LISTED AGED CARE PROVIDERS FINANCIAL PERFORMANCE ANALYSIS

StewartBrown

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For the twelve months ended 30 June 2018

Introduction

About

This listed aged care providers financial performance update focuses solely on the three listed providers in order to provide a timely snapshot and commentary on their results.

The StewartBrown *Aged Care Financial Performance Survey* (ACFPS) results for the twelve months ended 30 June 2018 are currently being collated and analysed and will be made available in a forthcoming report. Although the main focus of the StewartBrown ACFPS is financial performance at a *facility level*, we have also asked for provider level financial performance and will be analysing the results at this level. This will allow for a better comparison to the listed entity results (which are also at a provider level). If you would like to be added to our email list to be notified when this report is available please contact benchmark@stewartbrown.com.au.

In addition to the written reports, this year StewartBrown is co-hosting an Aged Care Finance Forum with *Lorraine Poulos and Associates* around the country. This seminar has been designed to inform the sector and assist operators in managing the operational & financial changes needed to survive and prosper in an uncertain but exciting environment in aged care. It is an opportunity for finance and operational staff to work together to meet the changing environments and for providers to learn from each other. One session will be devoted to the review of the full year results of the 2018 StewartBrown Aged Care Financial Performance Survey which will include presentation of the latest results and trends in financial performance, accommodation pricing and the overall financial "health" of the sector. If you would like more information on this please contact benchmark@stewartbrown.com.au.

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Headline Financial Results

The three listed providers reported their financial results for the twelve months to 30 June 2018 recently. The following provides a snapshot analysis as at 30 June 2018 for the three listed companies.

Table 1: Snapshot analysis of the aged care listed providers as at 30 June 2018 and 30 June 2017

	ESTIA	ESTIA	JAPARA	JAPARA	REGIS	REGIS
	Jun-18	Jun-17	Jun-18	Jun-17	Jun-18	Jun-17
Financial performance						
Earnings before tax (EBT)	$57.2m	$59.1m	$29.7m	$42.6m	$76.8m	$87.7m
Operating revenue (excludes interest)*	$546.9m	$524.6m	$361.5m	$354.0m	$593.6m	$564.3m
Normalised revenue**	$546.9m	$524.6m	$361.9m	$354.3m	$594.0m	$564.9m
Normalised EBITDA**	$90.0m	$86.9m	$39.3m	$52.3m	$116.0m	$124.0m
Balance sheet						
Total assets	$1,823.9m	$1,798.5m	$1,268.6m	$1,115.6m	$1,758.7m	$1,524.7m
Equity***	$761.6m	$761.1m	$533.8m	$535.7m	$180.4m	$183.9m
Net tangible assets (liabilities)	($274.2m)	($274.9m)	$42.4m	$72.3m	($298.0m)	($262.2m)
Cash and financial assets (liquid)	$11.2m	$19.2m	$29.2m	$41.4m	$7.9m	$21.7m
Resident debt	$792.9m	$731.5m	$509.3m	$453.1m	$989.2m	$916.7m
External debt	$75.0m	$121.5m	$145.5m	$61.0m	$411.6m	$255.0m
Key ratios						
Occupancy rate	94.2%	93.5%	93.2%	94.6%	93.4%	94.9%
Staff costs (% operating revenue)	65.9%	64.7%	71.6%	69.7%	66.9%	63.4%
Liquid cash assets as % of debt	1.3%	2.3%	4.5%	8.0%	0.6%	1.8%
EBT (annualised)						
- % of operating revenue	10.5%	11.3%	8.2%	12.0%	12.9%	15.5%
- return on equity (ROE)	7.5%	8.7%	5.6%	8.0%	42.1%	49.4%
- return on total assets (ROA)	3.2%	3.4%	2.5%	3.9%	4.7%	6.0%
- return on tangible assets	(20.8%)	(19.1%)	51.8%	61.3%	(27.4%)	(32.9%)
Normalised EBITDA (annualised)						
- % of normalised revenue	16.4%	16.6%	10.9%	14.8%	19.5%	22.0%
- as % of operating revenue	16.4%	16.6%	10.9%	14.8%	19.5%	22.0%
- return on equity (ROE)	11.8%	12.9%	7.3%	9.8%	63.7%	69.9%
- return on total assets (ROA)	5.0%	5.0%	3.3%	4.8%	7.1%	8.5%
- return on tangible assets	(32.8%)	(28.2%)	68.6%	75.2%	(41.4%)	(46.5%)

