



Villaggio Sant' Antonio

VILLAGGIO ITALIANO LIMITED

ABN 94 008 553 393

FINANCIAL REPORT - 30 JUNE 2023

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VILLAGGIO ITALIANO LIMITED
ABN 94 008 553 393

FINANCIAL REPORT - 30 JUNE 2023

DIRECTORS' REPORT

Villaggio Italiano Limited is registered as a company limited by guarantee and not having a share capital under the provisions of the *Australian Charities and Not-for-profits Commission Act 2012*. The Directors present the report on Villaggio Italiano Limited for the financial year ended 30 June 2023 and report as follows:

DIRECTORS

The names of and other information on the Directors in office during or since the end of the year are as follows. The Directors were in office for this entire period unless otherwise stated.

DIRECTOR'S NAME	CURRENT POSITION	DATE APPOINTED TO BOARD	LAST ELECTED
Mr Dominic DeMarco	Chairman	June 2004	2022*****
Mr Emilio Cataldo	Vice Chairman	November 2013	2022
Mr Donald Giorgio	Director	November 2010	2022*****
Mr Sebastian Giorgi*	Director	November 2013	2022
Mr Gino DeAngelis	Director	November 2015	2022
Ms Clara Lombardo**	Director	November 2019	2019
Mr Luciano Lombardo**	Director	November 2019	2019
Mr Lucio Krbavac***	Secretary	November 2019	2022
Ms Lily Muthurajah*****	Director	November 2019	2022*****
Mr James Prior***	Treasurer	May 2021	-
Mr Mewan Shan Silva**	Treasurer	March 2022	2022*****
Ms Sam Yarnold****	Director	March 2022	2022*****
Mr Luciano Seminara*****	Director	November 2022	2022

* Resigned 22/08/23

** Resigned 29/11/22

***Appointed 29/11/22 (Lucio Krbavac as Secretary, James Prior as Treasurer)

**** Resigned 19/07/23

*****Resigned 13/06/23

***** Resigned 28/09/23

***** These Directors were elected at the 2021 AGM which was postponed from November 2021 to 1 March 2022

PRINCIPAL ACTIVITIES

The principal activity of the company during the financial year was that of a charitable company engaged in the operations of an aged care facility and retirement village. There were no significant changes in the nature of the activities during the year.

OBJECTIVES OF THE COMPANY

The short-term objectives of the company are to:

- Develop our care services for the people who use them
- Develop our organisational capacity
- Enhance the cultural diversity of residents and staff

The long-term objectives of the company are to:

- Operate non-profit, culturally diverse aged care facilities providing services for ageing persons with a variety of needs. Villaggio will cater for residents from diverse cultural backgrounds and will respect each resident's spiritual or religious beliefs
- Provide, purchase, build, and/or establish suitable accommodation at various places for the maintenance and welfare of eligible aged persons, and persons of similar needs
- Provide in-home and other community-based care to eligible ageing persons, and persons of similar needs
- Advocate and care for each resident's well-being, having regard to their physical, mental, emotional and spiritual needs

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DIRECTORS' REPORT

- Maintain adequate and appropriately qualified staff and volunteers to enable to achievement of the primary objectives and vision of Villaggio, through sound people management practices and appropriate facilities
- Noting that Villaggio was established by members of the Italian community for the benefit of aged citizens of Italian descent, we will maintain links with the Italian community by retaining an Italian flavour and traditions, while still operating within a culturally diverse environment
- Adopt the principles of social justice, namely: human dignity, the common good and solidarity, and maintain our traditional links with the Catholic Church

The company has adopted the following strategies to achieve its objectives:

- The encouragement of a culture of continuous improvement that is monitored by the Directors and executive management.
- A refinement of key performance indicators to ensure the maintenance of high-quality care and financial accountabilities.
- Regular monitoring of actual performance to budget expectations.

