St Vincent's Health Australia Limited
Financial Report 2021

ST VINCENT'S HEALTH AUSTRALIA
UNDER THE STEWARDSHIP OF MARY AIKENHEAD MINISTRIES

CONTENTS

CORPORATE INFORMATION

Directors	Mr. P McClintock AO	Ms. A Cross AM
	Dr. M Coote	Ms. Jill Watts
	Prof. S Crowe AO (Retired 14 October 2021)	Mr. Paul O'Sullivan
	Ms. S McPhee AM	Mr. Damien O'Brien
	Ms. A McDonald	Ms. Sheila McGregor
	Prof. V Perkovic	
Company Secretary	Mr. R Beetson	Mr. P Fennessy
Principal registered office	Level 22, 100 William Street, Woolloomooloo, NSW 2011	
Auditor	Ernst & Young, 200 George Street Sydney, NSW 2000	
Website address	www.svha.org.au	
ABN	75 073 503 536	

The Directors of St Vincent's Health Australia Limited present their report together with the financial report of St Vincent's Health Australia Limited for the year ended 30 June 2021.

The financial report of St Vincent's Health Australia Limited includes financial statements for St Vincent's Health Australia Limited as a consolidated entity consisting of St Vincent's Health Australia Limited (the "Company") and its controlled entities (the "Group" or "SVHA").

SVHA is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia.

This financial report was authorised for issue by the Directors on 14 October 2021. SVHA has the power to amend and reissue the financial report.

ABOUT SVHA

St Vincent's Health Australia Limited is the nation's largest Catholic not-for-profit health and aged care provider.

Our mission

As a Catholic Healthcare service we bring God's love to those in need through the healing ministry of Jesus. We are especially committed to people who are poor or vulnerable.

Our vision

We lead through research driven, excellent and compassionate health and aged care.

Our values

Compassion

Justice

Integrity

Excellence

OBJECTIVES AND PRINCIPAL ACTIVITIES

The objectives as stated in SVHA's constitution are:

- to provide direct relief of sickness, suffering and distress through supporting the health service facilities operating hospitals, aged care facilities and other health care facilities and by itself conducting such facilities; and
- to provide relief without discrimination.

These objectives are pursued through the principal activities of the Group being the operation of public and private hospitals and aged care facilities.

There were no significant changes in the nature of these principal activities during the year.

The Directors monitor the Group's progress against these objectives at regular Board and committee meetings including:

- reports on all aspects of the Group's operations;
- the development of a multi-year Strategic Plan and periodic review of this plan;
- feedback from clients who have accessed the Group's services through a range of client-focused mechanisms such as patient satisfaction surveys; and
- reports which detail the Mission related projects across the Group.

OPERATING AND FINANCIAL REVIEW

The Group is not-for-profit and so strives to make a surplus to keep the health service sustainable to further invest in the mission to promote the healing ministry of Jesus.

The Group generated an operating surplus of $75.1m for the year ended 30 June 2021 (2020: $26.9m deficit). Achieving an operating surplus of 2.66% (2020: -1.05%) supports cash reserving for employee entitlements as well as capital investments. The operating result was favourably impacted by investments valuations (non-cash transaction) as well as donations received.

Ongoing Health care sector challenges include COVID-19 pandemic response measures and related financial impacts, Aged Care sector funding as well as Private Hospitals Health insurance membership levels.

COVID-19

The Group continues to experience uncertainty in operations due to the recent COVID-19 Delta outbreak (June 2021) with as yet unknown community and economic consequences. Should the pandemic continue for an extended period of time, possible financial impacts may affect future revenue and the value of the Group's investments.

St Vincent's Private Hospitals (SVPH)

SVPH continues to experience uncertainty in operations due to the recent COVID-19 Delta outbreak (June 2021). Continued support to the Public Hospitals is anticipated and partnership agreements with governments in New South Wales, Queensland and Victoria are still in place to maintain full capacity and make facilities available to assist with the national COVID-19 response. In return, SVPH received net recoverable costs as defined in these agreements. This resulted in the business being broadly breakeven at an EBIT level.

St Vincent's Care Services (SVCS)

COVID-19 continued to impact the Company's business during the year resulting in lower revenue due to lower occupancy levels and additional operating costs. The Company's business operations have continued during COVID-19, with the pandemic still presenting extreme challenges for the Company and the broader aged care sector. The disease is severe for frail elderly people, leading to higher fatality rates. The availability of a vaccine during the latter part of the financial year was welcomed and has since been made available to all residents and staff. To date, 95.8 per cent of residential aged care workers have received a first dose of a COVID-19 vaccine, 76.9 per cent of workers are fully vaccinated. The Company remained vigilant and well prepared to respond to COVID-19 circumstances during the financial year. A comprehensive COVID-19 response plan remained in place which included strict infection control measures compliant with the requirements of State and Commonwealth health authorities. Pre-entry health screening of all visitors and staff, the use of personal protective equipment, monitoring residents for signs and symptoms of COVID19 and additional hygiene measures were in place.

Public Hospitals

To contain the spread of the virus and to prioritise the health and safety of our communities, the hospitals have been following government requirements and have introduced a range of measures introducing restrictions on non-essential visitors, greater utilisation of telehealth services, deferring elective surgery and reducing activity, transferring inpatients to private health facilities, setting up fever clinics to perform COVID-19 testing as well as setting up COVID-19 vaccination clinics for the hospitals staff and the greater public.

The Department of Health and Human Services in Victoria provided funding of $71,051,000 to St Vincent's Hospital Melbourne compensating the Hospital for lost revenue with direct and indirect COVID-19 costs also reimbursed.

The Ministry of Health in NSW provided funding of $35,707,000 to St Vincent's Hospital Sydney compensating the Hospital's for lost revenue with certain direct and indirect COVID-19 costs also reimbursed.

OPERATING AND FINANCIAL REVIEW (continued)

Going concern

The Group's Balance Sheet shows an excess of current liabilities over current assets of $692.74m (2020: $562.03m).

Included within current liabilities are accommodation bonds / Refundable Accommodation Deposits (RADs) of $589.9m (2020: $572.9m) which are recorded as current under Australian accounting standards. In the normal course of business not all of these liabilities will crystallise within one year and those that do are usually replaced by incoming residential accommodation payments. In addition, current liabilities contain provisions for annual and long service leave of $393.0m (2020: $355.51m) which although presented as current, are probable to be paid out over several years.

The Group has a substantial net asset position of $1.20b 30 June 2021 (2020: $1.01b).

St Vincent's Hospital (Melbourne) Limited (SVHM)

When preparing its financial statements, SVHM assessed the Department of Health and Human Services (DHHS) funding and related costs for Public services to be provided in the twelve months following 30 June 2021. DHHS has committed to providing temporary cash flow support to enable the Health Service to meet its current and future operational obligations as and when they fall due for a period up to 30 September 2022 should it be required to enable continued trade in the short term for provision of health services to Victorians. DHHS recognises the additional costs and cash implications associated with the Health Service managing the COVID-19 outbreak. In practice and historically, DHHS has provided ongoing financial support to SVHM to enable it to continue to operate, and the Directors expect this support to continue post September 2022.

St Vincent's Hospital Sydney Limited (SVHS)

SVHS has legislative obligations combined with a Memorandum of Understanding with the NSW Ministry of Health (Ministry) to provide a level of surety that ongoing funding allocations will be provided by the Ministry. It has a Service Agreement with the Ministry for 2021-22 which provides certainty of funding for that financial year. SVHS received a letter from the Ministry dated 22 October 2009 in which it accepts some liability for employee entitlements should the Company cease activities as an Affiliated Health Organisation. The National Partnership on COVID-19 Response outlines the joint responsibility of the Commonwealth and the States to protect the Australian community by ensuring that the health system can respond effectively to the outbreak of COVID-19. This includes the provision of financial stimulus packages that complement the National Health Reform Agreement.

St Vincent's Care Services (SVCS)

The COVID-19 pandemic created significant uncertainty for the operating environment of residential aged care and community care programs in Australia. It has impacted managing staffing and has resulted in increased overhead costs to manage the response to the pandemic. The Company's consumable supply chains were also impacted with increased costs for supplies of personal protective equipment and waste disposal. Liquidity management of operating funds and resident liabilities is being closely monitored given the traditional flow of resident admissions and discharges could be disrupted by the pandemic. The Company has invested in information technology and systems to manage the response to the pandemic. The Directors have reviewed the Company's going concern indicators, including 2021-2022 budget, financial performance and cashflow forecasts, and have determined that the Company does not require a letter of support from its parent.

Accordingly the financial statements have been prepared on a going concern basis.

DIVIDENDS

SVHA's constitution precludes the payment of dividends and accordingly no dividend has ever been paid or declared.

MEMBER'S GUARANTEE

If SVHA is wound up the constitution states that each member is required to contribute a maximum of $100 each towards meeting the obligations of SVHA. At 30 June 2021 SVHA had 1 member (2020: 1) so the maximum amount to be contributed towards meeting the obligations of SVHA would be $100 (2020: $100).

SUBSEQUENT EVENTS

The following transactions have occurred since 30 June 2021.

Acquisition of three Residential Aged Care Facilities from PresCare

On 29 July 2021, St Vincent's Care Services Ltd reached an agreement to purchase three Residential Aged Care Facilities in Queensland, previously owned by PresCare, namely PresCare Vela in Carina, Protea by PresCare in Townsville and WRB in Corinda. The business and assets were acquired subsequent to the reporting date on 6 October 2021. The consideration to be transferred for the acquisition of the land and buildings is $100,000,000 and the business and other assets will be acquired at nil value. Completion of the transaction is subject to conditions precedent.

Apart from these matters, the Directors are not aware of any matter or circumstance occurring since 30 June 2021 that has significantly or may significantly affect the operations of the Group.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group will continue to operate public and private hospitals and aged care facilities, providing direct relief of sickness, suffering and distress through supporting its health service facilities and to provide relief without discrimination.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is registered under the National Greenhouse and Energy Reporting Act, under which it is required to report energy consumption and greenhouse gas emissions for its Australian facilities for the 12 months ended 30 June 2021 and future periods. The Group has data collection systems and processes are in place to meet its requirements.

INDEMNIFICATION AND INSURANCE OF OFFICERS

SVHA has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be personally held liable, except where there is a lack of good faith. The Directors have not included details of the indemnity as disclosure of those details is prohibited under the indemnity agreement.

INDEMNIFICATION OF AUDITOR

The Group has not indemnified or made a relevant agreement for indemnifying against a liability, any person who is, or has been an auditor of the Group.

ROUNDING OF AMOUNTS

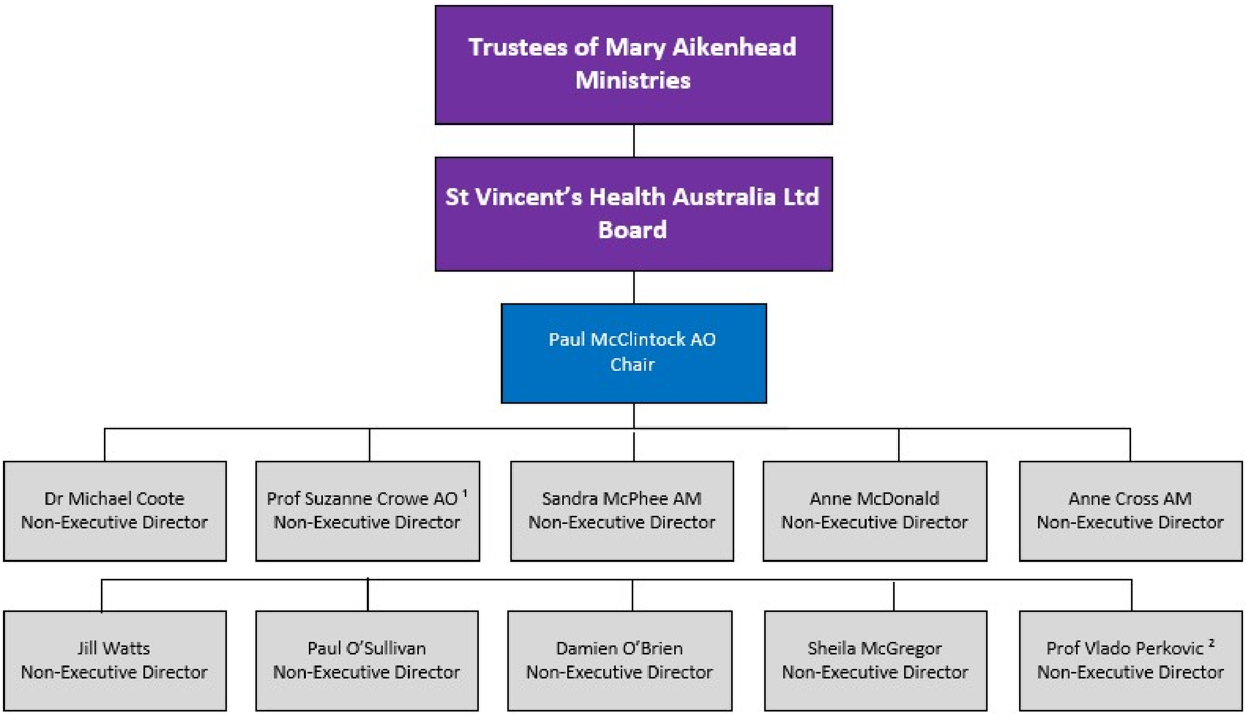
The amounts contained in Directors' report and financial report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($'000), or in certain cases to the nearest dollar, under the option available to the Group under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

