

**ROCKY BAY LIMITED
AND ITS CONTROLLED ENTITIES**

**Financial Statements
For the year ended 30 June 2022**

**ROCKY BAY LIMITED AND ITS CONTROLLED ENTITIES
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ROCKY BAY LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT
For the year ended 30 June 2022

The directors present their report together with the financial statements of Rocky Bay Limited and its controlled entities (Rocky Bay or the Group) for the financial year ended 30 June 2022 and the auditor's report thereon.

1. Directors

The directors of the Group at any time during or since the end of the financial year are:

Mr C.J. Catlow	Appointed:	19/10/2009
Mr L.S. Pangiarella	Appointed:	23/05/2019
Mr P.J. Klein	Appointed:	28/02/2013
Ms M.A. Borthwick	Appointed:	29/10/2015
Mr J.G. Holloway	Appointed:	28/04/2016
Ms V.A. Parish	Appointed:	29/10/2015
Mr C.J. Ryan	Appointed:	27/10/2016
Mr M.W. Tait (ex officio)	Appointed:	21/11/2019
Mr T.J. Bartlett	Appointed:	25/02/2021
Ms P.A. Murray	Appointed:	22/10/2020

2. Principal activities

The principal activities of the Group during the course of the financial year were the provision of accommodation, support, personal care, therapy for people with disabilities and provide Specialist Disability Accommodation.

Objectives

The objectives of the Group are to positively impact customer wellbeing by creating trusted and responsive health and community services and to provide Specialist Disability Accommodation.

Review of operations and results of those operations

Review of performance

The Group's service offering, being Supported Accommodation, Clinical Services, Community Access and Respite, did not materially change during the year.

The transition of our customer base to the NDIS was virtually complete by year end, as evidenced by the high proportional share of revenue.

The strategy is to continue to consolidate our footprint across the greater metropolitan area by establishing hubs within 20 minutes reach of our customer base. The Group is taking advantage of the recently introduced SDA funding from NDIA by constructing contemporary supported accommodation for growing demand from customers. This is the first set of the Group's annual financial statements which includes information regarding its new controlled entity. The financial outlook for the business over the next 12 months is challenging.

3. Significant changes in the state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Group that occurred during the year under review.

4. Events subsequent to reporting date

In August 2022, the property at 60 McCabe Street, Mosman Park had all conditions on tenure previously imposed by the Government of Western Australia lifted.

In August 2022, the freehold property at 113-151 Abernethy Road, Belmont was acquired for \$13.45 million.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the result of those operations, or the state of affairs of the Group, in future financial years.

ROCKY BAY LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT
For the year ended 30 June 2022

5. Likely developments

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

6. Indemnification and insurance of officers and auditors

Indemnification

Since the end of the previous financial year, the Group has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Group.

7. Auditor's independence declaration

The auditor's independence declaration is set out on page 27 and forms part of the directors report for the financial year ended 30 June 2022.

8. Rounding off

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made out in accordance with resolution of the directors:



M. J. Bartlett
Director

Dated at Mosman Park this 1st day of December 2022.

ROCKY BAY LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2022

	NOTE	2022 \$'000	2021 \$'000
Revenue			
Operating revenue	5	81,884	76,620
Other revenue	5	2,150	8,051
Total revenue and other income		84,034	84,671
Expenses			
Employee expense		(73,603)	(67,266)
Employee expense - JobKeeper top-up		-	(1,033)
Client activities and equipment expenses		(1,225)	(1,371)
Audit, consultancy, legal and corporate expenses		(920)	(437)
Depreciation and amortisation expense	6(a)	(3,006)	(3,158)
Facility and occupancy expenses		(3,378)	(3,470)
Motor vehicle fleet expenses		(1,212)	(1,213)
Other expenses	6(c)	(2,879)	(2,034)
Operating (loss)/profit for the year		(2,190)	4,689
Finance costs	6(b)	(129)	-
(Loss)/profit for the year		(2,319)	4,689
Total comprehensive (loss)/income for the year		(2,319)	4,689

The notes on pages 9 to 20 are an integral part of these financial statements.