EVENTS OCCURRING AFTER BALANCE DATE

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

MEETINGS OF DIRECTORS

The number of meetings each Director was eligible to attend and actually attended during the financial year is summarised as follows:

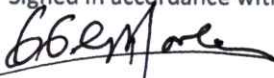
	Eligible	Attended
Dominic DeMarco	9	9
Emilio Cataldo	9	8
Donald Giorgio	9	6
Sebastian Giorgi*	9	4
Gino DeAngelis	9	9
Clara Lombardo*	4	2
Luciano Lombardo*	4	2
Lucio Krbavac	9	9
Lily Muthurajah	9	8
James Prior	9	9
Mewan Shan Silva*	4	4
Sam Yarnold*	9	8
Luciano Seminara*	5	2

** resigned during the year*

AUDITOR'S INDEPENDENCE DECLARATION

The auditors' independence declaration for the year ended 30 June 2023 has been received and can be found on the following page.

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


 Dominic DeMarco
 Chairman


 James Prior
 Treasurer

Canberra, 26 October 2023

VILLAGGIO ITALIANO LIMITED
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AUDITOR'S INDEPENDENCE DECLARATION UNDER s60-40
OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012
TO THE MEMBERS OF VILLAGGIO ITALIANO LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been:

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



StewartBrown
Chartered Accountants



Justin Weiner
Partner

26 October 2023

VILLAGGIO ITALIANO LIMITED**ABN 94 008 553 393****STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2023**

	Note	2023 \$	2022 \$
ASSETS			
Cash and cash equivalents	6	30,289,404	26,547,294
Trade and other receivables	7	1,905,761	1,798,722
Financial assets	8	3,056,054	2,934,698
Capital work in progress	9	7,309	41,193
Property, plant and equipment	10	16,427,020	17,106,188
Right-of-use assets	11	1,027,465	1,040,766
Intangible assets	12	3,751	158
TOTAL ASSETS		52,716,764	49,469,019
LIABILITIES			
Trade and other payables to be paid within 12 months	13	2,361,420	1,720,284
Refundable loans expected to be paid within 12 months	14	5,283,903	6,160,931
Provisions expected to be paid within 12 months	15	5,520	7,396
Lease liabilities expected to be paid within 12 months	16	2,111	2,028
Trade and other payables to be paid after 12 months	13	33,898	43,640
Refundable loans expected to be paid after 12 months	14	39,898,061	35,920,513
Provisions expected to be paid after 12 months	15	420,042	730,640
Lease liabilities expected to be paid after 12 months	16	1,070,908	1,073,019
TOTAL LIABILITIES		49,075,863	45,658,451
NET ASSETS		3,640,901	3,810,568
FUNDS			
Accumulated funds		3,640,901	3,810,568
TOTAL FUNDS		3,640,901	3,810,568

The accompanying notes form part of these financial statements

VILLAGGIO ITALIANO LIMITED**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 \$	2022 \$
Revenue	4	12,208,229	12,511,846
Other income	4	34,622	-
		<u>12,242,851</u>	<u>12,511,846</u>
Expenses			
Administration and other expenses		(592,351)	(575,313)
Catering and food supplies		(1,306,786)	(1,063,498)
Depreciation and amortisation	5	(1,118,242)	(1,196,282)
Fair value loss on financial assets	5	-	(183,305)
Maintenance costs		(424,291)	(436,721)
Land rent and insurance		(149,664)	(128,086)
Resident and client expenses		(915,576)	(872,142)
Salaries and employee benefits		(7,483,365)	(8,049,335)
Utilities		(422,243)	(341,136)
		<u>(12,412,518)</u>	<u>(12,845,818)</u>
Surplus (deficit) before income tax		(169,667)	(333,972)
Income tax expense		-	-
Surplus (deficit) for the year		(169,667)	(333,972)
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		<u><u>(169,667)</u></u>	<u><u>(333,972)</u></u>

The accompanying notes form part of these financial statements

VILLAGGIO ITALIANO LIMITED**STATEMENT OF CHANGES IN FUNDS**
FOR THE YEAR ENDED 30 JUNE 2023

	Accumulated Funds	Total
	\$	\$
Balance at 1 July 2021	4,144,540	4,144,540
Comprehensive income		
Surplus (deficit) for the year	(333,972)	(333,972)
Other comprehensive income	-	-
Total comprehensive income (loss) for the year	<u>(333,972)</u>	<u>(333,972)</u>
Balance at 30 June 2022	<u>3,810,568</u>	<u>3,810,568</u>
Balance at 1 July 2022	3,810,568	3,810,568
Comprehensive income		
Surplus (deficit) for the year	(169,667)	(169,667)
Other comprehensive income	-	-
Total comprehensive income (loss) for the year	<u>(169,667)</u>	<u>(169,667)</u>
Balance at 30 June 2023	<u>3,640,901</u>	<u>3,640,901</u>