STRUCTURE AND MANAGEMENT

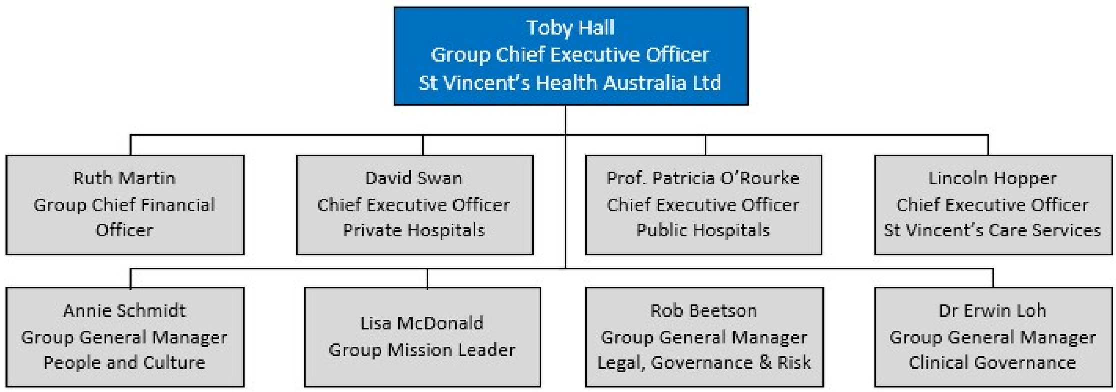
SVHA is a group of not-for-profit non-listed entities. SVHA Limited is a public company limited by guarantee and is registered with the Australian Charities and Not-for-profits Commission.

SVHA is governed by a Board of Directors ("Board") chaired by Paul McClintock. The Board exists to ensure there is effective integration and growth of the mission of Mary Aikenhead Ministries throughout the health and aged care services and to govern the SVHA Group of companies pursuant to the Australian Charities and Not-for-profits Commission Act 2012 (Cth), Canon law and all other relevant civil legislation. The Board must at all times operate within the Mary Aikenhead Ministries Ethical Framework and the Catholic Health Australia Code of Ethical Standards of Health and Aged Care Services in Australia (2001).

The day-to-day running of SVHA is the responsibility of the Executive Leadership Team led by Toby Hall, the Group Chief Executive Officer.



[1] Retired 14 October 2021
[2] Appointed 1 October 2021



STRUCTURE AND MANAGEMENT (continued)

Board of Directors

The Board is accountable for its key purpose to The Trustees of Mary Aikenhead Ministries ('TMAM'). Mary Aikenhead Ministries builds on the charism and traditions of the Sisters of Charity and Mary Aikenhead, founder of the Sisters of Charity. The Trustees are the canon law and civil stewards of SVHA. All Directors serve as independent non-Executive Directors and are appointed by TMAM.

Board Committees

All Board Committees operate under their own Charter which is annually reviewed and approved by the Board. Committees are permitted to appoint external experts to assist them in their consideration of matters. SVHA is grateful to those individuals who have given their time, skills and expertise freely in order to ensure our Committees are operating at the highest level so as to meet the needs of those we serve.

The Board is supported by six standing Committees and one *ad hoc* Committee:

Audit & Risk

The purpose of the Audit & Risk Committee is to ensure that effective audit, risk management and compliance systems are in place to protect SVHA's assets and to minimise the possibility of SVHA operating outside of legal requirements or beyond Board agreed risk parameters and ensuring the integrity of the SVHA Group statutory financial accounts.

Finance & Investment

The purpose of the Finance & Investment Committee is to ensure all SVHA Group companies financially operate within accepted risk, legal, accounting, investment and solvency parameters. The other purpose is to guide the strategic investment strategy for the organisation and to ensure our companies and facilities achieve financial performance objectives.

Mission, Ethics & Advocacy

The purpose of the Mission, Ethics & Advocacy Committee is to ensure the mission is promoted and strengthened throughout SVHA whilst also advocating for the poor, disadvantaged and marginalised. The Committee aims to foster and strengthen links to the broader SVHA community, the Catholic Church, supporters and stakeholders.

People & Culture Committee

The purpose of the People & Culture Committee is to assist the Board in fulfilling its responsibilities in relation to the attraction, development and retention of Board Directors, Senior Executives and employees in the SVHA Group in accordance with the Mission and Values of the organisation. The Committee will provide advice to the Board regarding the setting of SVHA's standards of conduct and safeguarding the reputation of the Company. The Committee will ensure systems are in place so that the Board may discharge its obligations in relation to all SVHA operations meeting best practice benchmarks in relation to people management, workplace relations and safety. The Committee will have an oversight role in relation to work health and safety matters and workplace relation issues. The Committee will also advise the Board in regards to matters of remuneration, organisational culture and workforce strategy.

Clinical Governance & Experience

The purpose of the Clinical Governance and Experience Committee is to assist the Board in the effective discharge of its responsibilities related to ensuring effective clinical governance and safe quality delivery of services across SVHA Group facilities in accordance with the Mission and values of the organisation. The Committee ensures a patient & resident centred focus is maintained across all SVHA aged care and health services and monitors professional performance to ensure a high quality of care.

Research & Education Committee

The Research & Education Committee is core to delivering the SVHA strategy of being a health and aged care organisation renowned for teaching, training and research with strong strategic partnerships and a focus on translating research into best practice clinical outcomes. The Committee is responsible for oversight of SVHA's strategic direction in regard to research and education so that SVHA is able to deliver on EnVision2025 and its commitment to translational research to improve the health outcomes our community, in particular the poor and disadvantaged.

STRUCTURE AND MANAGEMENT (continued)

Ad hoc Aged Care Royal Commissions Committee

The purpose of the Committee was to initially provide guidance and oversight of SVHA's engagement with the Royal Commission into Aged Care Quality and Safety, the Royal Commission into Victoria's Mental Health System and, potentially, other Royal Commissions that may be established, such as the Royal Commission into Disability Services.

The Committee updated its Charter post release of the Report issued by the Royal Commission into Aged Care Quality and Safety and is now focused on ensuring SVHA has undertaken a gap analysis regarding current operations and governance and the recommendations arising from the Royal Commission. The Committee will assist the Board in determining the best reporting structures, governance structures and systems for oversight of quality and clinical indicators so as the Board may discharge its duties in regard to aged care.

Information on Directors

Mr. Paul McClintock AO

Graduated in Arts and Law from the University of Sydney and is an honorary fellow of the Faculty of Medicine of that University

Life Governor of the Woolcock Institute of Medical Research

Paul was appointed to the Board of SVHA and its subsidiaries Boards on 1 January 2013 and was appointed Chair on 18 October 2019.

Paul is Chair of I-MED Network and Laser Clinics Australia. He is on the Board of Catholic Health Australia. He is also the Chair of Metcalfe Limited in New Zealand.

Paul served as the Secretary to Cabinet and Head of the Cabinet Policy Unit reporting directly to the Prime Minister as Chairman of Cabinet with responsibility for supervising Cabinet processes and acting as the Prime Minister's most senior personal adviser on strategic directions in policy formulation.

His former positions include Chairman of Medibank Private, the COAG Reform Council, the Committee for the Economic Development of Australia, Symbion Health, Sydney Health Partners, Affinity Health, the Woolcock Institute of Medical Research and Director of the Australian Strategic Policy Institute. He has also served as Commissioner of the Health Insurance Commission.

Ms. Anne Cross AM

Master of Social Work (Research) University of Queensland

Bachelor of Social Work University of Queensland

Fellow of Australian Institute of Company Directors

Member of Chief Executive Women

Anne was appointed to the Board of SVHA and its subsidiaries Boards on 1 January 2019.

Anne concluded her executive career as Chief Executive of Uniting Care Queensland, one of Australia's largest not for profit health, aged care and community service organisations late in 2017. Currently she is a Director of the Australian Institute of Company Directors, a member of the Senate of the University of Queensland, Chair of Uniting Church in Australia Redress Ltd and Chair of Opera Queensland. Anne is an Adjunct Professor in the Faculty of Health and Behavioural Sciences University of Queensland.

She received recognition in the Queen's Birthday 2018 Honours List for significant service to the community and to women. She was named Telstra's National Businesswoman of the Year in 2014 and awarded the University of Queensland's Alumni Excellence Award in 2016.

Anne is a member of the Clinical Governance & Experience Committee, the Audit & Risk Committee and Chair of the ad hoc Aged Care Royal Commissions Committee.

STRUCTURE AND MANAGEMENT (continued)

Information on Directors (continued)

Prof. Suzanne Crowe AO

MBBS (Honours), Monash University

Fellow, Royal Australasian College of Physicians

MD, Monash University.

Fellow, Australian Institute of Company Directors

Retired 14 October 2021

Suzanne, a physician-scientist was appointed to the Board of SVHA and its subsidiaries Boards on 1 January 2013.

Her current positions include Emeritus Professor of Medicine, Monash University, non-executive Director of Sonic Health Ltd, non-executive Director of Avita Medical Ltd. She recently retired after over 30 years of service as a Consultant Physician in Infectious Diseases at The Alfred (1988-2019), and in research leadership positions at the Burnet Institute (1988-2019) including Associate Director, NHMRC Principal Research Fellow, Director, Healthy Ageing Program, Director, Centre for Virology. Previous positions include Head of the World Health Organization (WHO) Regional Reference Laboratory for HIV Resistance, Advisor/ Consultant to the WHO Global Program on AIDS, Deputy Chair of the Board of the Australian India Council (Department of Foreign Affairs and Trade), Member of the Prime Minister's Science, Engineering and Innovation Council Asia Working Group and President of the Australasian Society for HIV Medicine.

She has authored over 300 published papers, five books and 85 book chapters in the field. She was appointed Fellow of the Australian Academy of Health & Medical Sciences (2015). In 2020 she was appointed as an Officer of the Order of Australia in recognition of her distinguished services to health and aged care administration, to clinical governance, biomedical research and to education.

Suzanne is Chair of the Clinical Governance & Experience Committee, a member of Research & Education Committee and a member of the ad hoc Aged Care Royal Commissions Committee.

Dr. Michael Coote

MB BS FRANZCO GAICD, Clinical Associate Professor University of Melbourne

Senior Consultant RVEEH

Lead Investigator Glaucoma Surgery Unit Centre for Eye Research Australia

Member of Australian Medical Association

Graduate of Australian Institute of Company Directors

Member of Royal Australian New Zealand College of Ophthalmology

Michael was appointed to the Board of SVHA and its subsidiaries Boards on 4 August 2016.

Michael is an Associate Professor and senior glaucoma consultant at the Royal Victorian Eye and Ear Hospital Melbourne and is the previous Clinical Director of Ophthalmology. He is the managing partner of Melbourne Eye Specialists - an academic private practice in Melbourne specialising in Glaucoma management.

Michael is an active researcher, mainly in glaucoma surgery research. He developed the CERA model of bleb porosity testing and has published 50 peer reviewed manuscripts, authored 8 book chapters and has given over 50 international lectures. He is currently on the Executive Board of the International Society for Glaucoma Surgery and was the program chair for the September 2018 International Congress in Glaucoma Surgery in Montreal.

Michael is Chair of the Research and Education Committee and is a member of the Clinical Governance & Experience Committee.

STRUCTURE AND MANAGEMENT (continued)

Information on Directors (continued)

Ms. Sandra McPhee AM

Diploma in Education

Fellow of the Australian Institute of Company Directors

Member of Chief Executive Women

Sandra was appointed to the Board of SVHA and its subsidiaries Boards on 1 October 2017. She has a long history with SVHA having served on the Sydney regional Boards prior to 2010 and as Chair of the Sydney Regional Advisory Committee.

Sandra is Chair of the NSW Public Service Commission. She is a member of the advisory council of J.P. Morgan, Chief Executive Women and Women Corporate Directors and Chancellor of Southern Cross University. In 2018 she was appointed by the Commonwealth Government to Chair the Employment Services - Expert Advisory Panel Review resulting in the "'I Want to Work' - Employment Services 2020 Report".