ROCKY BAY LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
As at 30 June 2022

	NOTE	2022 \$'000	2021 \$'000
CURRENT ASSETS			
Cash and cash equivalents	7	33,909	39,003
Trade and other receivables	8	6,225	3,501
Prepayments		1,293	524
		<u>41,427</u>	<u>43,028</u>
NON-CURRENT ASSETS			
Investments	9	11	11
Property, plant and equipment	10	26,880	18,095
Right of use of assets	11	707	1,694
Intangible assets	12	2,318	2,603
		<u>29,916</u>	<u>22,403</u>
TOTAL ASSETS		<u>71,342</u>	<u>65,431</u>
LESS: LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	6,791	4,167
Loans and borrowings	14	307	393
Contract liabilities	15	9,412	7,811
Funds held on behalf of clients	16	2,415	2,808
Provisions for leave	17	6,415	6,424
		<u>25,340</u>	<u>21,603</u>
NON-CURRENT LIABILITIES			
Provision for long service leave	17	549	661
Loans and borrowings	14	6,135	1,468
Contract liabilities	15	3,420	3,479
Make good provision		43	38
		<u>10,147</u>	<u>5,646</u>
TOTAL LIABILITIES		<u>35,487</u>	<u>27,249</u>
NET ASSETS		<u>35,855</u>	<u>38,182</u>
REPRESENTED BY:			
Reserves	18	161	168
Accumulated surplus		35,694	38,014
TOTAL ACCUMULATED FUNDS AND RESERVES		<u>35,855</u>	<u>38,182</u>

The notes on pages 9 to 20 are an integral part of these financial statements.

ROCKY BAY LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2022

	ACCUMULATED SURPLUS \$'000	MERGER RESERVES \$'000	TOTAL \$'000
2022			
Opening Balance	38,014	168	38,182
Profit or (Loss) for the period	(2,319)	-	(2,319)
Total comprehensive loss	(2,319)	-	(2,319)
Payment (from)/to reserves	-	(8)	(8)
Aggregate amount transferred (from) / to	(1)	1	-
Closing Balance	35,694	161	35,855
2021			
Opening Balance	33,284	209	33,493
Profit or (Loss) for the period	4,689	-	4,689
Total comprehensive income	4,689	-	4,689
Payment (from)/to reserves	40	(40)	-
Aggregate amount transferred	1	(1)	-
	38,014	168	38,182

The notes on pages 9 to 20 are an integral part of these financial statements.

ROCKY BAY LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
For the year ended 30 June 2022

	NOTE	2022 \$'000	2021 \$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Funding received from government and receipts from clients		85,050	99,771
Payment to suppliers and employees		(85,971)	(87,495)
Net payment to joint operation		(1,409)	(59)
Funds held on behalf of clients received		(393)	94
Interest paid		(112)	-
Net cash from operating activities		<u>(2,835)</u>	<u>12,311</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		2,280	1,899
Proceeds from sale of shares		-	14
Acquisition of property, plant and equipment		(9,862)	(8,441)
Acquisition of intangible assets		(24)	(63)
Interest received		126	275
Net cash used in investing activities		<u>(7,480)</u>	<u>(6,316)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Payment for lease liabilities		(371)	(914)
Proceeds from long-term borrowings		5,600	-
Payment from Capital Reserves		(8)	-
Net cash provided by financing activities		<u>5,221</u>	<u>(914)</u>
Net (decrease)/increase in cash & cash equivalents		(5,094)	5,081
Cash and cash equivalents at the beginning of the period		<u>39,003</u>	<u>33,922</u>
Cash and cash equivalents at the end of the period	7	<u>33,909</u>	<u>39,003</u>

The notes on pages 9 to 20 are an integral part of these financial statements.

**ROCKY BAY LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2022
Notes to the Financial Statements**

1. Reporting Entity

The financial report includes the financial statements and notes of Rocky Bay Limited and its controlled entities (hereafter referred to as Rocky Bay or the Group).

Rocky Bay is a not for profit entity domiciled in Australia. The principal activity of the Group is the provision of accommodation, support, personal care and therapy for people with disabilities and is a Public Benevolent Institution (PBI) and as a consequence is exempt from income tax.

The principal place of business and registered address of the Group is 60 McCabe Street, Mosman Park, Western Australia.

2. Basis of accounting

These consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures adopted by the Australian Accounting Standards Board and the Australian Charities and Not-for-Profits Commission Act 2012.