The accompanying notes form part of these financial statements

VILLAGGIO ITALIANO LIMITED**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers and government		10,559,290	12,522,166
Payments to suppliers and employees		(11,376,033)	(12,351,902)
Dividends and distributions		76,744	7,446
Donations and bequests received		-	2,482
Interest received		267,376	112,023
Interest paid - leases		(42,972)	(43,051)
<i>Net cash flows from operating activities</i>		<u>(515,595)</u>	<u>249,164</u>
Cash flows from investing activities			
Purchase of property, plant and equipment - residential		(126,522)	(168,517)
Purchase of property, plant and equipment - other		(264,460)	(300,752)
Purchase of capital working in progress		-	(41,193)
Purchase of intangible assets		(4,500)	-
Purchase of financial assets		(86,734)	(35,585)
<i>Net cash flows from investing activities</i>		<u>(482,216)</u>	<u>(546,047)</u>
Cash flows from financing activities			
Proceeds from refundable accommodation deposits		6,397,060	8,378,481
Repayment of refundable accommodation deposits		(5,578,220)	(6,075,426)
Proceeds from refundable entry contributions		5,024,072	5,972,051
Repayment of refundable entry contributions		(1,100,963)	(1,809,322)
Repayment of lease liabilities		(2,028)	(1,949)
<i>Net cash flows from financing activities</i>		<u>4,739,921</u>	<u>6,463,835</u>
Net increase in cash and cash equivalents		3,742,110	6,166,952
Cash and cash equivalents at the beginning of the financial year		<u>26,547,294</u>	<u>20,380,342</u>
Cash and cash equivalents at the end of the financial year	6	<u>30,289,404</u>	<u>26,547,294</u>

The accompanying notes form part of these financial statements

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2023**Note 1 - Corporate information**

The financial report includes the financial statements and notes of Villaggio Italiano Limited. Villaggio Italiano Limited is registered with the *Australian Charities and Not-for-profits Commission Act 2012* and is domiciled in Australia.

Villaggio Italiano provides residential aged care and retirement living services.

The registered address and principal place of business of the company is:

35 Burkitt Street
Page ACT 2614

The financial statements were approved by the Board of Directors on 26 October 2023.

Note 2 - Basis of preparation***Statement of compliance***

These general purpose financial statements have been prepared in compliance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and *Australian Accounting Standards - Simplified Disclosures*. The company is a not-for-profit entity for the purposes of preparing these financial statements.

Basis of measurement

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Comparatives

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year. Where the company has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates***Impairment***

The Directors assess impairment at the end of each reporting period by evaluation of conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Long service leave provision

The liability for long service leave is 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 rates and pay increases through promotion and inflation have been taken into account.

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2023**Note 2 - Basis of preparation (continued)*****Critical accounting estimates and judgements (continued)******Resident entry contributions***

The amounts repayable to residents upon their exit from the company's retirement villas changes with time and movements in the value of the underlying property. The amounts that will be deducted from the original amount deposited by the resident are a function of time. The amount that may be added to the original amount deposited by the resident is a function of the movement in the underlying property value.

New and revised standards that are effective for these financial statements

Several amendments to Australian Accounting Standards and interpretations are mandatory for the 30 June 2023 reporting period. These include:

- *AASB 2022-3 Amendments to AASs – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15* (effective for the year ending 30 June 2023)
- *AASB 2020-3 Amendments to AASB 116 – Property, Plant and Equipment: Proceeds before Intended Use* (effective for the year ending 30 June 2023)
- *AASB 2020-3 Amendments to AASB 137 – Onerous Contracts – Cost of Fulfilling a Contract* (effective for the year ended 30 June 2023)

The application of the amendments to AASB 15, AASB 116 and AASB 137 have not had a material impact on the carrying values of the company's asset, liability or equity balances; nor a material impact on the disclosures in the financial report nor the recognition and measurement of the company's revenue or expenses.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the company. These include:

