the Retirement Villages is $36,190,000 (2021:$36,361,000 - restated).

Note 12. Other assets

	2022 $	2021 $
Prepayments	370,299	241,019

Note 13. Property, plant and equipment

	2022 $	2021 $
Freehold land - at fair value	14,557,500	14,557,500
Buildings - at fair value	57,216,301	58,710,035
Furniture, fittings and equipment	7,954,484	6,794,667
Less: Accumulated depreciation	(4,750,485)	(3,782,722)
	3,203,999	3,011,945
Motor vehicles	558,472	827,917
Less: Accumulated depreciation	(108,049)	(307,407)
	450,423	520,510
Work in progress	2,019,893	630,251
	77,448,116	77,430,241

Note 13. Property, plant and equipment (continued)

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

	Land $	Buildings $	Furniture, fittings and equipment $	Motor vehicles $	Work in progress $	Total $
Balance at 1 July 2021	14,557,500	58,710,035	3,011,945	520,510	630,251	77,430,241
Additions	-	12,227	852,018	182,578	1,389,642	2,436,465
Disposals	-	-	-	(144,225)	-	(144,225)
Write back depreciation	-	-	-	81,851	-	81,851
Depreciation expense	-	(1,505,961)	(734,593)	(115,662)	-	(2,356,216)
Balance at 30 June 2022	14,557,500	57,216,301	3,129,370	525,052	2,019,893	77,448,116

Valuations of land and buildings
Land and buildings at Kalyra Belair, Kalyra McLaren Vale, Kalyra Woodcroft Aged Care and the five sites of the Affordable Housing Cottages are measured on the fair value basis. Fair value is determined on the basis of an independent valuation prepared at 30 June 2020 by external property valuation experts, on the basis of market value and existing use. The fair values are recognised in the financial statements and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

Revaluation increments and decrements arising from recognising land and buildings at their fair values are offset against one another within the class of assets. Net revaluation increments in the carrying amount of land and buildings are recognised directly in the asset revaluation reserve, except to the extent that the increment reverses a decrement that was previously recognised as an expense in net surplus or deficit in respect of the same class of assets, in which case the increment is recognised as revenue in net surplus or deficit. Net revaluation decrements in the carrying amounts of land and buildings are recognised as an expense in net surplus or deficit, except to the extent that the decrement reverses a previous revaluation increment in respect of the same class of assets credited directly to the asset revaluation reserve, in which case the decrement is debited directly to the reserve to the extent that a credit exists in respect of the same class of assets.

Accounting policy for property, plant and equipment
Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment loss. The carrying amounts of non-current assets are reviewed annually to ensure they do not exceed their recoverable amount.

Cost of acquisition is the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

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

Work in progress is measured on the cost basis and represents buildings under construction.

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

Buildings	40 years
Furniture, fittings and equipment	3 to 20 years
Motor vehicles - commerical	10 years
Motor vehicles - other	6 years

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

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

Note 14. Intangible assets

	2022 **$**	**2021** **$**
Non-current assets		
Bed licences	175,000	350,000

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

	Bed licences $	Total $
Balance at 1 July 2021	350,000	350,000
Amortisation expense	(175,000)	(175,000)
Balance at 30 June 2022	175,000	175,000

Accounting policy for intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Following the abolishment of bed licenses from 1 July 2024 as part of the Aged Care Reform, the Trustees have determined that in order to comply with Accounting Standards and the accounting policy in relation to Intangible Assets, bed licences have been regarded as finite life intangible assets, amortised on a straight-line basis over the period from 1 July 2021 to 30 June 2024. Such change has been accounted for as a change in accounting estimate and therefore recognised prospectively.

Note 15. Trade and other payables

	2022 **$**	**2021** **$**
Current liabilities		
Trade payables	981,763	816,584
Other payables	804,823	1,714,088
Unspent home care package funds	458,629	2,650,289
	2,245,215	5,180,961

Unspent home care package funds
The Trust recognises amounts received for the community services consumer directed care provision, which is a pool of funds that are unspent by Community Services Clients. Clients have the ability to use these unspent funds for future services. The Trust considers that this is a liability.

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

Note 16. Employee provisions

	2022 $	2021 $
Current liabilities		
Annual leave	2,178,029	1,727,793
Long service leave	204,445	222,150
Personal leave	486,184	599,965
	2,868,658	2,549,908
Non-current liabilities		
Long service leave	1,562,204	1,432,337
	4,430,862	3,982,245

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Long-term employee benefits
Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits, plus related on-costs.

Note 17. Provisions

	2022 $	2021 $
Current liabilities		
Workers compensation	270,000	328,000
Amounts received in advance - capital replacement	185,084	236,413
	455,084	564,413
Non-current liabilities		
Workers compensation	314,000	406,000
Amounts received in advance - capital replacement	1,605,603	1,054,705
	1,919,603	1,460,705
	2,374,687	2,025,118

Workers' compensation self-insurance
The Trust is self-insured with respect to workers' compensation within South Australia. Provision is made for the Trust's liability for workers' compensation claims. The amount has been determined following evaluation by an independent actuary. The assessed liability for outstanding claims includes liabilities for both reported claims and claims which may have been incurred but not reported at balance date. The provision amount allows for liabilities which may arise from the necessity to reopen a claim, unforeseen deterioration of claims and for any recoveries from third parties.