These consolidated financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. In the prior year the consolidated financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit and loss and other comprehensive income and cash flows of the Group as a result of the change in the basis of preparation.

The financial statements were authorised for issue by the Board of Directors on 1 December 2022. Details of the Group's accounting policies are included in Note 4.

3. Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Group's functional currency.

The Group is of a kind referred to in ASIC Corporation (Rounding in Financial/Directors' report) Instrument 2016/191 and in accordance with that instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

4. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Property, Plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain and loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Land is not depreciated.

The estimated useful lives of property, plant and equipment are as follows:

Class of Asset	Depreciation Rate
Buildings	5.00%
Computer hardware and software	33.33%
Other Equipment and furniture	17.50%
Motor Vehicles	22.50%
Motor Vehicles - sedan and wagons	See below

There is a "buy back" arrangement in place in respect to sedans and wagons. The diminution in value of these vehicles is written off over the period that these vehicles are held by the Group. The rate of write off varies for each vehicle. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**ROCKY BAY LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2022
Notes to the Financial Statements**

(b) Intangible Assets

(i) Software

Software with a finite life, is recorded at cost and is carried at cost less any accumulated amortisation and impairment losses. The estimated useful life is between one and four years. Software is amortised on a straight line basis in the Statement of Comprehensive Income over their estimated useful life. It is assessed annually for impairment.

(ii) Service concession arrangements

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for the use of the concession infrastructure. An intangible asset received as consideration of providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost, which includes the capitalised borrowing costs, less accumulated amortisation and accumulated impairment losses.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of infrastructure to the end of the useful life of the asset. The useful life of the intangible asset recorded is 20 years.

**(c) Employee Benefits
Wages, Salaries and Annual Leave**

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at amounts expected to be paid when the liabilities are settled.

Long Service Leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(d) Deferred Expenditure

All expenditure incurred on projects for the following financial year is deferred as a prepayment in the current year.

(e) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current receivables.

(f) Trade and Other Payables

Trade and other payables includes liabilities for goods sold to, and services received by, the Group that remain unpaid at the end of the reporting period. Payables also includes amounts repayable to funding bodies for non-delivery of services. The balance is recognised as a current liability with amounts normally paid within 30 days of the recognition of the liability.

(g) Revenue and Other Income

Revenue recognition policy for revenue from contracts with customers (AASB 15)

AASB 15 requires revenue to be recognised when control of a promised good or services is passed to the customer at an amount which reflects the expected consideration.

Revenue is recognised by applying a five-step method as follows:

- 1 Identify the contract with the customer
- 2 Identify the performance obligations
- 3 Determine the transaction price
- 4 Allocate the transaction price
- 5 Recognise revenue

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

**ROCKY BAY LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2022
Notes to the Financial Statements**

Revenue relating service concession arrangements

Revenue relating to service concession arrangements received is delivered as a contract liability and brought to account in the profit and loss over the period of the service concession arrangement obligation.

Revenue recognition policy for the revenue streams which are not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Grant Income

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but maybe property which has been donated or sold to the Group at significantly below the fair value.

Once the asset has been recognised, the Group recognises any related liability amounts.

Once the asset and liabilities have been recognised then income is recorded for any difference between the recorded asset and liability. Income is recorded as a contract liability is extinguished.

Significant estimates and judgements relating to revenue

For many of the grant agreements received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgement involving discussions with several parties at Rocky Bay, review of the proposal documents prepared during the grant application phase and consideration of terms and conditions.

Grants received by the Group have been accounted for under both AASB 15 and AASB 1058 depending on the terms and conditions and decisions made.

If this determination was changed then the revenue recognition pattern would be different from that recognised in this financial report.

Revenue from fundraising

Donations collected, including cash and goods for resale, are recognised as revenue when the Group gains control over the asset.

(h) Income Tax

The Group is exempt from income taxation under section 50-5 of the Income Tax Assessment Act 1997, as amended.

(i) Allocation of Income & Expenditure

Direct income and expenditure are allocated to specific programs. Administration and indirect income and expenditure are allocated to programmes on a pro rata basis in proportion to direct income or direct expenditure for that programs area.

(j) 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

(k) Critical Accounting Estimates and Judgements

The Board evaluations, estimates and judgements incorporated into the financial report 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 Group.