- *AASB 2020-1: Amendments to AASs – Classification of Liabilities as Current or Non-current* (effective for the year ending 30 June 2024)
- *AASB 2021-2- and AASB 2021-6: Amendments to AASs – Disclosure of Accounting Policies* (effective for the year ending 30 June 2024)
- *AASB 2021-2: Amendments to AASB 108 – Definition of Accounting Estimates* (effective for the year ending 30 June 2024)

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

Presentation of Statement of Financial Position on a liquidity basis

The Directors have taken the view that in complying with the requirements of AASBs, the treatment of refundable loans (accommodation bonds, refundable accommodation deposits and entry contributions) as current liabilities does not reflect the true liquidity of the company as these liabilities are not likely to be repaid in the next 12 months.

Accordingly, in the current year the Directors have chosen to present its statement of financial position under the liquidity presentation method (*AASB 101 Presentation of Financial Statements*) on the basis that it presents a more reliable and relevant view.

Note 3 - Significant accounting policies

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

Income tax

Villaggio Italiano Limited is a not-for-profit Charity & Public Benevolent Institution and is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2023**Note 3 - Significant accounting policies (continued)*****Revenue recognition***

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes including goods and services tax (GST). Revenue is recognised for the major business activities as follows:

Resident fees, daily accommodation payments and recurrent government subsidies

Revenue from residents' fees, daily accommodation payments and related government subsidies are recognised on a proportional basis to take account of the delivery of service to or occupancy by residents.

Grants, donations and bequests

Income arising from the contribution of an asset (including cash) is recognised when the following conditions have been satisfied:

- (a) the company obtains control of the contribution or the right to receive the contribution;
- (b) it is probable that the economic benefits comprising the contribution will flow to the company; and
- (c) the amount of the contribution can be measured reliably at the fair value of the consideration received.

Interest

Revenue from interest is recognised on an accrual's basis.

Retentions from entry contributions and accommodation bonds

The retention income earned from resident entry contributions is recognised as revenue as the company becomes entitled to receive the retention under the terms of the resident agreement. The accommodation bond retention is recognised as revenue over the first five years of the resident's occupation of the facility.

Dividends and distributions

Dividend and distribution revenue is recognised when the right to receive the dividend payment is established.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). 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 ATO is included with other receivables or 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of twelve months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Trade receivables

For all sources of recurrent income, trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment in relation to doubtful receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of profit or loss and other comprehensive income.

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2023**Note 3 - Significant accounting policies (continued)*****Property, plant and equipment*****Recognition and measurement**

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Carrying amount

The carrying amount of property, plant and equipment is reviewed annually by the Directors to ensure that it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation and amortisation

The depreciable amount of all property, plant and equipment including buildings, is depreciated on a straight line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Buildings	2.5%
Equipment & fittings	15% - 20%
Motor vehicles	20%

Intangible assets***Software***

Software has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the software over its estimated useful life of three years.

Right-of-use assets

At inception, a right-of-use asset and a lease liability is recognised. Right-of-use assets are included in the *Statement of Financial Position* within a classification relevant to the underlying asset.

Right-of-use assets are initially measured at cost, comprising of the following:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred
- An estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred either at the commencement date or as a consequence of having used the underlying asset during a particular period

Subsequently, right-of-use assets are measured using a cost model. The right-of-use asset is depreciated to the earlier of the useful life of the asset or the lease term using the straight-line method and is recognised in the statement of profit or loss and other comprehensive income in "Depreciation and amortisation".

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2023**Note 3 - Significant accounting policies (continued)*****Right-of-use assets (continued)***

The company tests for impairment where there is an indication that a right-of-use asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of a right of use asset is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in surplus or deficit, except where the decrease reverses a previously recognised revaluation increase for the same asset.

The resulting decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Leases

The company leases its land on an arm's length basis from a third-party lessor. A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

At inception of a contract, it is assessed to determine whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still, or now contains, a lease.

The term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

The assessment of the reasonable certainty of the exercising of options to extend the lease, or not exercising of options to terminate the lease, is reassessed upon the occurrence of either a significant event or a significant change in circumstances that is within the company's control, and it affects the reasonable certainty assumptions. The assessment of the lease term is revised if there is a change in the non-cancellable lease period.