Sandra has previously served as a Non-Executive Director on a diverse number of public company, state and federal government and not for profit Boards including Scentre Group, Westfield Retail Trust, AGL Energy, Fairfax Media, Coles Group, Kathmandu Holdings, Perpetual, Australia Post, Tourism Australia, South Australia Water, Care Australia and the Starlight Foundation.

Sandra has extensive global leadership experience in the airline and tourism industries in Australia, UK, Europe, SE Asia, the Indian sub-Continent and Africa. She has served as Chair of a number of Board People and Culture and Remuneration committees.

Sandra is Chair of the People & Culture Committee and a Member of the Mission, Ethics & Advocacy Committee.

Ms. Anne McDonald

Bachelor of Economics

Chartered Accountant, Fellow of the Institute of Chartered Accountants Australia and New Zealand

Graduate and Member of the Australian Institute of Company Directors

Anne was appointed to the Board of SVHA and its subsidiaries Boards on 1 June 2017. Anne had previously served on the Boards of several St Vincent's entities prior to 2010.

Anne is an experienced Non-Executive Director (NED) with a solid understanding of corporate governance. She has pursued a full-time career as a NED since 2006. She is currently a Director of ASX listed, Link Administration Group, Chair of State-Owned Corporation Water NSW and a Director of Transport Assets Holding Entity of NSW.

Anne has previously served as a Non-Executive Director on a range of public company, private company and state government Boards including The GPT Group, Spark Infrastructure, Specialty Fashion Group, Sydney Water and Health Super. Prior to her Non-Executive Director career she spent 15 years as a partner of EY.

Anne is Chair of the Audit & Risk Committee and a member of the Finance & Investment Committee.

Mr. Paul O'Sullivan

B.A. Economics, (First Class), Trinity College Dublin

Advanced Management Program, Harvard Business School.

Paul was appointed to the Board of SVHA and its subsidiaries Boards on 1 August 2019.

Paul is an experienced chief executive with extensive domestic and international experience in ASX and SGX companies driving business transformation, growth and managing mergers and acquisitions as well as working with Board Remuneration and Audit Committees. Previous roles include Chief Executive Optus Australia and CEO Group Consumer Singel (SGP).

Paul is Chairman of Singtel Optus, Chair of the Western Sydney Airport Company, Chair of ANZ bank and a Non-Executive Director of Australian Tower Network Pty Ltd.

Paul is the Chair of the Finance & Investment Committee and a member of the People & Culture Committee.

STRUCTURE AND MANAGEMENT (continued)

Information on Directors (continued)

Ms. Jill Watts Wharton Fellow, MBA Grad Dip Health Admin & Information Systems; RM; RN	Jill was appointed to the Board of SVHA and its subsidiaries Boards on 1 August 2019. She has over 40 years' international business experience achieved through high profile executive and non-executive Board roles in Australia, UK, France, South Africa and South-East Asia. Jill is currently Chair of Healthcare Logic and a non-executive director of the listed IHH Healthcare Berhad and the Nexus Hospitals Groups. She is also a Governor with Sidra Medicine in Qatar. Prior to establishing a non-executive Board portfolio, Jill was an advisor to Macquarie Capital and spent 10 years in the United Kingdom as Group CEO of two of the largest hospital Groups, BMI Healthcare and Ramsay UK. Jill has previously served on several high-profile Boards including the Australian Chamber of Commerce and the Royal Flying Doctor Service in the UK, Ramsay Santé in France and the Netcare Group in South Africa. Between 2008 and 2012 Jill was Chair of NHS Partners Network and in 2010 she was voted as the most influential leader in UK Private Health Care, and in 2013 as one of healthcare's most inspirational women. Jill has a strong business, leadership and financial acumen, honed through executive roles where she actively led a number of major business transformations. In combination with over 12 years as a surveyor with the Australian College of Healthcare Standards, this has facilitated a unique knowledge base in managing both corporate and clinical risk. Jill is a member of the People & Culture Committee, a member of the Finance & Investment Committee and a member of the ad hoc Aged Care Royal Commission Committee.
Mr. Damien O'Brien Bachelor of Economics (UNSW) MBA (Columbia University) Diploma in Theology & Philosophy (St Columban's College)	Damien was appointed to the Board of SVHA and its subsidiaries Boards on 1 November 2019. Damien is the former Chair and CEO of Egon Zehnder which is a leading global advisory firm specialising in Board advisory services and executive recruitment. During his career with Egon Zehnder he was based in Hong Kong, Sydney, Paris, London and Zurich. He served as Chairman between 2010 and 2018. Prior to that he was engaged by McKinsey & Company as an Associate Consultant. He is currently a non-executive director at Ardagh Group, a New York Stock Exchange listed company, and he is a Member of the Supervisory Board of IMD Business School, Lausanne, Switzerland. In 2021 he was appointed to the Advisory Board of Conduit Capital – a private funds management group. He previously served on the Board of St Vincent's Private Hospital Sydney from 2002 to 2008 and the Advisory Board of Jesuits Australia from 2004 to 2007. Damien is the Chair of the Mission, Ethics & Advocacy Committee and a Member of the Audit & Risk Committee.

STRUCTURE AND MANAGEMENT (continued)

Information on Directors (continued)

Ms. Sheila McGregor

BA (Hons), LLB (Sydney University)

Graduate Australian Institute of Company Directors

Member of Chief Executive Women

Sheila was appointed a director of SVHA and its subsidiaries Boards on 1 December 2019.

Sheila is a partner at Gilbert + Tobin Lawyers and before that was a partner at Herbert Smith Freehills (then Freehills), and in those roles has advised private and public sector organisations on a range of complex legal and governance issues focused on information technology & data.

Sheila is on the Board of IAG Limited, and a member of each of the Audit, Risk & Nominations Committees. She also on the Boards of Crestone Holdings Limited and of the Sydney Writers' Festival. She is Chair of Sydney girls' school Loreto Kirribilli.

Sheila is a member of the Research & Education Committee, the Mission, Ethics & Advocacy Committee and the ad hoc Aged Care Royal Commission Committee.

Prof. Vlado Perkovic

MBBS PhD FASN FRACP

Appointed 1 October 2021

Professor Vlado Perkovic is Dean of Medicine and Scientia Professor at UNSW, a Professorial Fellow at The George Institute, Australia, a Board Director at Children's Cancer Institute Australia and a Staff Specialist in Nephrology at the Royal North Shore Hospital.

His research focus is in clinical trials and epidemiology, in particular in preventing the progression of kidney disease and its complications. He has led several major international clinical trials that have identified new treatments to prevent kidney failure. He has been involved in developing Australian and global guidelines in kidney disease, cardiovascular risk assessment and blood pressure management.

Vlado holds a Doctor of Philosophy from the University of Melbourne and completed his undergraduate training at The Royal Melbourne Hospital. He is a Fellow of the Royal Australasian College of Physicians, the Australian Academy of Health and Medical Sciences, and the American Society of Nephrology. He serves on the Editorial Board of a number of leading journals, including the New England Journal of Medicine.

Company Secretary

Mr. Robert Beetson

Bachelor of Laws/Bachelor of Arts (Macquarie), Grad Dip in Legal Practice, Master of Laws (UNSW) (Human Rights & Social Justice), Grad Dip in Humanities (Italian) (UNE)

Rob has worked for over 40 years in the health industry. He is admitted as a Solicitor to the Supreme Court of NSW, Member of the Law Society of NSW, Member of the Governance Institute of Australia, Member Australian Lawyers for Human Rights and a Member Australian Corporate Lawyers Association. Rob is also a graduate of the Australian Institute of Company Directors. He serves as an Executive in St Vincent's Health Australia in the position of Group General Manager Legal, Governance & Risk.

Mr. Paul Fennessy

Bachelor of Engineering (Civil) (Hons)/Bachelor of Laws (Monash)

Paul was appointed as alternate Company Secretary on 11 February 2016 and has over 20 years' experience as a lawyer. He is admitted as a Solicitor to both the Supreme Court of NSW and the Supreme Court of Victoria and holds an unrestricted NSW Practicing Certificate. Paul is the Group General Counsel for St Vincent's Health Australia.

STRUCTURE AND MANAGEMENT (continued)

Meetings of the Board and Committees

Board		Board Committees						
Director	# of meetings attended	Audit & Risk	Finance & Investment	Mission, Ethics & Advocacy	People & Culture	Clinical Governance & Experience	Research & Education	*Ad hoc Aged Care* Royal Commissions
Mr. Paul McClintock AO (Chair)	7/7							
Ms. Anne McDonald	7/7	● 7/7	9/9					
Ms. Sandra McPhee AM	7/7			4/4	● 6/6			
Mr. Paul O'Sullivan	7/7		● 9/9		4/6			
Prof. Suzanne Crowe AO (Retired 14 October 2021)	7/7					● 6/6	6/6	2/2
Ms. Anne Cross AM	7/7	7/7				6/6		● 2/2
Dr. Michael Coote	7/7					6/6	● 6/6	
Ms. Jill Watts	7/7		9/9		6/6			2/2
Ms. Sheila McGregor	6/7			4/4			6/6	2/2
Mr. Damien O'Brien	6/7	7/7		● 4/4				

● Chair

REMUNERATION

Under the legislation, the Group is not required to present a Remuneration Report but seeks to provide fair and responsible remuneration within the bands expected for a not-for-profit organisation. Note E1 contains the required remuneration disclosures.

AUDITOR

The Directors have received an Independence Declaration from Ernst & Young, a copy of which is attached at page 14.

This report is made in accordance with a resolution of the Directors.

Mr. Paul McClintock AO, Chair

Sydney

14 October 2021

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Auditor's Independence Declaration to the Directors of St Vincent's Health Australia Limited and its Controlled Entities

In relation to our audit of the financial report of St Vincent's Health Australia Limited (the Company) and its Controlled Entities (collectively the Group) for the financial year ended 30 June 2021, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Anthony Jones
Partner
Sydney
18 October 2021

PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 $'000	2020 $'000
Revenue	A1	**2,741,089**	2,531,580
Other income	A1	**82,326**	35,532
Total revenue and other income		**2,823,415**	2,567,112
Employment expenses	A2	**1,675,644**	1,577,176
Goods and services		**786,452**	724,903
Finance costs		**42,339**	45,485
Repairs and maintenance		**26,023**	25,379
Depreciation and amortisation	A5 / A7 / A11	**147,685**	143,551
Other expenses from ordinary activities		**70,139**	77,578
Total expenses		**2,748,282**	2,594,072
Operating (deficit) surplus		**75,133**	(26,960)
Capital funding received	A1	**12,091**	36,446
Surplus for the year		**87,224**	9,486
Other comprehensive income			
Items of other comprehensive income:			
Revaluation of assets		**2,891**	(1,921)
Net gain / (loss) on cash flow hedges		**3,533**	(2,280)
Total comprehensive income		**93,648**	5,285

BALANCE SHEET
AT 30 JUNE 2021

	Notes	2021 $'000	2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents	B1	**248,089**	253,979
Trade and other receivables	A3	**171,781**	186,928
Inventories	A4	**36,321**	35,365
Investments	B2	**307,769**	407,652
Total current assets		**763,960**	883,924
Non-current assets			
Receivables	A3	**62,906**	60,365
Investments	B2	**150,407**	123,219
Property, plant and equipment	A5	**1,540,688**	1,616,595
Right-of-use assets	A11	**152,472**	169,049
Investment properties	A6	**300,012**	36,446
Intangible assets	A7	**266,928**	274,855
Total non-current assets		**2,473,413**	2,280,529
Total assets		**3,237,373**	3,164,453
LIABILITIES			
Current liabilities			
Trade and other payables	A8	**375,355**	384,517
Accommodation bonds and payables	A9	**589,935**	572,947
Lease liabilities	A11	**14,880**	15,938
Borrowings	B4	**71,870**	102,827
Provisions	A10	**404,659**	369,720
Total current liabilities		**1,456,699**	1,445,949
Non-current liabilities			
Payables	A8	**1,386**	1,198
Lease liabilities	A11	**151,648**	155,511
Borrowings	B4	**368,800**	489,903
Provisions	A10	**60,096**	59,415
Total non-current liabilities		**581,930**	706,027
Total liabilities		**2,038,629**	2,151,976
Net assets		**1,198,744**	1,012,477
Reserves		**101,481**	(8,924)
Retained surplus		**1,097,263**	1,021,401
Total equity		**1,198,744**	1,012,477