**ROCKY BAY LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2022
Notes to the Financial Statements**

(l) Leases

At inception of a contract, the Group assesses whether a 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.

i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of the property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-to-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is allocated, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

The Group has elected not to recognise right-of-use assets and leases of low value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(m) Financial instruments

i) Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item at Fair Value Through Profit and Loss (VTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**ROCKY BAY LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2022
Notes to the Financial Statements**

ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value Other through Comprehensive Income (FVOCI) for equity investments or Fair Value through Profit and Loss (FVTPL) for debt instruments.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flow; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

n) Impairment

i) Non-derivative financial assets

Financial instruments

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost. The Group measured loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

ROCKY BAY LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2022
Notes to the Financial Statements

o) Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities require unanimous consent of the parties sharing control.

When the Group undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the Accounting Standards applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of the other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

p) Basis of consolidation

i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect returns through its power over the entity. The financial statements are included in the consolidated financial statements from the date which control commences until the date on which control ceases.

ii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

5 Revenue

Revenue recognised under - AASB 15 Revenue from Contracts with Customers:

Rendering of Services

Revenue recognised under AASB 1058 Income of NFP entities:

Fundraising, bequests and donations

Investment income

Net gain on disposal of plant and equipment

Decrease in provision for credit loss

JobKeeper subsidy received

Revenue from continuing operations

	2022	2021
	\$'000	\$'000
Revenue recognised under - AASB 15 Revenue from Contracts with Customers:		
Rendering of Services	81,884	76,620
	81,884	76,620
Revenue recognised under AASB 1058 Income of NFP entities:		
Fundraising, bequests and donations	1,844	47
Investment income	126	166
Net gain on disposal of plant and equipment	180	12
Decrease in provision for credit loss	-	24
JobKeeper subsidy received	-	7,802
	2,150	8,051
Revenue from continuing operations	84,034	84,671

ROCKY BAY LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2022
Notes to the Financial Statements

	2022	2021
	\$'000	\$'000

5 Revenue (continued)

(a) Disaggregation of revenue from contracts with customers
Revenue from contracts with customers has been disaggregated based on type of goods and services provided and source of funds.

Type of goods and services

Disability services	76,787	71,509
Fees and hire income	5,097	5,097
Other	-	14
	81,884	76,620
Revenue recognised under AASB 1058	2,150	8,051
Revenue from continuing operations	84,034	84,671

Source of funds

	Revenue from contracts with customers (AASB 15)	Revenue under AASB 1058	Total
2022			
Government - State	3,032	-	3,032
Government - Federal	72,155	1,600	73,755
Customers	5,097	-	5,097
Donations	-	1,844	1,844
Other	-	306	306
	80,284	3,750	84,034
2021			
Government - State	2,923	-	2,923
Government - Federal	68,585	7,802	76,387
Customers	5,112	-	5,112
Donations	-	47	47
Other	-	202	202
	76,620	8,051	84,671

6 Expenses

(a) Depreciation and Amortisation

- Buildings	1,311	1,304
- Ground and improvements	50	85
- Furniture, plant and equipment	614	528
- Motor vehicles	421	512
- Right of use assets	340	462
- Computer software	68	65
- Service concession intangible	202	202
	3,006	3,158

(b) Finance Costs

The Group has capitalised \$66,307 (2021: NIL) of borrowing costs related to the construction of Specialist Disability Accommodation homes.

(c) Other Expenses

Meetings, conferences and entertainment	203	316
Computer and information technology costs	1,292	649
Cost of goods sold	328	389
Bad debts written off	5	53
Provision for expected credit loss	132	-
Other	919	627
Total Other Expenses	2,879	2,034

ROCKY BAY LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2022
Notes to the Financial Statements

7 Cash and Cash Equivalents

Cash at bank and on hand
Short term deposits

	2022	2021
	\$'000	\$'000
Cash at bank and on hand	33,909	12,503
Short term deposits	-	26,500
	33,909	39,003

As at 30th June 2022, Cash and Cash Equivalents includes \$2,415k (2021: \$2,808k) held on behalf of a number of residents. Refer to Note 16.