The company does not recognise leases that have a lease term of 12 months or less or are of low value as a right-of-use asset or lease liability. The lease payments associated with these leases are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

Lease liability

At the commencement date of the lease, the lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

The tenor of a lease includes any renewal period where the lessee is reasonably certain that they will exercise the option to renew. The company has reviewed all its leases and included any extensions where the company assessed it is reasonably certain the lease agreement will be renewed.

The lease payment used in the calculation of the lease liabilities should include variable payments when they relate to an index or rate. Where leases contain variable lease, payments based on an index or rate at a future point in time, the company has used the incremental uplift contained in the lease or the respective Reserve Bank forward-looking CPI target for CPI-related increases.

In the absence of any floor or cap clauses in the lease agreements, the company measures the rent for the year under market review at an amount equal to the rent of the year preceding the market review increased by a fixed rate.

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2023**Note 3 - Significant accounting policies (continued)*****Lease liability (continued)***

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date. Lease payments are discounted using the relevant company's incremental borrowing rate. The incremental borrowing rate used for this calculation is dictated by the tenor of the lease and the location of the asset. The incremental borrowing rate is the rate the company would be charged on borrowings provided by our banking partners. The weighted average incremental borrowing rate is 4%. The following lease payments being fixed payments, less any lease incentives receivable are included where they are not paid at the commencement date.

Subsequently, the lease liability is measured by:

- Increasing the carrying amount to reflect interest on the lease liability
- Reducing the carrying amount to reflect the lease payments made
- Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments

The unwind of the financial charge on the lease liabilities is recognised in the *Statement of Profit or Loss and Other Comprehensive Income* in "Finance costs" based on the company's incremental borrowing rate.

Financial instruments**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets this is equivalent to the date that the company commits itself to either purchase or sell the asset. Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component.

Classification and subsequent measurement***Financial assets***

Financial assets other than those designated and effective as hedging instruments are classified upon initial recognition into the following categories:

- Amortised cost
- Equity instruments at fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVPL)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income or finance costs, except for impairment of trade receivables which are disclosed with other expenses.

Measurement is on the basis of two primary criteria:

- The contractual cash flow characteristics of the financial asset
- The business model for managing the financial asset

Financial assets at amortised cost

Financial assets are measured at amortised cost if the asset meets the following conditions (and are not designated as FVPL):

- The financial asset is managed solely to collect contractual cash flows
- The contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2023**Note 3 - Significant accounting policies (continued)*****Financial instruments (continued)****Equity instruments at fair value through other comprehensive income*

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at fair value through other comprehensive income. Subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss unless the dividend clearly represents return of capital.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than to “hold and collect” or “hold to collect and sell” are categorised at fair value through profit or loss. The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Impairment of financial assets

The impairment requirements as applicable under AASB 9 use more forward-looking information to recognise expected credit losses. Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due, and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Directors considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and the credit risk is not low
- Financial assets that have objective evidence of impairment at reporting date

The loss allowance for the first category is measured as “12-month expected credit loss” and for the second category is measured as “lifetime expected credit losses”.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2023**Note 3 - Significant accounting policies (continued)*****Trade and other payables***

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. The carrying amount of trade and other payables is deemed to reflect fair value.

Income received in advance

Income, other than government contract income, that is received before the service to which the payment relates has been provided is recorded as a liability until such time as the service has been provided, at which time it is recognised in the statement of profit or loss and other comprehensive income.

Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. 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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Resident entry contributions

Resident entry contributions are received from residents of self-care villas, and they are non-interest bearing and the net amount is repayable upon departure or transfer. Resident entry contributions are measured at the principal amount net of any retentions, or any other amounts deducted from the loan at the election of the resident, plus the resident's share of the capital gains (if any) based on the market value of the underlying property at balance date.

Refundable accommodation deposits

Refundable accommodation deposits are non-interest-bearing deposits made by aged care facility residents to the company upon their admission. Refundable accommodation deposits are measured at their principal amount less any other amounts deducted from the deposit at the election of the resident.

