

Financial reporting and responsibilities

The *Retirement Villages Act 2016* (SA) (the Act) and the *Retirement Villages Regulations 2017* (SA) (the Regulations) specify an operator's obligations to residents with regard to the presentation of a village's income and expenditure.

Financial information presented at a meeting of residents

Under section 33 of the Act, operators or residents' committees may convene a meeting of all residents at any time, and operators are required to convene a meeting of all residents annually. You can convene a meeting of all residents by sending each resident, at least 10 business days before the day of the meeting, a written notice setting out the time and place of the meeting, and the business to be conducted at the meeting.

Section 33(6)(a) of the Act states that:

(6) A notice for an annual meeting (whether or not given in compliance with subsection (5)) must be accompanied by—

(a) the following information relating to the retirement village:

(i) an audited statement of accounts in respect of the previous financial year showing—

(A) the income received from residents, and expenditure of that income, for the financial year; and

(B) if, during the financial year, there was any income received into, or expenditure from, a capital fund—such income or expenditure;

(ii) a statement of estimates of income from residents, and expenditure of that income, for the current financial year;

(iii) a statement of estimates of income (from any source), and expenditure, for the current financial year in respect of any capital fund;

(iv) a list of the expenditure items covered, or proposed to be covered, by the recurrent charges for the current financial year, including a description of each general category of item (to a reasonable degree of particularity) and the amount of expenditure for each such category;

(v) if the expenditure for the current financial year includes any management expenditure—

(A) a description of each item to which the expenditure relates; and

(B) if the expenditure is apportioned between more than 1 retirement village or other businesses—the manner in which such apportionment is calculated;

(vi) any other information required by the regulations;

You must invite residents to submit written questions at least five business days before the date of the meeting and other questions at the meeting. Section 34 of the Act details proceedings at meetings. You must ensure that residents have a reasonable opportunity to ask questions at the meeting and you must also respond in reasonable detail to any reasonable question asked by a resident.

If you are unable to answer a reasonable question at the meeting, a detailed written answer must be provided within 10 business days after the meeting. If you answer a question at a meeting and the resident requests the answer to be provided in writing, you must provide a detailed written answer to the resident within 10 business days after the meeting. Regulation 11(2) requires that minutes of a meeting include written questions submitted under 33(6)(b) of the Act, questions asked at a meeting and detailed written answers to any questions.

You must also keep accurate minutes of proceedings at meetings (section 34(3) of the Act). After an annual meeting, you must provide minutes of the meeting to each resident within 10 business days of the meeting. For other meetings, minutes of the meeting must be made available for inspection by residents in a manner that is easily accessible by residents (section 34(4)).

Interim financial reports and invoices

Under section 40(1) and 40(2) of the Act, residents can request interim financial reports and as part of those reports, invoices substantiating expenditure for the 'relevant accounting period'. This period is defined as the period from the beginning of the financial year in which the request is made to the end of the last completed quarter for that financial year (as determined at the time of the making of the request).

If a resident or residents' committee request an interim financial report, you must provide such a report within 15 business days of that request. The information relates only to the relevant accounting period.

On receiving a request under this section, you may require payment of a fee for preparing the report as long as the cost is reasonable in the circumstances. If a resident requests, they must be given a reasonable opportunity to inspect an audited balance sheet for the village or operator as at the end of the previous financial year.

Standard of financial information

The information you are required to provide under section 33(6)(a) or 40(1) of the Act, must be in a form that shows specific information for the particular retirement village and if the village has more than one site, the information must specifically relate to the site at which the resident resides (regulation 10) and accord with generally accepted accounting standards. Auditing must be undertaken by a registered company auditor within the meaning of the *Corporations Act 2001* (Commonwealth).

Further, you must keep a record of outstanding payments for vacant residences which you are required to make under section 29(8) of the Act. You must identify the outstanding payments in any relevant financial statements prepared under 33(6)(a) and make the outstanding payments before another person occupies the residence.

Payment of capital fund contributions deducted from exit entitlement

Under section 28 if an amount is deducted from an exit entitlement as a contribution to a capital fund you must pay that amount into the relevant fund or account within 10 business days after making the deduction. If the residence will not be subject to another residence contract then you must pay the amount to the relevant fund at any time before the end of the financial year in which the exit entitlement was paid or at any time before another person enters into occupation of the residence. You must keep a record of any outstanding payments under this section and identify them in any relevant financial statements prepared under section 33 or section 40 of the Act.