8 Trade and Other Receivables

Trade debtors
Less: Provision for expected credit loss

Trade debtors	2,849	1,824
Less: Provision for expected credit loss	(143)	(11)
	2,706	1,813
Revenue receivable	2,848	1,384
GST receivable	286	88
Other	385	216
	6,225	3,501

9 Investments

Shares in listed securities - fair value

Shares in listed securities - fair value	11	11
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10 Property, Plant and Equipment

Land
Buildings
Accumulated depreciation

Land	11,918	6,682
Buildings	15,690	17,012
Accumulated depreciation	(9,598)	(9,696)
	6,092	7,316

Grounds & Improvements
Accumulated depreciation

Grounds & Improvements	2,108	2,092
Accumulated depreciation	(1,993)	(1,943)
	115	149

Motor Vehicles
Accumulated depreciation

Motor Vehicles	6,649	6,761
Accumulated depreciation	(4,394)	(4,508)
	2,255	2,253

Furniture & Equipment
Accumulated depreciation

Furniture & Equipment	9,390	8,714
Accumulated depreciation	(8,159)	(7,604)
	1,231	1,110

Capital projects in progress

Capital projects in progress	5,269	585
	26,880	18,095

	Opening Balance	Additions	Depreciation Expense	Disposals	Transfers	Closing Balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022						
Land	6,682	5,628	-	(452)	60	11,918
Buildings	7,314	89	(1,311)	-	-	6,092
Motor Vehicles	2,251	1,920	(421)	(1,495)	-	2,255
Furniture & Equipment	1,110	669	(614)	(6)	72	1,231
Ground & Improvements	153	12	(50)	-	-	115
Capital projects in progress	585	4,820	-	(4)	(132)	5,269
Total	18,095	13,138	(2,396)	(1,957)	-	26,880

ROCKY BAY LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2022
Notes to the Financial Statements

10 Property, Plant and Equipment (continued)

	Opening Balance \$'000	Additions \$'000	Depreciation Expense \$'000	Disposals \$'000	Transfers \$'000	Closing Balance \$'000
2021						
Land	2,264	4,418	-	-	-	6,682
Buildings	8,541	10	(1,303)	(1)	67	7,314
Motor Vehicles	2,020	2,733	(512)	(1,990)	-	2,251
Furniture & Equipment	1,069	575	(528)	(6)	-	1,110
Ground Improvements	223	82	(85)	-	(67)	153
Capital projects in progress	16	585	-	-	(16)	585
Total	14,133	8,403	(2,428)	(1,997)	(16)	18,095

15 Chessel Drive, Duncraig is owned on conditional tenure. The property cannot be transferred or encumbered without consent from the Minister of Lands under section 75 of the Land Administration Act 1997 and tenure is subject to conditions prescribing permitted uses.

60 McCabe Street, Mosman Park was owned at year-end subject to conditional tenure. Subsequent to balance date the Government of Western Australia lifted all conditions on tenure and the property became encumbrance-free. An independent valuation dated June 2019 that is based on an assumption of encumbrance-free tenure indicates a fair market value of \$32 million.

Of the total cost of buildings of \$15,690,416 (2021: \$17,011,672), \$4,557,000 (2021: \$4,557,000) was funded by the Department of Communities under the Commonwealth/State Disability Agreement (1993) by which the Department of Communities claims an equity in these buildings.

11 Right-of-use assets

Right-of-Use Assets
Accumulated depreciation

	2022 \$'000	2021 \$'000
Right-of-Use Assets	1,813	2,576
Accumulated depreciation	(1,106)	(882)
	707	1,694

	Opening Balance	Additions	Depreciation Expense	Remeasurement	Closing Balance
2022 \$'000					
Right-of-Use Asset	1,694	-	(340)	(647)	707
	1,694	-	(340)	(647)	707
2021 \$'000					
Right-of-Use Asset	2,708	376	(462)	(928)	1,694
	2,708	376	(462)	(928)	1,694

12 Intangible Assets

Software
Accumulated amortisation

Service concession
Accumulated amortisation

	2022 \$'000	2021 \$'000
Software	832	847
Accumulated amortisation	(783)	(715)
	49	132
Service concession	4,043	4,043
Accumulated amortisation	(1,774)	(1,572)
	2,269	2,471
	2,318	2,603

ROCKY BAY LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2022
Notes to the Financial Statements