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Member's reserve	Revaluation reserve	Cash flow hedge reserve	Retained surpluses	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
2021					
Balance 1 July 2020	**204**	**501**	**(9,629)**	**1,021,401**	**1,012,477**
Change in accounting policy (Note A6)	**-**	**103,981**	**-**	**-**	**103,981**
Total surplus	**-**	**-**	**-**	**87,224**	**87,224**
Other comprehensive income	**-**	**2,891**	**3,533**		**6,424**
Total comprehensive income	**-**	**2,891**	**3,533**	**87,224**	**93,648**
Transaction with the members in their capacity as members (Note B4ii)	**-**	**-**	**-**	**(11,362)**	**(11,362)**
Balance 30 June 2021	**204**	**107,373**	**(6,096)**	**1,097,263**	**1,198,744**
2020					
Balance 1 July 2011	204	2,422	(7,349)	1,011,915	1,007,192
Total surplus	-	-	-	9,486	9,486
Other comprehensive income	-	(1,921)	(2,280)	-	(4,201)
Total comprehensive income	-	(1,921)	(2,280)	9,486	5,285
Balance 30 June 2020	204	501	(9,629)	1,021,401	1,012,477

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	**2021**	2020
		$'000	$'000
Cash flows from operating activities			
Receipts from patients and grants (including GST)		**2,899,124**	2,658,549
Payments to suppliers and employees (including GST)		**(2,700,828)**	(2,433,033)
Interest and dividends received		**8,931**	16,148
Donations received		**27,251**	17,878
Interest paid		**(18,856)**	(18,338)
Net cash flow from operating activities		**215,622**	241,204
Cash flows from investing activities			
Payments for property, plant, equipment and intangibles		**(177,904)**	(181,107)
Acquisition of a business	A7(iii)	**-**	(15,636)
Net proceeds / (payments) for investments		**107,903**	(137,095)
Capital funding received	A1	**12,091**	36,446
Proceeds from disposal of plant, equipment and intangibles		**657**	429
Net cash flow used from investing activities		**(57,253)**	(296,963)
Cash flows from financing activities			
Loan (repayments) / proceeds from related party		**(30,914)**	5,178
RAD, accommodation bond and ILU entry contribution inflows		**136,684**	138,085
RAD, accommodation bond and ILU entry contribution outflows		**(113,693)**	(121,998)
Payment of principal portion of lease liabilities	A11	**(18,744)**	(19,624)
Repayment of borrowings		**(137,592)**	(17,591)
Proceeds from borrowings		**-**	130,000
Net cash flow from financing activities		**(164,259)**	114,050
Net increase in cash and cash equivalents held		**(5,890)**	58,291
Cash at the beginning of the financial year		**253,979**	195,688
Cash at the end of the financial year	B1	**248,089**	253,979

SVHA is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia.

The financial report represents the consolidation of SVHA (the "Company") and its controlled entities (the "Group" or "SVHA"). The financial report was authorised for issue by the Directors on 14 October 2021. The Directors have the power to amend and reissue the financial report.

Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)*.

The Group is a not-for-profit entity which is not publicly accountable. Therefore, the consolidated financial statements for the Group are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs).

The financial report has also been prepared on a going concern basis, using historical cost conventions, except for investment properties, financial assets at fair value through profit or loss and available-for-sale financial assets which are carried at fair value.

The financial report is presented in Australian dollars with all values rounded to the nearest thousand dollars unless otherwise stated and presents reclassified comparative information where required for consistency with the current year's presentation.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. A list of subsidiaries at year end is contained in note C3. Subsidiaries are those over which the Group has the power to govern the financial and operating policies.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity and using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated. Subsidiaries are consolidated from the date on which control is obtained to the date on which control is disposed.

Going concern

The Group's Balance Sheet shows an excess of current liabilities over current assets of $692.74m (2020: $562.03m).

Included within current liabilities are accommodation bonds / Refundable Accommodation Deposits (RADs) of $589.9m (2020: $572.9m) which are recorded as current under Australian accounting standards. In the normal course of business not all of these liabilities will crystallise within one year and those that do are usually replaced by incoming residential accommodation payments. In addition, current liabilities contain provisions for annual and long service leave of $393.0m (2020: $355.51m) which although presented as current, are probable to be paid out over several years.

The Group has a substantial net asset position of $1.20b 30 June 2021 (2020: $1.01b).

St Vincent's Hospital (Melbourne) Limited (SVHM)

When preparing its financial statements, SVHM assessed the Department of Health and Human Services (DHHS) funding and related costs for Public services to be provided in the twelve months following 30 June 2021. DHHS has committed to providing temporary cash flow support to enable the Health Service to meet its current and future operational obligations as and when they fall due for a period up to 30 September 2022 should it be required to enable continued trade in the short term for provision of health services to Victorians. DHHS recognises the additional costs and cash implications associated with the Health Service managing the COVID-19 outbreak. In practice and historically, DHHS has provided ongoing financial support to SVHM to enable it to continue to operate, and the Directors expect this support to continue post September 2022.

St Vincent's Hospital Sydney Limited (SVHS)

SVHS has legislative obligations combined with a Memorandum of Understanding with the NSW Ministry of Health (Ministry) to provide a level of surety that ongoing funding allocations will be provided by the Ministry . it has a Service Agreement with the Ministry for 2021-22 which provides certainty of funding for that financial year. SVHS received a letter from the Ministry dated 22 October 2009 in which it accepts some liability for employee entitlements should the Company cease activities as an Affiliated Health Organisation. The National Partnership on COVID-19 Response outlines the joint responsibility of the Commonwealth and the States to protect the Australian community by ensuring that the health system can respond effectively to the outbreak of COVID-19. This includes the provision of financial stimulus packages that complement the National Health Reform Agreement.

St Vincent's Care Services (SVCS)

The COVID-19 pandemic created significant uncertainty for the operating environment of residential aged care and community care programs in Australia. It has impacted managing staffing and has resulted in increased overhead costs to manage the response to the pandemic. The Company's consumable supply chains were also impacted with increased costs for supplies of personal protective equipment and waste disposal.. Liquidity management of operating funds and resident liabilities is at risk with the traditional flow of resident admissions and discharges disrupted by the pandemic. The Company has invested in information technology and systems to manage the response to the pandemic

The Directors have reviewed the Company's going concern indicators, including 2021-2022 budget, financial performance and cashflow forecasts, and have determined that the Company does not require a letter of support from its parent.

The notes to the financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business; or
- it relates to an aspect of the Group's operations that is important to its future performance.

Key accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and judgements which are considered material to the financial report are found in the following notes:

Area of Estimation	***Note***
Long-term employee obligations – assumptions underlying assessment of employee departures and periods of service	A2
Property, plant and equipment – assessment of useful lives and impairment assessment	A5
Investment properties	A6
Intangible assets – assumptions underlying recoverable value	A7
Insurance deductible excess provision – assumptions underlying assessment of future costs	A10(ii)
Leases – determining lease term and incremental borrowing rate	A11
Estimated fair value of certain financial assets	E4

This section explains the results and performance of the Group. It provides additional information about those individual line items in the financial statements that the Directors consider most relevant in the context of the operations of the entity, including accounting policies that are relevant for understanding the items recognised in the financial statements.

A1 REVENUE, OTHER INCOME AND CAPITAL FUNDING

Revenue, other income and capital funding recognised during the year are set out below.

	2021	2020
	$'000s	$'000s
Patient and resident fees	**938,969**	893,055
Government grants and subsidies	**1,321,217**	1,287,582
COVID-19 government subsidies	**143,211**	53,759
Non-medical revenue	**108,397**	82,029
Lease income	**33,984**	32,778
Interest and dividend income	**14,514**	10,905
Imputed revenue on RAD and Bond balances under AASB 16 *Leases* (ii)	**16,353**	19,857
Other revenues	**164,444**	151,615
Total revenue	**2,741,089**	2,531,580
Donations	**42,815**	40,012
Net gain (loss) from fair value adjustment - investment properties (note A6)	**12,365**	(36)
Net gain (loss) from fair value adjustment - investments	**26,592**	(4,694)
Net gain from disposal of assets	**554**	250
Total other income	**82,326**	35,532
St Vincent's Healthcare (iii)	**2,158**	26,949
Health Infrastructure Funding (iii)	**7,932**	4,965
St Vincent's Private Hospital Toowoomba Redevelopment (iii)	**2,000**	2,000
Non-Government funded COVID-19 Equipment (iii)	**-**	1,920
St Vincent's Private Hospital Werribee	**1**	308
St Vincent's Private Hospital Griffith	**-**	304
Total capital funding (included in non-operating income)	**12,091**	36,446
Fair value gain on acquisition of residential aged care bed licenses (iv)	**-**	-
Total fair value of contributed assets	**-**	-

A1 REVENUE, OTHER INCOME AND CAPITAL FUNDING (continued)

(i) Accounting policy

Refer to Note E6, Other Accounting Policies, Revenue from Contracts with Customers

(ii) Imputed revenue on RAD and Bond balances under AASB 16 *Leases*

Total revenue includes an imputed non-cash charge for accommodation in respect of residents who have chosen to pay a RAD or Bond, Refer to Note A11 Leases.

(iii) Capital funding received

Funding of $2,158,000 (2020: $26,949,000) was received by St Vincent's Healthcare Limited for the redevelopment of St Vincent's Private Hospital Sydney.

Funding of $7,932,000 (2020: $4,965,000) was received during 2021 from Health Infrastructure to fund the refurbishment and replacement of infrastructure at St Vincent's Health Network Sydney.

Funding of $2,000,000 (2020: $2,000,000) was received by St Vincent's Private Hospitals Limited for the development of St Vincent's Private Hospital Toowoomba.

Funding of $nil (2020: $1,920,000) was received by St Vincent's Private Hospitals Limited for Non-Government funded COVID-19 Equipment.

(iv) Fair value gain on acquisition of residential aged care bed licenses

Commonwealth government funded bed licenses obtained through the approvals round process represent an asset contribution under AASB 1004 Contributions. The Group records as income the fair value of the bed licenses obtained when the actual residential aged care beds become operational. The fair value assessment is based upon market transaction data as provided by an external consultant. During the year no additional residential aged care beds became operational (2020: nil)

A2 EMPLOYMENT EXPENSES

Employment expenses recognised during the year are set out below.

	2021 $'000s	2020 $'000s
Salaries and wages	**1,549,151**	1,458,477
Superannuation	**126,493**	118,699
	1,675,644	1,577,176

(i) Accounting policy

This disclosure note includes the accounting policies for all items related to employment expenses. This includes the treatment of balance sheet items such as provision for employee benefits (note A10).

Superannuation

The Group contributes to several defined contribution superannuation plans. Contributions are recognised as an employment expense as they are incurred.

Termination benefits

The Group recognises termination benefits when it commits to either terminating a current employee's employment according to a detailed formal plan without the possibility of withdrawal, or providing termination benefits following an offer made to encourage voluntary redundancy.

Short-term employee obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave which are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled and are classified as current where the Group does not have an unconditional right to defer the liability beyond 12 months of the reporting date.

The liability for annual leave and long service leave is recognised in the provision for employee benefits. All other short-term employee obligations are presented as payables.

Long-term employee obligations

Liabilities for long service leave and annual leave which are expected to be settled more than 12 months from the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on Commonwealth Government bonds and High Quality Corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

A3 TRADE AND OTHER RECEIVABLES

	2021 $'000s	2020 $'000s
Current		
Trade receivables	**94,844**	89,821
Less: Allowance for expected credit losses (ii)	**(4,237)**	(4,282)
Net trade receivables	**90,607**	85,539
Amounts due from related parties (note C4)	**1,489**	26,631
Other receivables	**34,975**	40,588
Accrued revenue	**23,445**	19,067
Prepayments	**21,265**	15,103
Total current receivables	**171,781**	186,927
Non-current		
Other receivables	**62,906**	60,365
Total non-current receivables	**62,906**	60,365

(i) Accounting policy

Refer to Note E6, Other Accounting Policies, Financial Instruments

(ii) Financial risk management

Market risk - interest rate risk

Receivables are generally non-interest bearing and are not, therefore, subject to interest rate risk.

Credit risk

Credit risk in respect of trade and other receivables is generally considered to be low given that the majority of receivables relate to funds owed by State and Commonwealth government departments and private health insurance funds who are subject to prudential standards governed by the Private Health Insurance Act and monitored by the Private Health Insurance Administration Council. It is the Group's policy that all health funds trading on credit terms are subject to credit verification procedures. Receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

Allowance for expected credit losses

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Amounts due from related parties

Credit risk in respect of amounts due from related parties (primarily associated entities to the Group) is considered to be low given the history and stability of these entities. Credit risk is also assessed by reviewing current financial information including management and statutory accounts, budgets and cash forecasts.

(iii) Fair value

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

A4 INVENTORIES

Inventories of $36,321,000 (2020: $35,365,000) comprise medical and other consumables.

(i) Accounting policy

Inventories are carried at the lower of cost and replacement value. Cost is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. Replacement value is the estimated cost of replacement in the ordinary course of business.