** Interest revenue is offset with finance costs.*

***Normalised revenue excludes increase in fair value of investment property, and other one-off items such as net gain/discount on acquisition and on disposal of non-current assets. Normalised EBITDA includes same adjustments as well as excluding any acquisition related costs or any other one-off costs.*

**** Equity includes goodwill and other intangibles.*

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Overall, the financial results reflect the sector trends of pressure on revenue due to the FY18 freeze on ACFI indexation and ACFI scoring changes; occupancy pressures; and increases in staff costs.

As in prior periods, Estia and Regis both have a net tangible liability which is due to the fact the intangible assets are greater than the net tangible assets.

The ratio of liquid cash assets as a percentage of debt has decreased for all three providers due to the lower levels of cash and cash equivalents held.

Estia

- EBT ($57.2m) is 3.2% reduction compared to FY17
- Normalised EBITDA of $90.0m achieved - an increase since FY17 of 3.5%
- Slightly higher average occupancy at 94.2% compared to FY17 (93.5%)
- EBT return on assets employed (ROA) decreased from 3.4% to 3.2%
- EBT as percentage of operating revenue decreased from 11.3% to 10.5%
- EBITDA margin slight decrease to 16.4% of operating revenue
- Staff costs reflect “EBA increases and associated accrued leave uplifts, Twin Waters staffing ramp costs and strengthening of central management team”
- Net tangible liabilities has remained fairly steady –$274.2million at June 2018 ($274.9m at June 2017)

Japara

- EBT ($29.7m) is 30.3% reduction compared to FY17
- Normalised EBITDA of $39.3m is reduction of 24.8% from FY17
- Average occupancy of 93.2% is slightly lower than FY17’s 94.6% due to “unusually severe influenza outbreaks” in the first six months of FY18
- EBT return on assets employed (ROA) decreased from 3.9% to 2.5%
- EBT as percentage of operating revenue decreased from 12.0% to 8.2%
- EBITDA margin as percentage of operating revenue decreased from 14.8% for FY17 to 10.9% for FY18
- Staff costs reflect wages growth
- Net tangible assets has decreased by 41.3% to $42.4m