12 Intangible Assets (continued)

	Beginning of Year Balance	Additions	Amortisation Expense	Write Off	End of Year Carrying Amount
2022 \$'000					
Computer Software	132	24	(68)	(39)	49
Service concession intangible	2,471	-	(202)	-	2,269
Total	2,603	24	(270)	(39)	2,318
2021 \$'000					
Computer Software	132	64	(64)	-	132
Service concession intangible	2,673	-	(202)	-	2,471
Total	2,805	64	(266)	-	2,603

13 Trade and Other Payables

	2022 \$'000	2021 \$'000
Trade payables	2,400	974
Accrued expenses	284	992
Accrued payroll	4,107	2,201
	6,791	4,167

14 Loans and borrowings

See accounting policies in Notes 4(l)

	2022 \$'000	2021 \$'000
Current Liabilities: Lease Liabilities	307	393
Non-current Liabilities: Lease Liabilities	535	1,468
Non-current Liabilities: Bank Loan	5,600	-
	6,442	1,861

15 Contract liabilities

Current:

Contract liabilities - Unspent grants	9,342	7,791
Contract liabilities - Service concession	70	20
	9,412	7,811

Non-current:

Contract liabilities - Service concession	3,420	3,479
	3,420	3,479

Under the terms of a Project Agreement between the Housing Authority of Western Australia and the Group, the Housing Authority has constructed buildings at a cost of \$3,800,000 (2021: \$3,800,000) on land belonging to the Group. Under the terms of this Agreement, which is accounted for as a service concession arrangement, there would be a financial contribution payable by the Group should the Group terminate the Agreement prior to the end of the term of the Agreement. At 30 June 2022, the amount repayable would amount to \$3,490,787 (2021: \$3,549,853).

16 Funds held on behalf of clients

Funds held on behalf of clients	2,415	2,808
	2,415	2,808

Funds held on behalf of clients are funds held by the Group on behalf of a number of its residents. The funds are held as part of "Cash and Cash Equivalents" (Note 7).

17 Provisions for Leave

Current:

Provision for annual leave	3,961	4,022
Provision for long service leave	2,387	2,302
Provision for purchased leave	67	100
	6,415	6,425

Non-current:

Provision for long service leave	549	661
	549	661

**ROCKY BAY LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2022
Notes to the Financial Statements**

18 Merger Reserves

This reserve represents the value of the net assets acquired as a result of a merger between the Group and another disability service organisation, where the assets are quarantined for specific purposes.

19 Related Party Transactions

(a) Members of the Board

During the year the following persons acted as members of the Board:-

Mr P.J Klein,	Mr C.J. Ryan,
Ms V.A. Parish,	Mr L. Pangiarella,
Mr C.J. Catlow,	Mr T.J. Bartlett
Mr J.G. Holloway,	Ms P.A. Murray
Ms M.A. Borthwick,	Mr M.W. Tait (ex officio)

Directors fees paid were \$121,111 for the year ended 30 June 2022 (30 June 2021: \$45,389). Not all directors received fees during the year.

(b) Related Entities

During the year ended 30 June 2022 nil (2021: \$211,564) was paid to The Rocky Bay Foundation, a director related entity, for rent of the property at Baling Street, Cockburn. The Group received a donation of \$73,000 (2021: \$15,000) from The Rocky Bay Foundation.

The parent company contributed to Accessible Living Ltd other assets of \$2,720,212 (2021: cash \$7,000,000 and other assets \$3,205,000).

During the year ended 30 June 2022, total cash contribution to the joint operation was \$1,408,500 (2021: \$75,000).

(c) Transactions with key management personnel

The key management compensation was \$1,770,564 for the year ended 30 June 2022 (2021: \$1,687,820)

20 Leases

See accounting policy in Note 4 (l)

(a) Leases as lessee (AASB 16)

The Group leases a number of offices under operating leases. The leases typically run for an average period of 5 years, with options to renew the lease after that date. Lease payments are renegotiated every several years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into sublease arrangements.

Some office leases were entered into as combined leases of land and buildings.