A5 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Leasehold improvements	Plant and equipment	In course of construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2021						
Cost	**256,320**	**720,171**	**960,070**	**675,396**	**133,444**	**2,745,401**
Accumulated depreciation	**-**	**(354,041)**	**(382,165)**	**(468,507)**	**-**	**(1,204,713)**
Net carrying amount	**256,320**	**366,130**	**577,905**	**206,889**	**133,444**	**1,540,688**
Movement						
Net carrying amount at 1 July	**261,772**	**435,102**	**608,036**	**215,156**	**96,529**	**1,616,595**
Transfer to Investment Properties (Note A6(i))	**(10,926)**	**(71,008)**	**(46,204)**	**(6,894)**	**(458)**	**(135,490)**
Additions – operating	**-**	**24,511**	**52,789**	**53,367**	**28,710**	**159,377**
Additions – interest	**-**	**-**	**-**	**-**	**271**	**271**
Additions – development	**5,474**	**266**	**-**	**-**	**8,392**	**14,132**
Disposals	**-**	**-**	**(20)**	**(410)**	**-**	**(430)**
Depreciation	**-**	**(22,741)**	**(36,696)**	**(54,330)**	**-**	**(113,767)**
Net carrying amount at 30 June	**256,320**	**366,130**	**577,905**	**206,889**	**133,444**	**1,540,688**
Year ended 30 June 2020						
Cost	261,772	773,882	951,226	651,268	96,529	2,734,677
Accumulated depreciation	-	(338,780)	(343,190)	(436,112)	-	(1,118,082)
Net carrying amount	261,772	435,102	608,036	215,156	96,529	1,616,595

A5 PROPERTY, PLANT AND EQUIPMENT (continued)

(i) Accounting policy

Property, plant and equipment (including in the course of construction) is measured at historical cost less accumulated depreciation and impairment losses.

Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs incurred in relation to the asset are included in cost, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation

Items of property, plant and equipment are depreciated on the straight-line method over their estimated useful lives. Land is not depreciated. The depreciation rates used for each class of assets are detailed below:

Buildings	up to 40 years
Leasehold improvements	up to 40 years (shorter of (a) the unexpired period of the lease or (b) the estimated useful life of the improvement to the Group)
Plant and equipment	up to 25 years
Furniture and fittings	up to 10 years
Computer equipment	up to 5 years
Medical and surgical equipment	up to 10 years

The estimation of useful lives, residual value and the depreciation method applied to an asset are reviewed at least annually.

Impairment

If the carrying value of an item of property, plant and equipment is greater than its estimated recoverable amount, then its carrying value is written down immediately to its recoverable amount.

Derecognition

An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefits. Any gain or loss on derecognising an item of property, plant and equipment (difference between the proceeds of disposal and the carrying amount of property, plant and equipment) is included in profit or loss in the year of disposal.

Componentisation of buildings

Buildings are split into their various components including physical structure, fire services, mechanical services, vertical transport services, and electrical services. Estimates of useful lives for each of these components are based on advice from quantity surveyors and as a result, with the exception of the structural components, the other components have estimated useful lives less than 40 years.

(ii) Net gain on the disposal of property, plant and equipment

The Group incurred a net gain on the disposal of property, plant and equipment of $554,000 (2020: net gain of $250,000). The expense included in 'other expenses from ordinary activities' in the profit or loss.

A6 INVESTMENT PROPERTIES

	2021 $'000s	2020 $'000s
Independent Living Units (i)	**248,664**	-
Other investment properties (ii)	**51,348**	36,446
	300,012	36,446

(i) Independent Living Units

Independent Living Units are held to earn rent or for capital appreciation rather than service delivery obligations. Independent Living Units include units located on land held under long-term Crown leases at Heathcote.

At 1 July 2020 there was a change in use leading to a transfer between property, plant and equipment and investment properties. The difference at the date of change between carrying value and fair value has been recognised in other comprehensive income and created the properties revaluation reserve. On subsequent disposal of investment properties, the properties revaluation reserve may be transferred to accumulated funds.

Carrying amount at 1 July 2020	**-**
Transfers from Property, Plant and Equipment (note A5)	**135,491**
Transfers from ROU (Note A11)	**9,935**
Gains on property valuation (difference between carrying value and fair value on 1 July 2020)	**103,981**
Fair value on 1 July 2020	**249,407**
Additions	**1,794**
Net (loss) gain from fair value adjustment on Independent Living Units (note A1)	**(2,537)**
Carrying amount at 30 June 2021	**248,664**

(ii) Other investment properties

Other Investment properties, principally comprising strata titled suites used by doctors, are held for long-term rental yields and are not occupied by the Group.

	2021 $'000s	2020 $'000s
Opening balance at 1 July	**36,446**	36,482
Additions	**-**	-
Disposals	**-**	-
Net (loss) gain from fair value adjustment on other Investment Properties (note A1)	**14,902**	(36)
Closing balance at 30 June	**51,348**	36,446

(iii) Accounting Policy

Investment properties are initially recognised at cost including any acquisition costs and subsequently stated at fair value at each balance date as described in (iv) below. Changes in fair values are recorded in the statement of profit or loss and other comprehensive income as a 'Net (loss) gain from fair value adjustment - investment properties.

If an investment property is disposed, the gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal and is recognised in the profit or loss in the year of disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

A6 INVESTMENT PROPERTIES (continued)

(iv) Fair Value

The measurement of fair value may in some cases be subjective and may depend on the inputs used in the calculations. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is included in note E4.

The Group has classified investment properties as level 3 in that one or more of the significant inputs are not based on observable market data. Where such information is not available the Directors consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

Investment properties are independently valued at least every 3 years. In the intervening years, the Directors assess if there are any significant changes to the valuation assumptions and will obtain a valuation in the event that there are significant changes.

Independent Living Units

The fair value of Independent Living Units was determined to be the aggregate of the resident entry contributions, expressed as a nominal value and including capital gain share, the net fair value of occupied properties on a going concern basis and the fair value of any new unsold properties.

During April 2021, the Independent Living Units were independently valued by Knight Frank, a member of the Australian Property Institute. The basis of the Independent Living Units valuation was fair value. The valuation includes and is therefore net of, the liabilities payable to the existing residents of the Independent Living Units.

The key assumptions used by Knight Frank in determining fair value for the Group's portfolio of properties were in the following ranges:

Valuation technique	Inputs used to measure fair value	Range of inputs
Discounted cash flow approach	Discount rates	13% - 16%
	Growth rates	1.25% - 2.75%

Increasing the discount rate and average subsequent tenue periods would reduce the fair value of the investment properties and vice-versa. Increasing the assumptions made about the market value of units and property price growth rates would increase the fair value of investment properties and vice-versa.

Valuation reconciliation	
Carrying amount of Independent Living Units	**248,664**
Less ingoing contributions (Note A9)	**(123,022)**
Valuation at 30 June 2021	**125,642**

A6 INVESTMENT PROPERTIES (continued)

(v) fair value (continued)

Other Investment Properties

On 30 April 2021, the other investment properties were independently valued by Charter Keck Cramer ("Charter"), a member of the Australian Property Institute. The basis of the doctors suites valuation was fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction based on current prices in an active market.

The key assumptions used by Charter in determining fair value for the Group's portfolio of properties were in the following ranges:

Valuation technique	Inputs used to measure fair value	Range of inputs
Direct comparison approach income capitalisation method	Gross market rent (rate per m^2)	\$13,000 - \$17,000
	Adopted capitalisation rate	4.25%

The Directors have assessed the fair value of investment properties as at 30 June 2021 and compared to the fair value at the valuation date and consider it appropriate.

(v) Non-current assets pledged as security

Refer to note B4 or information on non-current assets pledged as security by the Group.

(vi) Leasing arrangements

Lease income and expenses relating to investment properties are recorded in the books of a related party.

(vii) Other

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties.

A7 INTANGIBLE ASSETS

	Goodwill $'000	Residential aged care bed licences $'000	Development costs and other intangibles $'000	Total $'000
Year ended 30 June 2021				
Cost	**136,704**	**88,678**	**95,227**	**320,609**
Accumulated amortisation and impairment	**-**	**-**	**(53,681)**	**(53,681)**
Net carrying amount	**136,704**	**88,678**	**41,546**	**266,928**
Movement				
Carrying amount at 1 July	**136,704**	**88,678**	**49,473**	**274,855**
Additions	**-**	**-**	**5,574**	**5,574**
Disposals	**-**	**-**	**(45)**	**(45)**
Amortisation expense	**-**	**-**	**(13,456)**	**(13,456)**
Carrying amount at 30 June	**136,704**	**88,678**	**41,546**	**266,928**
Year ended 30 June 2020				
Cost	136,704	88,678	89,906	315,288
Accumulated amortisation and impairment	-	-	(40,433)	(40,433)
Net book amount	136,704	88,678	49,473	274,855

(i) Accounting policy

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill of $3,822,000 from the acquisition of St Vincent's Care Services Hawthorn on 1 July 2018, $29,628,000 from the acquisition of fifty percent membership of St Vincent's Private Hospital Northside on 1 July 2018, $7,031,000 from the acquisition of Rosary Village on 1 December 2018, $475,000 from the acquisition of St Joan of Arc Villa on 1 March 2019, $23,498,000 from the acquisition of Holy Spirit Care Service Brisbane and Holy Spirit Care Service Boondall on 1 June 2019 and $20,782,000 from the acquisition of Heathcote on 1 September 2019 (iii).

Refer to Note A7 (iii), Goodwill on acquisition of business combination.

A7 INTANGIBLE ASSETS (continued)

(i) Accounting policy (continued)

Residential aged care bed licences

Residential aged care bed licences obtained through the Aged Care Approvals Round (ACAR) represent an asset contribution under AASB 1004 Contributions. Residential aged care bed licences are recognised at the initial fair value until the Group either disposes of the licence or recognises impairment losses related to the licence. Fair value is determined at the date when the residential aged care beds become operational. The fair value assessment is based upon market transaction data as provided by an external consultant.

Commonwealth Government funded residential aged care bed licences have been assessed to have indefinite useful lives on the basis of the current regulatory supply restrictions applied by the Commonwealth Government. In its response to the Royal Commission into Aged Care Quality and Safety, the Federal Government has indicated that it will aim to end the Aged Care Approvals Round ("ACAR") process by July 2024 and remove the system of aged care providers controlling resident places, instead transferring them to residents themselves. In the event that this occurs, the Group will derecognise these assets in an appropriate manner in line with Australian Accounting Standards. Given the preliminary nature of the announcement as at 30 June 2021, no adjustment has been made to these balances.

Development costs and other intangibles

Development costs and other intangibles represent identifiable non-monetary assets without physical substance such as computer software development costs. Intangible assets are recognised at initial cost with subsequent costs only capitalised when it is expected that additional future economic benefits will flow to the entity.

Amortisation

The Group amortises intangibles with a finite useful life using the straight-line method over a period up to 10 years. The estimation of useful lives and amortisation method are reviewed at least annually.

Impairment

Intangibles that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An intangible is considered impaired when its 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. As a not-for-profit entity, value in use is determined using depreciated replacement cost.

Impairment losses are recognised in the profit or loss in the year it arose. Impairment losses recognised for goodwill are not subsequently reversed.

Derecognition

An intangible asset is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefits. Any gain or loss on derecognising an intangible asset (difference between the proceeds of and the carrying amount of property, plant and equipment) is included in profit or loss in the year of disposal.

A7 INTANGIBLE ASSETS (continued)

(ii) Key assumptions used for value-in-use calculations

Goodwill

For the purposes of assessing impairment of goodwill, assets are grouped at the lowest levels for which goodwill is monitored for internal management purposes and allocated to cash-generating units (“CGU’s”). The allocation is made to those CGUs or groups of CGU’s that are expected to benefit from the business combination in which the goodwill arose.

The recoverable amount for goodwill is based on detailed 5-year forecast cash flows including the expected impact of COVID-19 on cash flows, a terminal value growth rate of 3% and a discount rate of 10%. The value-in-use calculations and impairment reviews are sensitive to changes in key assumptions, particularly relating to discount rates and terminal rate growth. A sensitivity analysis was performed and it was concluded that the recoverable amount of the goodwill amount exceeded its carrying value and that no impairment existed. There is no reasonably possible change in a key assumption that could result in impairment.

Residential aged care bed licences

The recoverable amount for residential aged care bed licences is based on a market valuation performed by Knight Frank Health & Aged Care Queensland. The market value exceeded the carrying value of residential aged care bed licences and it was concluded that no impairment existed.

A7 INTANGIBLE ASSETS (continued)

(iii) Goodwill on acquisition of business combination – prior period

John Paul Village

John Paul Village is located at Heathcote in New South Wales and was acquired on 1 September 2019 from The Trustees of Catholic Aged Care Sydney ("TCACS") in accordance with the Group's aged care growth strategy. The consideration transferred for the acquisition of the business, liabilities and assets (excluding land) of John Paul Village was $25,361,000. The land upon which John Paul Village operates is leased from TCACS and the current 99-year lease expires on 31 August 2118.