Taxes and fees which cannot be charged to residents

Section 31 of the Act states that residents are not liable to pay the following costs:

- > costs relating to the depreciation, amortisation or writing-off of assets of the retirement village
- > costs incurred by the operator in obtaining legal advice or undertaking legal proceedings relating to the retirement village
- > fines or other penalties incurred by the operator
- > fees, charges or other monetary amounts payable by the operator in respect of newly constructed residences in a retirement village that are not yet subject to a residence contract.

The following pages contain example financial statements which you can adapt to suit your own village. Residence contracts will detail the reason for recurrent charges and the purpose of each fund in the village (regulation 5 (2)(g)). The financial statements should reflect the funds as described in your residence contracts.

Disclaimer: In developing this information sheet, every effort has been made to ensure that the information reflects the intent of the legislation and/or represents examples of best known practice. The information contained in these resources does not constitute legal advice. Office for Ageing Well recommends that you seek your own legal advice should you require interpretation of the legislation.

For more information:

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Government of South Australia
SA Health

Name of Village or Letterhead

Statement of Income and Expenditure

RECURRENT CHARGES (MAINTENANCE) FUND

This fund most commonly includes any amount (including rent) payable to the operator of a retirement village on a recurrent basis.

Income and expenditure for the financial year 20...../20..... and proposed budget for the financial year 20...../20.....

	Proposed 20...../20..... (last financial year)	Actuals 20...../20..... (last financial year)	Variance 20...../20..... (last financial year)	Estimates 20...../20..... (coming financial year)
INCOME				
Recurrent charges - resident	\$	\$	\$	\$
Recurrent charges - operator	\$	\$	\$	\$
Recurrent charges outstanding - resident	\$	\$	\$	\$
Recurrent charges outstanding - operator	\$	\$	\$	\$
Interest received	\$	\$	\$	\$
Other income (specify) (eg bus trip)	\$	\$	\$	\$
Plus/minus surplus/(deficit)	\$	\$	\$	\$
TOTAL	\$	\$	\$	\$

	Proposed 20...../20..... (last financial year)	Actuals 20...../20..... (last financial year)	Variance 20...../20..... (last financial year)	Estimates 20...../20..... (coming financial year)
EXPENDITURE				
Occupancy				
Council rates	\$	\$	\$	\$
Emergency Services Levy	\$	\$	\$	\$
Insurances				
Property	\$	\$	\$	\$
Public liability	\$	\$	\$	\$
Garbage disposal	\$	\$	\$	\$
Village security	\$	\$	\$	\$
Utilities				
Water rates/charges	\$	\$	\$	\$
Electricity	\$	\$	\$	\$
Gas	\$	\$	\$	\$

	Proposed 20...../20..... (last financial year)	Actuals 20...../20..... (last financial year)	Variance 20...../20..... (last financial year)	Estimates 20...../20..... (coming financial year)
Repairs & Maintenance				
Wages (incl on-costs)				
Handyperson	\$	\$	\$	\$
Contractors/Casuals	\$	\$	\$	\$
Maintenance materials	\$	\$	\$	\$
Plumbing	\$	\$	\$	\$
Electrical	\$	\$	\$	\$
Guttering	\$	\$	\$	\$
Air conditioning	\$	\$	\$	\$
Village emergency system	\$	\$	\$	\$
Cleaning of common areas	\$	\$	\$	\$
Pest control	\$	\$	\$	\$
Cleaning of common areas	\$	\$	\$	\$
Ground care				
Wages (incl on-costs)				
Gardener/s	\$	\$	\$	\$
Contractors/Casuals	\$	\$	\$	\$
Soil	\$	\$	\$	\$
Gardening materials	\$	\$	\$	\$
Fertiliser	\$	\$	\$	\$
Pesticides	\$	\$	\$	\$
New flowers/shrubs	\$	\$	\$	\$
Management & Administration				
Management fee	\$	\$	\$	\$
Management fee costs consist of:	<p>Office rent, IT, staff, board costs, staff training, records management, long service leave, insurance.</p> <p>The management fee is calculated by dividing the management costs across all villages we manage based on number of residences.</p> <p>XYZ village is charged: X% of management costs.</p>			
Accounting fees	\$	\$	\$	\$
Audit fees	\$	\$	\$	\$
Name of auditor				
Bank fees & charges	\$	\$	\$	\$
Printing	\$	\$	\$	\$
Postage	\$	\$	\$	\$
Stationery	\$	\$	\$	\$
Telephone	\$	\$	\$	\$
Petty cash	\$	\$	\$	\$
Vehicle	\$	\$	\$	\$
Resident Bus/Vehicle				
Registration	\$	\$	\$	\$
Insurances				
Comprehensive	\$	\$	\$	\$
Public liability	\$	\$	\$	\$
Fuel	\$	\$	\$	\$
Maintenance	\$	\$	\$	\$
TOTAL	\$	\$	\$	\$