(i) Amounts recognised in profit or loss

	2022 \$'000	2021 \$'000
Leases under AASB 16		
Interest on lease liabilities	65	122
Expenses relating to short term leases	172	133

(ii) Amounts recognised in statement of cash flows

Total cash outflow for leases	(371)	(914)
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(iii) Extension options

Some property leases contain an extension option exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases for operational flexibility. The extension options held are exercisable only by the Group and not by lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension option and reassesses whether it is reasonably certain to exercise an options if a significant event or significant change in circumstances within its control occurs.

**ROCKY BAY LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2022
Notes to the Financial Statements**

	2022	2021
	\$'000	\$'000
20 Leases (continued)		
Future Lease Payments		
Less than one year	307	393
Between one and five years	535	1,165
More than 5 years	-	303
	<u>842</u>	<u>1,861</u>

21 Joint operation

See accounting policy Notes 4 (o).

Set out below is a list of joint operations of the Group.

Name	Principal place of business	2022	2021
		Ownership interest	Ownership interest
Bank Street Joint Venture	Australia	50%	50%

22 Subsidiary

See accounting policy in Note 4 (p).

Set out below is a list of subsidiaries of the Group.

Name	Principal place of business	2022	2021
		Ownership interest	Ownership interest
Accessible Living Limited	Australia	100%	100%

(i) Accessible Living Limited was incorporated on 12 August 2020 and the Group has full control of this entity.

23 Parent entity disclosures

As at 30 June 2022 the parent entity of the Group was Rocky Bay Limited.

Results of parent entity

(Loss)/profit of the year

Total comprehensive (loss)/income for the year

(3,842)	4,809
<u>(3,842)</u>	<u>4,809</u>

Financial position of parent entity at year end

Current assets

Total assets

Current liabilities

Total liabilities

41,137	40,778
63,558	65,365
24,598	21,458
29,146	27,104

Total equity of parent entity comprising of:

Merger reserve

Retained earnings

Total equity

161	168
34,251	38,093
<u>34,412</u>	<u>38,261</u>

24 Auditors' Remuneration

Audit and review services

Auditors of the Company - KPMG

Audit and review of financial statements

66	59
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25 Economic Dependency

The Group is dependent on funding from the National Disability Insurance Scheme, the State Government Department of Communities Disability Services, and its ability to fundraise.

26 Subsequent events

In August 2022, the property at 60 McCabe Street, Mösman Park had all conditions on tenure previously imposed by the Government of Western Australia lifted. See Note 10 for additional information.

In August 2022, the freehold property at 113-151 Abernethy Road, Belmont was acquired for \$13.45 million.

27 Contingent liability

There are no contingent liabilities.

**ROCKY BAY LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' DECLARATION**


In the opinion of the directors of Rocky Bay Limited and its controlled entities (the Group):

- (a) The Group is not publicly accountable.
- (b) the consolidated financial statements and notes that are set out on pages 5 to 20 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Simplified Disclosure and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (c) there are reasonable grounds to believe that the Company and the Group will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Dated at Mosman Park, 1st day of December 2022.


Mr L. Pangiarella
Board Member


Mr T.J. Bartlett
Board Member



Independent Auditor's Report

To the Directors of Rocky Bay Limited

Opinion

We have audited the **Financial Report**, of Rocky Bay Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2022, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Simplified Disclosures Framework* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013 (ACNCR)*.

The **Financial Report** comprises:

- i. Consolidated statement of financial position as at 30 June 2022.
- ii. Consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Directors' declaration.

The Group consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Group in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.



Other information

Other Information is financial and non-financial information in Rocky Bay Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Management for the Financial Report

Management are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures Framework and the ACNC and ACNCR.
- ii. Implementing necessary internal control 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.
- iii. Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company and Group's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. 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. They 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 *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.



We also:

- i. 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.
- ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Group's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Group and Company to cease to continue as a going concern.
- v. 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.
- vi. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the audit opinion.

We communicate with the Directors of the registered Group and Company 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.

A handwritten version of the KPMG logo in blue ink, with the letters 'KPMG' in a stylized, cursive-like font.

KPMG

A handwritten signature in blue ink, appearing to be 'Matthew Hingeley'.

Matthew Hingeley

Partner

Perth

1 December 2022



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To the Directors of Rocky Bay Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2022 there have been:

- i. 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
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'M Hingeley', written in a cursive style.

Matthew Hingeley

Partner

Perth

1 December 2022