The fair value of the identifiable assets and liabilities at the date of acquisition on 1 September 2019 were:

	Final Fair Value $'000
Cash and cash equivalents	**9,725**
Trade and other receivables	**175**
Property, plant and equipment	**70,459**
Intangibles	**14,910**
	95,269
Trade payables	**2,740**
Accommodation payables	**86,003**
Provisions	**1,947**
	90,690
Provisional fair value of identified net assets acquired	**4,579**
Acquisition date fair value of consideration paid to TCACS was:	
Cash paid	**25,361**
Goodwill on acquisition	**20,782**
Direct costs relating to the acquisition were:	
Included in other expenses from ordinary activities – current financial year	**96**
The cash outflow on acquisition was:	
Net cash acquired	**9,725**
Cash paid	**(25,361)**
Net cash outflow	**(15,636)**

A8 TRADE AND OTHER PAYABLES

	2021 $'000s	2020 $'000s
Current		
Trade creditors and accrued expenses	**274,115**	269,071
Other payables	**96,072**	110,965
Amounts due to related parties (unsecured) (note C4)	**5,168**	4,481
	375,355	384,517
Non-current		
Other payables	**14**	81
Amount due to related parties (unsecured) (note C4)	**1,372**	1,117
	1,386	1,198

(i) Accounting policy

Payables are initially recognised at fair value less transaction costs and subsequently carried at amortised cost. Trade payables are unsecured and are usually paid within 30 days of recognition.

(ii) Financial risk management

Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flow and matching the maturity profiles of financial assets and liabilities.

(iii) Fair value

Due to the short-term nature of these payables, their carrying amount is assumed to approximate their fair value.

A9 ACCOMMODATION PAYABLES

	2021 $'000s	2020 $'000s
Refundable accommodation deposits (RADs)	**402,844**	372,179
Accommodation bonds (ABs)	**64,069**	38,231
Independent living unit (ILU) entry contributions (Note A6)	**123,022**	162,537
	589,935	572,947

A9 ACCOMMODATION PAYABLES (continued)

(i) Accounting policy

Refundable accommodation deposits (RADs) and accommodation bonds (ABs)

A refundable accommodation deposit (RAD) is a non-interest bearing deposit paid or payable to an Approved Provider by a resident for the resident's accommodation in an aged care facility. Prior to 1 July 2014, lump sum refundable accommodation deposits were referred to as an accommodation bond (AB). RADs and ABs are in effect an interest-free loan. Not all residents are required to pay RADs – the Australian Government conducts an assessment of residents' income and assets and determines if residents can be asked to pay towards their accommodation costs. Residents who are required to pay for accommodation can chose to pay a full lump sum (RAD), a regular rental-type payment called a 'daily accommodation payment' (DAP), or a combination of both. Accommodation bonds were not payable by residents upon their admission to non-extra service high care accommodation facilities. Under the Living Longer Living Better reforms the distinction between low care and high care has been removed.

Accommodation bond balances are reduced by annual retention fees charged in accordance with the Aged Care Act 1997, however, retention fees are not applicable to post 1 July 2014 RADs. RAD and AB refunds are guaranteed by the government under the prudential standards legislation. Providers are required to have sufficient liquidity to ensure they can refund RAD and AB balances as they fall due in the following twelve months. Providers are also required to implement and maintain a liquidity management strategy.

Independent living unit (ILU) entry contributions

Entry contributions relate to Independent Living Unit residents. Entry contributions are settled after a resident vacates the property and the terms and conditions are governed by applicable State-based Retirement Village Acts and the individual resident contract.

(ii) Classification as a current liability

As there is no unconditional right to defer payment for 12 months, RADs, ABs and ILU entry contributions are recorded as current liabilities. However, based on past history, the Group expects accommodation payables to be settled as follows:

	2021	2020
	$'000s	$'000s
Expected to be settled within 12 months	**295,351**	257,425
Expected to be settled greater than 12 months	**294,584**	315,522
	589,935	572,947

(iii) Movement in accommodation payables

	2021	**2020**
	$'000s	**$'000s**
Opening balance at 1 July	**572,947**	476,695
Acquired	**-**	86,003
Proceeds from residents	**137,763**	138,012
Repayments to former residents	**(113,691)**	(121,018)
Interest payable to former residents	**878**	1,424
Interest, retentions and other deductions charged to residents	**(7,962)**	(8,169)
Closing balance at 30 June	**589,935**	572,947

A9 ACCOMMODATION PAYABLES (continued)

(iv) Financial risk management

Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flow and matching the maturity profiles of financial assets and liabilities.

Maturity of accommodation payables

Accommodation payables have no fixed repayment dates.

A10 PROVISIONS

	2021 $'000s	2020 $'000s
Current		
Employee benefits (note A2(i))	**392,990**	355,508
Insurance deductible excess (ii)	**1,209**	1,087
Other provisions	**10,460**	13,125
	404,659	369,720
Non-current		
Employee benefits (note A2(i))	**54,768**	54,208
Insurance deductible excess (ii)	**5,328**	5,207
	60,096	59,415

(i) Accounting policy

A provision is recognised when a present legal or constructive obligation exists as a result of a past event and it is probable that a future outflow of cash or other benefit will be required to settle the obligation, the timing or amount of which is uncertain.

(ii) Insurance deductible excess

Insurance deductible excess is a provision for medical malpractice claims based on an independent assessment of open claims made to reporting date and past experience on the level of claim outcomes. Estimates of the insurance deductible excess obligations are based on an assessment of future costs, which have been discounted to their present value. In determining the insurance deductible excess provision, the Group have assumed no significant changes will occur in the relevant Federal and State legislation in relation to medical malpractice claims in the future.

The movement in the insurance deductible excess provision is as follows:

Opening balance at 1 July (current and non-current)	**6,294**	5,957
Additional provision recognised	**1,287**	1,256
Acquired	**-**	-
Claims paid	**(1,044)**	(919)
Closing balance at 30 June (current and non-current)	**6,537**	6,294

A11 LEASES

Leases as a lessee

The Group leases assets including land and buildings and medical equipment. Information about leases for which the Group is a lessee is presented below.

(i) Right-of-use assets	**Property $'000s**	**Medical equipment $'000s**	**Total $'000s**
Balance at 1 July 2020	162,549	6,500	169,049
Transfers to Investment properties (Note A6)	(9,935)	-	(9,935)
Additions	9,546	4,815	14,361
Depreciation charge for the year	(17,333)	(3,129)	(20,462)
Disposals	(1,405)	-	(1,405)
Revaluation	864	-	864
Balance at 30 June 2021	144,286	8,186	152,472
Balance at 1 July 2019	156,005	9,284	165,289
Additions	23,443	1,668	25,111
Depreciation charge for the year	(16,899)	(4,452)	(21,351)
Balance at 30 June 2020	162,549	6,500	169,049

(ii) Lease liabilities	**2021 $'000s**	**2020 $'000s**
Maturity analysis – contractual undiscounted cash flows		
Less than one year	27,288	22,486
One to five years	59,723	55,925
More than 5 years	366,295	354,200
Total undiscounted lease liabilities as 30 June	453,306	432,611
Lease liabilities included in the statement of financial position at		
Current	14,880	15,938
Non-current	151,648	155,511

(iii) Amounts recognised in profit or loss	**2021 $'000s**	**2020 $'000s**
Interest on lease liabilities	6,415	6,641
Variable lease payments not included in the measurement of	36,437	35,331
Expenses relating to short-term leases	219	664
Expenses relating to leases of low value assets, excluding short-term leases of low-value assets	76	173

A11 LEASES (continued)

Leases as a lessee (continued)

(iv) Amounts recognised in the statement of cash flows	**2021 $'000s**	**2020 $'000s**
Payment of principal portion of lease liabilities	18,744	19,624
Payment of interest portion of lease liabilities	6,249	5,431
Total cash outflow for leases	24,993	25,055

Leases as a lessor

The Group leases out its investment property (Note A6). All leases are classified as operating leases from a lessor perspective because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Group during 2021 was $33,984,000 (2020: $32,778,000)

Residential aged care and retirement living accommodation

Contracts with residential aged care and retirement living customers contain provisions for accommodation, use of common areas/facilities for provision of care and other services. The Group has concluded that its contractual arrangements relating to the provision of residential aged care and retirement living accommodation are an operating lease pursuant to AASB 16, being the exclusive right to the use of a room/unit by a resident.

For residential aged care accommodation arrangements where the resident has elected to pay a RAD or Bond, the Group receives a financing benefit, being non-cash consideration, in the form of an interest free loan. On adoption of AASB 16, the fair value of this non-cash consideration is required to be recognised as income (to reflect the interest free loan financing benefit received on RADs and Bonds) and, correspondingly, interest expense (to record the financial liability associated with RADs and Bonds at fair value) with no net impact on profit or loss.

The application of AASB 16 for the year ended 30 June 2021 has been calculated based on:

- monthly average RAD / Bond balances; and
- interest rate equal to the Maximum Permissible Interest Rate (MPIR) which is a Government set interest rate used to calculate the Daily Accommodation Payment to applicable residents. The weighted average interest rate for the year was 4.06% (2020: 5.07%).

The Group's Statement of Profit or Loss and Other Comprehensive Income presents Income of $16,353,000 (2020: $19,857,000) and an additional Finance cost (i.e. interest expense) of $16,353,000 (2020: $19,857,000), with $nil impact to net profit for the period.

The accounting treatment for residential aged care accommodation arrangements where residents have elected to pay a DAP has not changed upon adopting AASB 16.

This section outlines the financing activities of the Group and the Group's exposure to financial risk such as market risk, credit risk and liquidity risk.

B1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents of $248,089,000 (2020: $253,979,000) comprise cash at bank and short term deposits.

(i) Accounting policy

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

B2 INVESTMENTS

	2021 $'000s	**2020 $'000s**
Current		
Fair value through profit or loss financial assets	**300,565**	277,336
Other financial assets at amortised cost	**7,204**	130,316
	307,769	407,652
Non-current		
Fair value through profit or loss financial assets	**112,105**	100,401
Other financial assets at amortised cost	**12,522**	-
Fair value through OCI	**25,780**	22,818
	150,407	123,219

(i) Accounting policy

Refer to Note E6, Other Accounting Policies, Financial Instruments

(ii) Fair value

The measurement of fair value may in some cases be subjective and may depend on the inputs used in the calculations. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is included in note E4.

The Group has classified investments as level 1 in that the fair value is traded in active markets. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (or for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

B3 CASH AND INVESTMENTS – FINANCIAL RISK MANAGEMENT

Interest rate risk

The Group's main interest rate risk arises from cash and bank deposits earning variable rates and long-term borrowings with variable rates. These expose the Group to the risk that the fair value or cash flows of financial instruments will fluctuate due to changes in market interest rates.

The variable risk on financial assets is managed by an investment policy that restricts the type and term of investments. The Group also retains independent advisors to recommend and place investments in accordance with this policy. The term of the investments is determined after consideration of the liquidity needs of the Group.

B4 BORROWINGS

	2021 $'000s			2020 $'000s		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Secured						
Amounts due to TMAM (ii)	**5,548**	**93,300**	**98,848**	5,354	82,403	87,757
	5,548	**93,300**	**98,848**	5,354	82,403	87,757
Unsecured						
Amounts due to the Trustees of the Sisters of Charity of Australia (iii)	**338**	**-**	**338**	576	-	576
Bank loan (iv)	**-**	**263,500**	**263,500**	-	383,500	383,500
Amounts due to the Mission Congregation of the servants of the Holy Spirit (v)	**12,000**	**12,000**	**24,000**	12,000	24,000	36,000
Loan from St Vincent's Private Hospital Sydney (note C4)	**53,984**	**-**	**53,984**	84,897	-	84,897
	66,322	**275,500**	**341,822**	97,473	407,500	504,973
	71,870	**368,800**	**440,670**	102,827	489,903	592,730

Borrowings are managed within a Group Treasury policy. This includes ensuring that the Group at all times has sufficient liquid cash resources to meet anticipated financial as well as ensuring compliance with borrowing facilities including financial covenants. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period. Financial risk management approach is covered further in this section.

(i) Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost. If a substantial modification is made to a loan arrangement, that loan is remeasured at fair value at the date of modification and subsequently carried at amortised cost. Fees paid on loan facilities' establishment is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

B4 BORROWINGS (continued)

(ii) Amounts due to the Trustees of Mary Aikenhead Ministries ('TMAM') (secured) (current and non-current)

On 1 January 2003, the Group acquired $369,547,000 of freehold land and buildings and $15,246,000 of investment properties from the Trustees of the Sisters of Charity of Australia (TSCA). The acquisition of these assets was financed by the provision of a loan from TSCA and the assumption of certain liabilities payable previously by TSCA. On 1 July 2009, the loan was assigned by TSCA to TMAM.