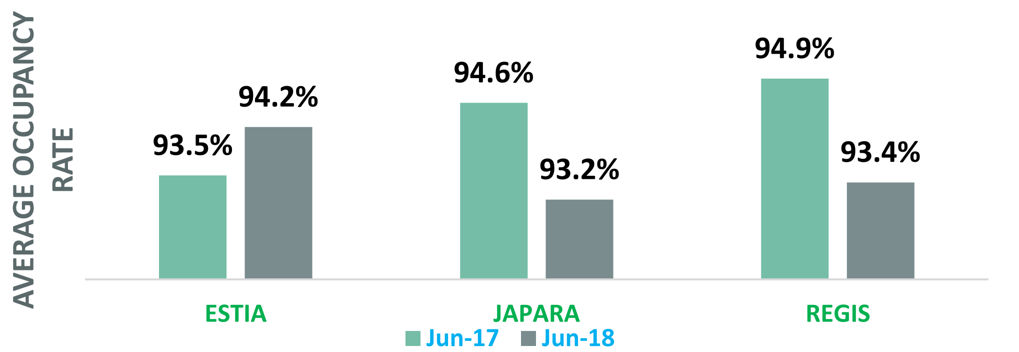
Regis

- EBT ($76.8m) is 12.5% reduction compared to FY17
- Normalised EBITDA of $116.0m is a reduction of 6.4% compared to FY17
- Lower average occupancy of 93.4% compared to FY17’s 94.9% due to “more virulent influenza and gastroenteritis than usual” in the first six months of FY18
- EBT return on assets employed (ROA) decreased from 6.0% to 4.7%
- EBT as percentage of operating revenue decreased from 15.5% to 12.9%
- EBITDA margin as a percentage of operating revenue decreased from 22.0% as at June 2017 to 19.5% as at 30 June 2018
- Staff costs increase comprised of EBA increases, costs associated with ramping up, ramping down and acquired Facilities, cleaning services now inhouse and included under labour (previously outsourced)
- Net tangible liabilities increased by 13.7% to $298.0m

Occupancy

- ***Estia*** experienced a slight increase in average occupancy due to "strong local community engagement, quality of homes and care across challenging flu season"
- ***Japara's*** average occupancy decreased from 94.6% to 93.2% due to "unusually severe influenza outbreaks" in the first half of the financial year
- ***Regis*** average occupancy fell from 94.9% to 93.4% due to "more virulent influenza and gastroenteritis than usual" – also in the first half of the financial year

Figure 1: Average occupancy rates for the listed period ending 30 June 2018 and 30 June 2017



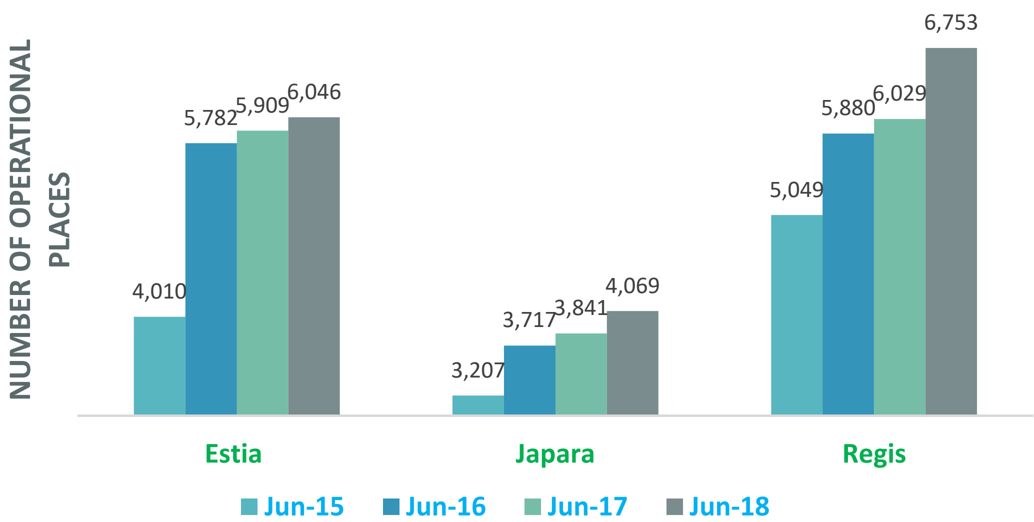
Operational places

Estia
- Opening of new homes totalling 186 new beds at Twin Waters in Queensland and Kogarah in Sydney, NSW.
- Estia is also in the process of developing five new homes (585 beds) which are set to open in FY19 and FY20

Japara
- Opening of new home, Riverside Views in Tasmania (260 new beds) and acquisition of Riviera Health portfolio in NSW
- Five brownfield and 12 greenfield projects in progress which are scheduled to deliver more than 1,200 net new places by FY22

Regis
- Acquired Presbyterian Care Tasmania (287 places)
- Opening of 501 operational places at four new facilities

Figure 2: Number of operational places across listed providers from June 2015 to June 2018



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ACFI and staff costs

KPI	ESTIA			JAPARA			REGIS		
	Jun-18	Jun-17		Jun-18	Jun-17		Jun-18	Jun-17	
Average government revenue per occupied bed day (pobd)	$197.30	$192.50	↑	$198.45	$197.50	↑	198.00	197.00	↑
Staff costs as % of operating revenue	65.86%	64.72%	↑	71.63%	69.70%	↑	66.91%	63.36%	↑

ACFI (the level of government funding received as determined by the funding instrument) is an important financial KPI for facility managers and aged care providers. Whist we are unable to tell the ACFI or care staff costs of the listed providers, they do provide their results for government revenue per occupied bed day and from the financials we can calculate total staff costs as a percentage of operating revenue.