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
<u>Note 4 - Revenue and other income</u>		
Operating revenue		
Government subsidies and recurrent grants	6,530,467	6,789,878
Government support - COVID-19	16,985	325,333
Resident fees and charges	3,602,764	3,461,357
Retentions from refundable entry contributions	1,178,132	1,041,770
	<u>11,328,348</u>	<u>11,618,338</u>
Other revenue		
Dividends and distributions	76,744	7,446
Donations and bequests	-	2,482
Interest income	783,476	130,697
Other revenue	19,661	752,883
	<u>879,881</u>	<u>893,508</u>
<i>Total revenue</i>	<u>12,208,229</u>	<u>12,511,846</u>
Other income		
Fair value gain on financial assets	34,622	-
<i>Total other income</i>	<u>34,622</u>	<u>-</u>
<i>Total revenue and other income</i>	<u>12,242,851</u>	<u>12,511,846</u>
<u>Note 5 - Expenses</u>		
Depreciation and amortisation		
Buildings	641,796	692,662
Equipment and fittings	436,767	463,904
Motor vehicles	25,471	25,471
Right-of-use assets	13,301	13,301
Software	907	944
<i>Total depreciation and amortisation</i>	<u>1,118,242</u>	<u>1,196,282</u>
Finance costs - lease liabilities	42,972	43,051
Fair value loss on financial assets	-	183,305
<u>Note 6 - Cash and cash equivalents</u>		
Cash at bank and on hand	2,278,375	2,547,294
Deposits at call	28,011,029	24,000,000
<i>Total cash and cash equivalents</i>	<u>30,289,404</u>	<u>26,547,294</u>
<u>Note 7 - Trade and other receivables</u>		
<u>Expected to be received within 12 months</u>		
Trade receivables	16,953	16,175
Refundable loans receivable	646,200	1,054,200
Other receivables	775,096	238,730
Prepayments	467,512	489,617
<i>Total trade and other receivables</i>	<u>1,905,761</u>	<u>1,798,722</u>

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023 \$	2022 \$		
Note 8 - Financial assets				
<u>Expected to be received within 12 months</u>				
Financial assets at fair value through profit and loss				
Managed funds	3,056,054	2,934,698		
<i>Total financial assets</i>	<u>3,056,054</u>	<u>2,934,698</u>		
Movements in carrying amount				
Opening net carrying amount	2,934,698	3,082,418		
Additions	86,734	35,585		
Fair value gain (loss)	34,622	(183,305)		
Closing net carrying amount	<u>3,056,054</u>	<u>2,934,698</u>		
Note 9 - Capital work in progress				
Residential - cost	7,309	41,193		
<i>Total capital work in progress</i>	<u>7,309</u>	<u>41,193</u>		
Movements in carrying amounts				
Opening net carrying amount	41,193	-		
Additions	-	41,193		
Reclassification - property, plant and equipment	(33,884)	-		
Closing net carrying amount	<u>7,309</u>	<u>41,193</u>		
Note 10 - Property, plant and equipment				
	Buildings	Equipment and Fittings	Motor Vehicles	Total
	\$	\$	\$	\$
At 30 June 2022				
Cost	24,641,318	5,883,793	198,399	30,723,510
Accumulated depreciation	(9,262,656)	(4,263,449)	(91,217)	(13,617,322)
<i>Net carrying amount</i>	<u>15,378,662</u>	<u>1,620,344</u>	<u>107,182</u>	<u>17,106,188</u>
Movements in carrying amounts				
Opening net carrying amount	15,378,662	1,620,344	107,182	17,106,188
Additions - residential	15,119	111,403	-	126,522
Additions - non residential	29,274	235,186	-	264,460
Reclassification - capital work in progress	-	33,884	-	33,884
Depreciation charge for the year	(641,796)	(436,767)	(25,471)	(1,104,034)
Closing net carrying amount	<u>14,781,259</u>	<u>1,564,050</u>	<u>81,711</u>	<u>16,427,020</u>
At 30 June 2023				
Cost	24,685,711	6,264,266	198,399	31,148,376
Accumulated depreciation	(9,904,452)	(4,700,216)	(116,688)	(14,721,356)
<i>Net carrying amount</i>	<u>14,781,259</u>	<u>1,564,050</u>	<u>81,711</u>	<u>16,427,020</u>