As required by Return to Work SA, given the Trust's self-insurance status, the Trust has provided a security deposit guarantee to Return to Work SA in the amount of $1,088,000 (2021: $1,196,000).

Note 17. Provisions (continued)

Capital replacement
The Trust recognises amounts received in advance for Retirement Villages, which is a pool of funds for capital replacement, contributed by Retirement Village residents. The Trust considers that this is a liability. The Trustees are of the opinion that disclosure is warranted because of the legal requirements of the Retirement Village Act 2016 to maintain such funds.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

2022	Workers compensation $	Capital replacement $
Carrying amount at the start of the year	734,000	1,291,118
Additional provisions recognised	301,028	848,196
Amounts used	(451,028)	(348,627)
Carrying amount at the end of the year	584,000	1,790,687

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

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

Note 18. Resident loans

	2022 $	**2021 $**
Refundable accommodation deposits/bonds payable	43,656,283	41,463,865

Timing of repayment of resident loans:	2022 $	2021 $
Resident loans expected to be paid within 12 months	11,282,933	10,644,745
Resident loans expect to be paid after 12 months	32,373,350	30,819,120
	43,656,283	41,463,865

Non interest bearing resident loans
The Trust holds lump sum refundable deposits and accommodation bonds on behalf of residential aged care residents. As the loans are refundable at call to the residents on termination of residency, the loans are classified as a current liability.

Note 19. Fair value measurement

James Brown Memorial trust recognises assets at fair value on a recurring basis after initial recognition:
- Financial assets
- Land and buildings
- Investment properties

The following table details the Trust's assets measured, or disclosed at fair value:

	2022 $	2021 $
Financial assets	17,307,189	17,867,000
Land and buildings	71,773,801	73,267,535
Investment Properties	36,190,000	36,361,000
	125,270,990	127,495,535

Accounting policy for 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.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 20. Key management personnel disclosures

Remuneration, retirement benefits and service agreements
Trustee positions are honorary with no remuneration, retirement benefits or service agreements. Some Trustees are reimbursed for out-of-pocket expenses.

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

	2022 $	2021 $
Aggregate compensation	1,250,862	1,155,323

Note 21. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by HLB Mann Judd Audit (SA) Pty. Ltd., the auditor of the Trust:

	2022 $	2021 $
Audit services - HLB Mann Judd Audit (SA) Pty. Ltd.		
Audit of the financial statements	25,000	25,000
Assistance with preparation of the financial statements	2,500	2,500
Audit of grant acquittal	2,200	-
	4,700	2,500
	29,700	27,500

Note 22. Contingent liabilities

Capital grants
Capital grants represent the South Australian Housing Trust (SAHT) affordable housing innovations grant for James & Jessie Brown Cottages - Campbelltown & Mansfield Park. The Funding Agreement requires the Trust to repay SAHT the indexed grant up to the maximum value of the site, should the Trust cease to provide affordable housing at the site within 30 years, commencing 6 February 2009 for Mansfield Park and 30 July 2010 for Campbelltown.

Note 23. Related party transactions

Transactions with related parties
The following transactions occurred with related parties:

	2022 $	2021 $
Payment for goods and services:		
Payment for strategic marketing services from a related party ***	68,938	-
Payment for legal services from a related party **	2,850	-
Payment for human resources services from a related party *	675	2,125

* Payments were made to Harnessing Talent for human resources services. Ms C Hudson, the chair of the Trust, is also a director of Harnessing Talent.
** Payments were made to Thomson Geer Lawyers for legal services. Mr J Simons, (Trustee), is a Partner of Thomson Geer Lawyers.
*** Payments were made to Lotus Consulting Australia Pty Ltd for strategic marketing services. Ms CS Buron (Trustee), is also a Director of Lotus Consulting Australia Pty Ltd

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

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

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 24. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Trust's operations, the results of those operations, or the Trust's state of affairs in future financial years.

James Brown Memorial Trust
Trustees' declaration
30 June 2022

In the Trustees' opinion:

- the attached financial statements and notes comply with the Accounting Standards, the Australian Charities and Not-for-profits Commission Act 2012 and associated regulations;

- the attached financial statements and notes give a true and fair view of the Trust's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

On behalf of the Trustees

Christine Hudson
Chair

Darren C Klenk
Trustee

10 October 2022

HLB MANN JUDD

Independent Auditor's Report to the Members of James Brown Memorial Trust

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of James Brown Memorial Trust ("the Trust") which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Trustees' Declaration.

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

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

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

Basis for Opinion

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

We confirm that the independence declaration required by Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the Trustees, would be in the same terms if given as at the time of this auditor's report.

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

Responsibilities of Management and Trustees for the Financial Report

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

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

The Trustees are responsible for overseeing the Trust's financial reporting process.

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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 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 Trust's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's 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 Trust'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 Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees 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.

We also provide the Trustees with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd

HLB Mann Judd Audit (SA) Pty Ltd
Chartered Accountants

C. M. G

Corey McGowan
Director

Adelaide, South Australia
11 October 2022