On 14 May 2014, TMAM advised the Group that there is no present intention to charge interest on the loan and that should this intention change, interest would only be charged prospectively (after providing 12 months' notice). This resulted in a significant change to the terms and conditions of the loan. Consequently, the loan which previously was reflected in the balance sheet at its nominal value is now reflected in the Balance Sheet at its present value.

On 2 December 2015, the Group made a prepayment of $12,000,000 at the request of TMAM. This resulted in a significant change to the terms and conditions of the loan including the present value of the loan. Consequently, $10,990,000 was recognised as an equity transaction with the parent.

On 11 November 2018, the Group agreed to prepayments of $250,000 per annum at the request of TMAM. This resulted in a change to the present value of the loan. Consequently, $1,802,000 was recognised as an equity transaction with the parent.

On 30 June 2021, the Group agreed with TMAM to change the discount rate from 7.14% to 6.14%, this resulted in a change to the present value of the loan. Consequently, $11,362,000 was recognised as an equity transaction with the parent.

The terms of the loan are reviewed annually and agreed between the parties. Relevant aspects of the terms and conditions of the loan as currently agreed include:

- *Repayment amount* - loan repayments are made quarterly each year and comprise a base amount which is indexed each year in line with consumer price index and an additional element as agreed but constrained such that the overall Health Ministry of the SVHA Company would not be adversely impacted by any request for payments under this element. The repayment amount for the 2021 year was $5,354,000 and will increase in 2022 by CPI.
- *Security* - the loan is secured by a mortgage over the majority of the assets of the Group.
- *Interest* – nil at present, however, TMAM reserve the right to charge interest however interest will only be charged prospectively (after providing 12 months' notice).

The carrying amounts of non-current assets pledged as security are:

	2021 $'000s	2020 $'000s
Subordinated mortgage		
Freehold land and buildings	**211,250**	217,716
Investment properties (Note A6)	**46,738**	32,136
Total assets pledged as security	**257,988**	249,852

B4 BORROWINGS (continued)

(iii) Amounts due to the Trustees of the Sisters of Charity of Australia (unsecured)

On 28 June 2013, the Group acquired 190 residential aged care bed licences at a total cost of $4,750,000 from The Congregation of the Religious Sisters of Charity of Australia ("Congregation"). The acquisition of these intangible assets was financed by the provision of a loan by the Congregation. On 28 June 2013, the loan was assigned by the Congregation to the Trustees of the Sisters of Charity of Australia ("TSCA").

On 28 June 2013, St Joseph's Village Limited acquired 80 residential aged care bed licences at a total cost of $2,000,000 from The Congregation of the Religious Sisters of Charity of Australia ("Congregation"). The acquisition of these intangible assets was financed by the provision of a loan by the Congregation. On 28 June 2013, the loan was assigned by the Congregation to TSCA. On 1 July 2015 the assets, liabilities and operations of St Joseph's Village Limited were transferred to the Group.

Fixed repayments of $59,375 (2020: $59,375) are made quarterly each year. While TSCA has the right to charge interest none has been charged.

The balance of the amount due is classified as a current liability as it is effectively callable at the discretion of TSCA pursuant to their ability to offset any ingoing contribution amounts payable upon occupancy of an independent living unit operated by the Group. For the year ended 30 June 2021, TSCA elected to offset $nil (2020: $nil) of ingoing contribution payable upon occupancy under this provision.

(iv) Bank loans (unsecured)

$263,500,000 bilateral bank loan (2020: $383,500,000)

St Vincent's Healthcare Limited has an established $500m Cash Advance Facility of which $300m is due to mature in November 2022. On 1 October 2021 St Vincent's Healthcare Limited refinanced its current facility with various maturity dates ($100,000,000: 21 March 2024; $100,000,000: 21 March 2026; $300,000,000: 30 September 2026)

The principal is repayable in full at the maturity date of the loan. Loans within the facility limit can be drawn in a minimum of $1,000,000 face value and multiples of $500,000 thereafter for terms of one, two, three and six months.

Interest is payable at maturity of each loan drawdown and calculated based on an actual/365 basis. The bank loan attracts a variable average rate of interest at 3.50% at 30 June 2021 (2020: 3.45%)

The loan is unsecured, except for security granted by the Trustees of the Sisters of Charity of Australia and The Congregation of Religious Sisters of Charity of Australia over the assets used to conduct the business of St Vincent's Private Hospital Sydney and any interest in St Vincent's Private Hospital Medical Imaging.

In March 2020 as a result of the outbreak of COVID-19 pandemic, a proactive action has been taken by the Group to drawdown $120m from its debt facility in order to mitigate any potential liquidity risk. The loan was repaid in December 2020.

(v) Amounts due to the Mission Congregation of the servants of the Holy Spirit

On 1 July 2018, The Mission Congregation of the Servants of the Holy Spirit and SVHA agreed a transition of membership, whereby SVHA becomes the sole member of Holy Spirit Northside Private Hospital Limited (now formally known as St Vincent's Private Hospital Northside Limited "SVPHN").

The consideration transferred for the acquisition is $60,000,000, paid in five equal instalments annually commencing from 1 July 2018 to 1 July 2022.

Interest is payable annually on the undrawn balance on the loan at a fixed rate of 5.0% at 30 June 2021 (2020: 5.0%)

B4 BORROWINGS (continued)

(vi) Financial risk management

Market risk - interest rate risk

The Group's main interest rate risk arises long-term borrowings with variable rates. These expose the Group to the risk that the fair value or cash flows of financial instruments will fluctuate due to changes in market interest rates.

The variable risk on financial liabilities is managed by ensuring that the term for loan repayments reflect the underlying duration of the cash flow generated, cash inflows provide a prudent level of coverage of principal and interest repayments and that there are sufficient cash reserves held to maintain principal and interest repayments for a sufficient period of time to enable longer term corrective actions to occur should underlying cash flows be disrupted.

The Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flow and matching the maturity profiles of financial assets and liabilities. The Group maintains cash equivalents and short term investments with appropriately rated financial institutions and the maturity of these investments is such that funds mature as needed.

Financing arrangements

The Group has limited undrawn borrowing facilities that are not committed to current capital projects. Given the nature of the Group and the financial obligations that it currently has, this position is considered to be of low risk. The Group has access to $236,500,000 in undrawn borrowing facilities, at variable rates (2020: $66,500,000).

The majority of undrawn borrowing facilities relate to current capital projects that will be completed in less than two years from balance date. The weighted average interest rate for the drawn borrowing facilities is 3.50% (2020: 3.45%).

This section provides information which will help users understand how the Group structure affects the financial position and performance of the Group as a whole.

C1 ULTIMATE PARENT ENTITY AND MEMBER'S GUARANTEE

On 1 July 2009, the Congregation of the Religious Sisters of Charity of Australia and the Trustees of the Sisters of Charity of Australia transferred the incorporated Health Ministry to TMAM. From an accounting viewpoint, the ultimate parent entity is the Trustees of the Sisters of Charity of Australia on the basis that it is the sole member of TMAM. However, in practice, TMAM, however constituted, exercises ultimate control.

If SVHA is wound up the constitution states that each member is required to contribute a maximum of $100 each towards meeting the obligations of SVHA. At 30 June 2021, SVHA had 1 member (2020: 1) so the maximum amount to be contributed towards meeting the obligations of SVHA would be $100 (2020: $100).

C2 PARENT ENTITY FINANCIAL INFORMATION

The parent entity in the wholly-owned Group is St Vincent's Health Australia Limited. As the parent entity, it holds the interest in the subsidiaries and joint ventures and acts as a holding company, employing staff and paying fees for service. These costs are then recovered from the operating subsidiaries, joint ventures and other related parties such that the parent entity eventually breaks even.

The results of the parent entity are as follows:

	2021	2020
	$'000s	$'000s
Current assets	**20,878**	29,558
Total assets	**259,394**	271,870
Current liabilities	**70,438**	69,060
Total liabilities	**149,863**	158,564
Reserves	**204**	204
Retained earnings	**109,327**	113,102
Total equity	**109,531**	113,306
Operating deficit recorded by the parent entity	**(3,775)**	(3,686)
Total comprehensive loss of the parent entity	**(3,775)**	(3,686)

C3 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries. SVHA is the sole member of each of all of these controlled entities.

Name of Entity	Country of Incorporation	Equity Holding		Carrying amount	
		2021	2020	**2021**	2020
		%	%	**$'000**	$'000
St Vincent's & Mater Health Sydney Limited	Australia	**100**	100	**-**	-
St Vincent's Clinic	Australia	**100**	100	**6,402**	6,402
The Trustee for St Vincent's Clinic Foundation	Australia	**100**	100	**-**	-
St Vincent's Care Services Ltd	Australia	**100**	100	**9,545**	9,545
St Vincent's Healthcare Limited	Australia	**100**	100	**5,261**	5,261
St Vincent's Hospital (Melbourne) Limited	Australia	**100**	100	**45,653**	45,653
St Vincent's Hospital Sydney Limited	Australia	**100**	100	**20,474**	20,474
St Vincent's Private Hospitals Ltd [1]	Australia	**100**	100	**174,718**	174,718
St Vincent's Curran Foundation	Australia	**100**	100	**-**	-
Aikenhead Centre for Medical Discovery Limited	Australia	**100**	100	**-**	-
St Vincent's Health Australia Foundation Queensland	Australia	**100**	100	**-**	-
St Vincent's Health Australia Foundation Victoria	Australia	**100**	100	**-**	-
Victor Chang Cardiac Research Institute	Australia	**100**	100	**-**	-
St Vincent's Institute of Medical Research	Australia	**100**	100	**-**	-
St Vincent's Private Hospital Northside Limited	Australia	**100**	100	**-**	-
St Vincent's Care Services Boondall Ltd	Australia	**100**	100	**4,193**	4,193
St Vincent's Care Services Carseldine Ltd	Australia	**100**	100	**23,562**	23,562
St Vincent's Care Services Hawthorn[1]	Australia	**100**	100	**-**	-
				289,808	289,808

[1] St Vincent's Care Services Hawthorn was deregistered on 5 September 2019

C4 RELATED PARTY TRANSACTIONS

Transactions with related parties during the year ended 30 June 2021 consisted of:

(a) Loans advanced by St Vincent's Health Australia Limited;

(b) Loans repaid by St Vincent's Health Australia Limited;

(c) Payment of interest on the above loans;

(d) Recovery of costs for the provision of management and administrative services; and

(e) Payment for the provision of management and administrative services.

Management and administrative services referred to in (d) and (e) above are provided at cost. Otherwise the above transactions were made on normal commercial terms and conditions and at market rates.

The following transactions occurred with joint ventures and St Vincent's Private Hospital Sydney:

	2021 $'000s	2020 $'000s
Lease income from:		
St Vincent's Private Hospital Sydney	**15,523**	14,925
Income from the provision of management and administrative services to:		
St Vincent's Private Hospital Sydney	**24,895**	21,153
Expenses relating to the provision of management and administrative services by:		
St Vincent's Private Hospital Sydney	**17,852**	18,104
Repayment of interest-free amounts advanced from		
TMAM	**5,354**	5,354

C4 RELATED PARTY TRANSACTIONS (continued)

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2021 $'000s			2020 $'000s		
	Current	**Non-current**	**Total**	Current	Non-current	Total
Receivables						
Amounts due from related parties						
St Vincent's Private Hospital Sydney	**1,489**	**-**	**1,489**	26,631	-	26,631
Payables						
Amounts due to related parties (unsecured)						
St Vincent's Private Hospital Sydney	**4,963**	**1,105**	**6,068**	4,481	1,117	5,598
Trustee of St Vincent's Hospital Sydney	**205**	**267**	**472**	-	-	-
	5,168	**1,372**	**6,540**	4,481	1,117	5,598
Borrowings						
Loan from related party (i)						
St Vincent's Private Hospital Sydney	**53,984**	**-**	**53,984**	84,897	-	84,897

(i) Loan from related party

The Group has a loan from St Vincent's Private Hospital Sydney Limited amounting to $53,984,000 (2020: $84,897,000). The loan is unsecured and attracts a variable interest rate of 3.39% (2020: 3.39%).

This section provides information about items that are not recognised in the financial statements but could potentially have a significant impact on the Group's financial position and performance.

D1 COMMITMENTS

	2021 $'000s	2020 $'000s
Capital commitments		
Commitments for capital projects contracted for at the balance date but not recognised as liabilities are as follows:		
Within one year	**61,585**	60,837
Later than one year but not later than 5 years	**199,350**	8,287
	260,935	69,124
Operating expenditure commitments		
Within one year	**1,997**	2,049

D2 CONTINGENT LIABILITIES

A contingent liability is a liability that is not sufficiently certain to qualify for recognition as a provision where uncertainty may exist regarding the outcome of future events.