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
<u>Note 11 - Right-of-use assets</u>		
Leased property - at cost	1,080,669	1,080,669
Accumulated depreciation	(53,204)	(39,903)
<i>Total right-of-use assets</i>	<u>1,027,465</u>	<u>1,040,766</u>
<u>Movements in carrying amounts</u>		
Opening net carrying amount	1,040,766	1,054,067
Depreciation charge for the year	(13,301)	(13,301)
Closing net carrying amount	<u>1,027,465</u>	<u>1,040,766</u>
<u>Note 12 - Intangible assets</u>		
<u>Software</u>		
Cost	99,538	95,038
Accumulated amortisation	(95,787)	(94,880)
<i>Total intangible assets</i>	<u>3,751</u>	<u>158</u>
<u>Movements in carrying amounts</u>		
Opening net carrying amount	158	1,102
Additions	4,500	-
Amortisation charge for the year	(907)	(944)
Closing net carrying amount	<u>3,751</u>	<u>158</u>
<u>Note 13 - Trade and other payables</u>		
<u>Expected to be settled within 12 months</u>		
Trade payables	1,339,756	768,261
Income in advance	218,198	189,277
Liabilities to employees	487,189	539,012
Finance lease liabilities	9,742	9,300
Other payables	306,535	214,434
	<u>2,361,420</u>	<u>1,720,284</u>
<u>Expected to be settled after 12 months</u>		
Finance lease liabilities	33,898	43,640
	<u>33,898</u>	<u>43,640</u>
<i>Total trade and other payables</i>	<u>2,395,318</u>	<u>1,763,924</u>
<u>Note 14 - Refundable loans</u>		
<u>Expected to be settled within 12 months</u>		
Refundable accommodation deposits and accommodation bonds	4,294,654	4,621,893
Resident entry contributions	989,249	1,539,038
	<u>5,283,903</u>	<u>6,160,931</u>
<u>Expected to be settled after 12 months</u>		
Refundable accommodation deposits and accommodation bonds	16,156,077	15,473,295
Resident entry contributions	23,741,984	20,447,218
	<u>39,898,061</u>	<u>35,920,513</u>
<i>Total refundable loans</i>	<u>45,181,964</u>	<u>42,081,444</u>

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
Note 14 - Refundable loans (continued)		
Movements in refundable accommodation deposits		
Opening net carrying amount	20,095,188	17,748,962
RADs received	5,989,060	8,451,681
Allowable deductions	(55,297)	(30,029)
RADs refunded	(5,578,220)	(6,075,426)
Closing net carrying amount	<u>20,450,731</u>	<u>20,095,188</u>
Movement in resident entry contributions		
Opening net carrying amount	21,986,256	18,865,297
Contributions received	5,024,072	5,972,051
Retention/interest from contributions	(1,178,132)	(1,041,770)
Contributions refunded	(1,100,963)	(1,809,322)
Closing net carrying amount	<u>24,731,233</u>	<u>21,986,256</u>

Terms and conditions

Refundable accommodation deposits (loans) are repayable on the following basis:-

- (i) If the resident gives notice more than 14 days prior to departure then the loan is payable on the date of departure;
- (ii) If the resident gives notice less than 14 days prior to departure the loan is payable within 14 days after notice is given;
- (iii) If the resident gives no notice the loan is repayable 14 days after departure; and
- (iv) If the resident dies, the loan is repayable within 14 days from the date that notice is received of the granting of probate or of letters of administration being used. Resident entry contributions are non-interest bearing and have a maximum repayment term of 6 months.

	2023	2022
	\$	\$
Note 15 - Provisions		
Expected to be settled within 12 months		
Employee entitlements - long service leave	<u>5,520</u>	<u>7,396</u>
	5,520	7,396
Expected to be settled after 12 months		
Capital gains payable	416,820	723,125
Employee entitlements - long service leave	<u>3,222</u>	<u>7,515</u>
	420,042	730,640
<i>Total provisions</i>	<u>425,562</u>	<u>738,036</u>

Capital gains payable

Provision is made for the estimated liability to some outgoing residents due to the capital appreciation of their units.