OTHER FUNDS (SPECIFY)

**Income & Expenditure for the financial year 20...../20..... and
Proposed Budget for the financial year 20...../20.....**

SINKING FUND (Longer Term Maintenance) <i>This fund is most commonly used for the upkeep of grounds and buildings. This may include road surfaces, painting, security and salt damp repairs. It might also be used for the repair of recreational facilities such as spas and swimming pools.</i>				
Balance brought forward <i>(from actuals of last financial year)</i>	\$			
	Proposed 20...../20..... <small>(last financial year)</small>	Actuals 20...../20..... <small>(last financial year)</small>	Variance 20...../20..... <small>(last financial year)</small>	Estimates 20...../20..... <small>(coming financial year)</small>
Income				
Interest received	\$	\$	\$	\$
Funds transferred from/to maintenance fund	\$	\$	\$	\$
Sinking fund provisions	\$	\$	\$	\$
Outstanding contributions	\$	\$	\$	\$
Less expenditure				
Bank & Govt Charges	\$	\$	\$	\$
Painting	\$	\$	\$	\$
Electrical	\$	\$	\$	\$
Pool repairs	\$	\$	\$	\$
Surplus/(deficit) for the year				
Balance	\$	\$	\$	\$

OTHER FUNDS (SPECIFY)

Income & Expenditure for the financial year 20...../20..... and Proposed Budget for the financial year 20...../20.....

CAPITAL REPLACEMENT (Fixtures) <i>This fund is most commonly used to replace major items or to fund a planned maintenance program. For example, if carpet in the units needs replacing, the money could come from this fund. Structural work or the replacement of major appliances such as stoves, hot water services and air conditioners may also come out of this fund.</i>				
Balance brought forward <i>(from actuals of last financial year)</i>	\$			
	Proposed 20...../20..... <i>(last financial year)</i>	Actuals 20...../20..... <i>(last financial year)</i>	Variance 20...../20..... <i>(last financial year)</i>	Estimates 20...../20..... <i>(coming financial year)</i>
Income				
Interest received	\$	\$	\$	\$
Funds transferred from/to maintenance fund	\$	\$	\$	\$
Capital replacement fund provisions	\$	\$	\$	\$
Deferred fees recouped	\$	\$	\$	\$
Deferred fees outstanding	\$	\$	\$	\$
Less expenditure				
Bank & Govt Charges	\$	\$	\$	\$
Hot water systems	\$	\$	\$	\$
Carpets	\$	\$	\$	\$
Curtains	\$	\$	\$	\$
Gutters	\$	\$	\$	\$
Surplus/(deficit) for the year				
Balance	\$	\$	\$	\$

OTHER FUNDS (SPECIFY)

**Income & Expenditure for the financial year 20...../20..... and
Proposed Budget for the financial year 20...../20.....**

NAME OF FUND <i>Definition of purpose</i>				
Balance brought forward <i>(from actuals of last financial year)</i>	\$			
	Proposed 20...../20..... <i>(last financial year)</i>	Actuals 20...../20..... <i>(last financial year)</i>	Variance 20...../20..... <i>(last financial year)</i>	Estimates 20...../20..... <i>(coming financial year)</i>
Income				
Interest received	\$	\$	\$	\$
Funds transferred from/(to) maintenance fund	\$	\$	\$	\$
Other fund provisions	\$	\$	\$	\$
Deferred fees recouped	\$	\$	\$	\$
Deferred fees outstanding	\$	\$	\$	\$
Less expenditure				
Bank & Govt Charges	\$	\$	\$	\$
	\$	\$	\$	\$
	\$	\$	\$	\$
	\$	\$	\$	\$
	\$	\$	\$	\$
	\$	\$	\$	\$
Surplus/(deficit) for the year				
Balance	\$	\$	\$	\$