The contingent liabilities of the Group at 30 June 2021 are detailed below. No material losses are anticipated in respect of any of these contingent liabilities.

Entity with Rights	Nature of Security or Obligation	2020 $'000s	2020 $'000s
Doctors owning strata title suites in the St Vincent's Clinic building	St Vincent's Healthcare Limited ("SVHC") has given an undertaking to buy back certain clinic suites for which an approved buyer cannot be found within 90 days after the service of a Sale Notice. The amount shown represents the full value of all suites that SVHC has committed to repurchase in the event that they cannot be sold.	**56,961**	54,877
Commonwealth Department of Health & Ageing	In the financial year ended 30 June 2011, SVPHN entered into a capital funding agreement with the Commonwealth Department of Health & Ageing which enabled HSNPH to receive funding for capital works under the Commonwealth Government's Innovative Clinical Teaching and Training Grants Program. Under the agreement HSNPH received capital grant funding of $4,857,000 to assist in the funding of the construction of a Clinical Education Centre which was completed and opened on 8 November 2012. Pursuant to agreement, HSNPH may be liable to repay any funds advanced by the Commonwealth Department of Health & Ageing if HSNPH ceases to operate the Clinical Education Centre or if there is a breach in the terms and conditions of the capital funding agreement prior to 8 November 2032.	**2,914**	3,157

D2 CONTINGENT LIABILITIES (continued)

During the financial year ended 30 June 2019, St Vincent's Hospital (Melbourne) Limited, one of the entities within the Group, has inspected its buildings and has identified that it needs to rectify cladding issues related to the main hospital inpatient building in Fitzroy. The cladding works that have been partially delayed by the COVID-19 pandemic have given rise to a contingent liability as the proposed works remain subject to great uncertainty in relation to the nature and timing of the works required, the nature of cladding product to be utilised, and the ultimate funding source. The contingent liability is estimated to be in the range of \$8m - \$12m. Discussions are being held with the Department of Health to seek funding for the works.

D3 SUBSEQUENT EVENTS

The following transactions have occurred since 30 June 2021.

Acquisition of three Residential Aged Care Facilities from PresCare

On 29 July 2021, St Vincent's Care Services Ltd reached an agreement to purchase three Residential Aged Care Facilities in Queensland, previously owned by PresCare, namely PresCare Vela in Carina, Protea by PresCare in Townsville and WRB in Corinda. The business and assets were acquired subsequent to the reporting date on 6 October 2021. The consideration to be transferred for the acquisition of the land and buildings is \$100,000,000 and the business and other assets will be acquired at nil value. Completion of the transaction is subject to conditions precedent.

Apart from these matters, the Directors are not aware of any matter or circumstance occurring since 30 June 2021 that has significantly or may significantly affect the operations of the Group.

Acquisition of St Vincent's Care Services Carseldine Ltd and St Vincent's Care Services Boondall Ltd

In the prior financial year, the company initiated the transfer of St Vincent's Care Services Carseldine Ltd and St Vincent's Care Services Boondall Ltd in order to simplify the internal corporate structure. The process may be completed during the 2021-2022 financial year.

This section includes information that the Directors do not consider to be significant in understanding the financial performance and position of the Group, but must be disclosed to comply with the Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulations 2013.*

E1 KEY MANAGEMENT PERSONNEL

Directors

The names of persons who were Directors of St Vincent's Health Australia Limited at any time during the financial year are set out below.

Mr. P McClintock AO
Dr. M Coote
Prof. S Crowe AO (Retired 14 October 2021)
Ms. S McPhee AM
Ms. A McDonald
Ms. A Cross AM
Ms. Sheila McGregor
Ms. Jill Watts
Mr. Paul O'Sullivan
Mr. Damien O'Brien

Executives

Other than Directors, key management personnel include those having the authority and responsibility for planning, directing and controlling the Group's activities directly or indirectly.

The names and position of key management personnel (other than Directors) are:

Mr. T Hall	Group Chief Executive Officer
Ms. R Martin	Group Chief Financial Officer
Mr. R Beetson	Group General Manager, Legal, Governance & Risk
Mr. D Swan	Chief Executive Officer, Private Hospitals Division
Mr. L Hopper	Chief Executive Officer, St Vincent's Care Services
Prof. P O'Rourke	Chief Executive Officer, Public Hospitals Division

Compensation

The compensation paid to Directors and specified executives noted above is as follows:

	2021	2020
	$	$
Total compensation paid to key management personnel	**5,216,858**	5,147,885

There were no loans or transactions between the Group and its key management personnel during the financial year (2020: $nil).

E2 ECONOMIC DEPENDENCY

Various controlled entities involved in the provision of public health and aged care services source a significant volume of their revenue from a number of Government entities including:

- Queensland Department of Health
- NSW Ministry of Health
- Victorian Department of Health and Human Services
- Commonwealth Department of Health and Ageing
- Commonwealth Department of Veterans' Affairs

The revenues from these Government entities are expected to continue in the foreseeable future.

E3 NATURE AND PURPOSE OF RESERVES

Member's reserve was created on the incorporation of the parent entity.

Available-for-sale investments revaluation reserve records movements in the fair value of available-for-sale financial assets.

The revaluation reserve records movements in the fair value of property, plant and equipment.

E4 FAIR VALUE HIERARCHY

Investment properties and financial assets at fair value through the profit or loss are measured at fair value in the Balance Sheet. The measurement of this fair value may in some cases be subjective and may depend on the inputs used in the calculations. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for investment properties. Where such information is not available the Directors consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

There were no transfers between the levels during the financial year.

E5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretation

Several other amendments and interpretations apply for the first time in the period beginning on or after 1 July 2020, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature of each new standard or amendment is described below:

Reference	**Description**	**Application of Standard**	**Application by Group**
Amendments to AASB 3: Definition of a Business	The amendment to AASB 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.	1 January 2020	1 July 2020
Amendments to AASB 7, AASB 9 and AASB 139 Interest Rate Benchmark Reform	The amendments to AASB 9 and AASB 139 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no material impact on the consolidated financial statements of the Group.	1 January 2020	1 July 2020
Amendments to AASB 101 and AASB 108 Definition of Material	The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements, nor is there expected to be any future impact to the Group.	1 January 2020	1 July 2020

E5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and amended standards and interpretation (continued)

Reference	Description	Application of Standard	Application by Group
Amendments to AASB 16 Covid-19 Related Rent Concessions	On 28 May 2020, the AASB issued Covid-19-Related Rent Concessions - amendment to AASB 16 *Leases.* The amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. This amendment had no material impact on the consolidated financial statements of the Group.	1 June 2020	1 July 2020
Conceptual Framework for Financial Reporting issued on 29 March 2018	The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the AASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.	1 January 2020	1 July 2020
IFRIC agenda decision Configuration or Customisation Costs in a Cloud Computing Arrangement	In April 2021, the IFRS Interpretations Committee (IFRIC) published an agenda decision for configuration and customisation costs incurred related to implementing Software as a Service (SaaS) arrangements. The Group is currently assessing the impact of the agenda decision on its current accounting policy, which may result in previously capitalised costs needing to be recognised as an expense.	N/A	N/A

E6 OTHER ACCOUNTING POLICIES

AASB 16 *Leases*

Policy applicable from 1 July 2019

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 assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of the physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either the Group has the right to operate the asset, or the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Policy applicable before 1 July 2019

For contracts entered into before 1 July 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

Fulfilment of the arrangement was dependent on the use of a specific asset or assets; and

The arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

- The purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- The purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- Facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output

Significant accounting judgements, estimates and assumptions

In applying AASB 16, the Group has made the following judgements.

In determining the lease term used to ascertain total future lease payments, the Group considers all facts and circumstances that create an economic benefit to exercise an extension option. Renewal options are only considered to be part of the lease term if the lease is reasonably certain to be extended. The Group has included renewal periods as part of the lease term for leases where it is reasonably certain they will be extended. This assessment is reviewed if a significant event or significant changes in circumstances occurs which affects this assessment and is also within the control of the Group.

Where the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to calculate the present value of future lease payments. The IBR is the interest rate that the lessee would have to pay to borrow over a similar term of each lease. The Group estimates the IBR using market interest rates.

E6 OTHER ACCOUNTING POLICIES (continued)

AASB 16 *Leases* (continued)

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-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 located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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 borrowing rate as the discount rate.

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 the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under purchase option that 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 a 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, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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.

Short term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Concessionary leases

Concessionary leases are leases where the consideration paid by the lessee is significantly less than its fair value. The Group has identified one concessionary lease for St Vincent's Hospitals Network Sydney ("SVHNS"), the Lowy Packer building which is leased by the Trustees of SVHNS until 2035.

Extension options

Some property leases contain extension options exercisable by the Group. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors.

E6 OTHER ACCOUNTING POLICIES (continued)

AASB 16 *Leases* (continued)

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies AASB 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income’

AASB 15 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers applies to all revenue arising from contracts with customers unless the contracts are in the scope of other standards.The Group is required to consider the five-step model to contracts with customers, and is required to recognise revenue to depict the transfer of goods or services in an amount that reflects consideration to which the Group expects to be entitled to.

Under AASB 15, revenue is recognised on satisfaction of the performance obligations of the entity, being the provision of medical services to patients and residents.

Revenue is recognised over time as services are provided:

- Patient and resident income is recognised when services are provided.
- Government grants and subsidies income is recognised as the right to receive payment is established.
- Non-medical revenue is recognised when services are provided.
- Donations (including trust estate distributions income) are recognised upon receipt.

Finance costs

Finance costs include interest, amortisation of discounts or premiums related to borrowings and other costs incurred in connection with the arrangement of borrowings. Financing costs are expensed as incurred unless they relate to a qualifying asset. A qualifying asset is an asset which generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the financing costs are capitalised to the cost of the asset. Where funds are borrowed by the Group for the construction of a qualifying asset, the amount of financing costs capitalised are those incurred in relation to that borrowing.

Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST) except when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority (in which case the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense).

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement including GST in the operating cash flows. Commitments and contingencies are disclosed net of GST recoverable from, or payable to, the taxation authority.

Income tax

The Company and its controlled entities are exempt from income tax under the provisions of Section 50-30 of the *Income Tax Assessment Act* 1997.

E6 OTHER ACCOUNTING POLICIES (continued)

Government grants and subsidies

Government grants, subsidies and COVID-19 subsidies are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as AFS, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with AASB 9.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period; Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

E6 OTHER ACCOUNTING POLICIES (continued)

Cash flow hedges (interest rate swap contracts)

The Group uses interest rate swap contracts to hedge its interest rate risks, predominantly arising from financing activities. Interest rate swap contracts are initially recognised at fair value on the date the contract is entered into and are subsequently re-measured at fair value. Interest rate swap is carried as financial asset when the fair value is positive and as financial liability when the fair value is negative.

At the inception of a hedge relationship, the Group designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Before 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting cash attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Beginning 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedge that meet all the qualifying criteria for hedge accounting are accounted for cash flow hedges by the Group.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the cash flow exposures on the variable rate debt and are accounted for as cash flow hedges. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract.

The Group's cash flow hedges settle on a quarterly basis. The Group settles the difference between the fixed and floating interest rate payable / (receivable) under each cash flow hedge on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges as they reduce the Group's cash flow exposure resulting from variable interest rates on its Gross Bank Loans.

The effective portion of the gain or loss on the interest rate swaps is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the interest rate swaps and the cumulative change in fair value of the hedged liability.

The interest rate swaps and the interest payments on the underlying financial liability occur simultaneously and the amount accumulated in OCI is reclassified to the profit or loss as a reclassification adjustment over the period that the floating rate interest payments on the underlying financial liability affect the profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

E6 OTHER ACCOUNTING POLICIES (continued)

Financial Instruments

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the assets.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes loans, advances, receivables (including trade receivables and other receivables), and held-to-maturity investments.

E6 OTHER ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Trade receivables note A3

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

E6 OTHER ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to B4.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

E6 OTHER ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2021

In the Directors' opinion:

(a) the financial statements and notes set out on pages 15 to 63 of the consolidated entity are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)*, including:

(i) complying with Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Mr. Paul McClintock AO, Chair

Sydney

14 October 2021

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Independent Auditor's Report to the Members of St Vincent's Health Australia Limited and its Controlled Entities

Opinion

We have audited the financial report of St Vincent's Health Australia Limited (the Company) and its Controlled Entities (collectively the Group), which comprises the consolidated balance sheet as at 30 June 2021, the consolidated statement of profit or loss account and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Opinion

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

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements 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 the 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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Ernst & Young

Ernst & Young

Anthony Jones
Partner
Sydney
18 October 2021