Movements in provisions

	Long Service Leave	Capital Gains Payable	Total
	\$	\$	\$
Opening net carrying amount	14,911	723,125	738,036
Provision utilised during the year	(6,169)	(306,305)	(312,474)
Closing net carrying amount	<u>8,742</u>	<u>416,820</u>	<u>425,562</u>

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
Note 16 - Lease liabilities		
<u>Expected to be settled within 12 months</u>		
Lease liabilities	2,111	2,028
	<u>2,111</u>	<u>2,028</u>
<u>Expected to be settled after 12 months</u>		
Lease liabilities	1,070,908	1,073,019
	<u>1,070,908</u>	<u>1,073,019</u>
<i>Total lease liabilities</i>	<u>1,073,019</u>	<u>1,075,047</u>
Movements in carrying amounts		
Opening net carrying amount	1,075,047	1,076,996
Repayments	(45,000)	(45,000)
Interest	42,972	43,051
Closing net carrying amount	<u>1,073,019</u>	<u>1,075,047</u>
Note 17 - Commitments		
Operating lease commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	9,300	9,299
Later than one year but not later than five years	43,640	96,313
	<u>52,940</u>	<u>105,612</u>
The company is committed to a number of short-term and low-value non-cancellable operating leases expiring within one to five years. The leases have varying terms.		
Note 18 - Key management personnel		
Remuneration of key management personnel		
The aggregate amount of compensation paid to Directors and other key management personnel during the year was:		
	<u>643,342</u>	<u>419,036</u>
Note 19 - Auditor's remuneration		
Fees paid to StewartBrown, Chartered Accountants:		
Audit of the financial report	33,000	31,000
Preparation of the financial report	4,200	4,000
Other advisory services	-	2,200
<i>Total auditor's remuneration</i>	<u>37,200</u>	<u>37,200</u>
Note 20 - Contingent liabilities		
At balance date the company is not aware of the existence of any contingent liability.		

VILLAGGIO ITALIANO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2023**Note 21 - Limitation of members' liability**

The company is incorporated as a company limited by guarantee. If the company is wound up, the Constitution states each member has no obligation in respect of the debts and liabilities of the company and the costs, charges and expenses of winding up the company.

Note 22 - Economic dependency

The Directors consider that the company is economically dependent on revenue received from the Commonwealth Department of Health and Aged Care with respect to its residential aged care facilities and community care programs. The Directors believe that this revenue will continue to be made available to the company for the foreseeable future.

Note 23 - Events occurring after balance date

There have not been any significant events subsequent to the reporting date.

VILLAGGIO ITALIANO LIMITED
ABN 94 008 553 393

FINANCIAL REPORT - 30 JUNE 2023

DIRECTORS' DECLARATION

The Directors of the Villaggio Italiano Limited declare that:

1. The financial statements, which comprises the statement of financial position as at 30 June 2023, and the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - (a) comply with *Australian Accounting Standards - Simplified Disclosures* (including Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Regulations 2022*; and
 - (b) give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the company.
2. In the opinion of the Directors, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Dominic DeMarco
Chairman



James Prior
Treasurer

Canberra, 26 October 2023

VILLAGGIO ITALIANO LIMITED
ABN 94 008 553 393

FINANCIAL REPORT - 30 JUNE 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
VILLAGGIO ITALIANO LIMITED

Opinion

We have audited the financial report of Villaggio Italiano Limited which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

In our opinion, the accompanying financial report of Villaggio Italiano Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2023 and of its financial performance for the year then ended, and
- b) complying with *Australian Accounting Standards - Simplified Disclosures* and the *Australian Charities and Not-for-profits Commission Regulation 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 Responsibility for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Directors' Responsibility for the Financial Report

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

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

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

VILLAGGIO ITALIANO LIMITED
ABN 94 008 553 393

FINANCIAL REPORT - 30 JUNE 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
VILLAGGIO ITALIANO LIMITED

Auditor's Responsibilities for the Audit of the Financial Report

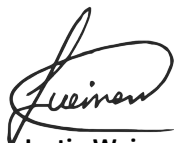
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that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

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

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



Stewart Brown
Chartered Accountants



Justin Weiner
Partner

26 October 2023