Despite the freeze on ACFI indexation and the ACFI rule changes, all three providers have seen an increase in government revenue per occupied bed per day.

- ***Estia*** experienced an increase of $4.80 pobd in government revenue. This is likely due to increase in occupancy, acuity and opening of new homes (significant refurbishment).
- ***Japara*** experienced a $0.95 pobd increase in government revenue due to growth from brownfield developments completed in FY18 and the expansion of capacity which has offset the Federal Government funding cuts.
- ***Regis*** increased contribution from significant refurbishment offset by Federal Government funding cuts to achieve a net increase of $1.00 pobd

Staff costs are the most significant of all expenses aged care operators face. All three listed providers experienced an increase in staff costs as a percentage of operating revenue.

- ***Estia*** staff costs as a percentage of operating revenue have increased by 1.1%. This reflects “EBA increases and associated accrued leave uplifts, Twin Waters staffing ramp costs and strengthening of central management team” as well as increasing acuity, commitment to quality care
- ***Japara’s*** staff costs reflect annual wage increases – an increase of 1.9%
- ***Regis*** experience an increase of 3.6% in staff costs as a percentage of operating revenue. This is due to annual EBA increases as well as a classification change due to the insourcing of cleaning services (prior classification of resident care expenses when outsourced) which accounts for around 1.2% of total revenue and some costs relating to ramp up and down of facilities.

EBT and EBITDA

KPI	ESTIA			JAPARA			REGIS		
	Jun-18	Jun-17		Jun-18	Jun-17		Jun-18	Jun-17	
EBT per resident per annum	$9,375	$9,818	↓	$4,429	$8,958	↓	$11,209	$14,549	↓
EBITDA per resident per annum	$14,880	$14,714	↑	$9,659	$13,611	↓	$17,179	$20,567	↓

The sector primarily uses EBITDA as a measure of an organisation's operating performance. EBITDA is defined as earnings before interest, tax, depreciation and amortisation. Essentially, it's a way to evaluate an organisation's performance without having to factor in financing decisions, accounting decisions or tax environments.

However, this measure doesn't consider depreciation and as this is a significant expense for residential aged care facilities, we consider that EBT (earnings before tax) should also be given equal consideration when assessing overall financial performance.

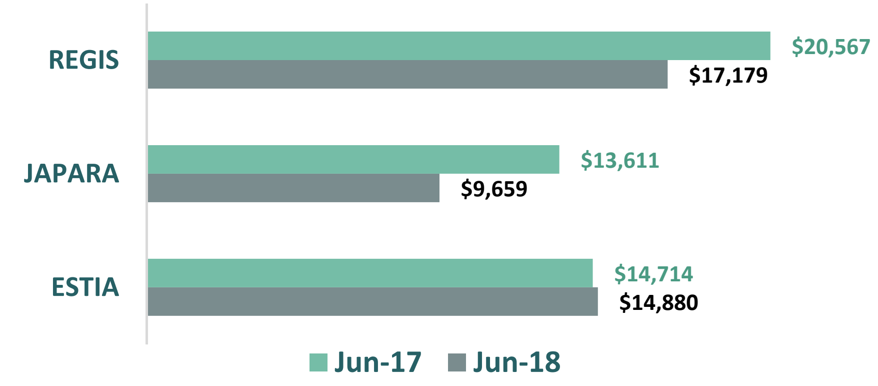
Normalised EBITDA excludes acquisition related costs, increase in fair value of investment property, and other one-off items such as net gain/discount on acquisition and on disposal of non-current assets. EBT is net profit before tax as reported by the listed entities. Calculation of EBITDA per bed per annum is based on the normalised EBITDA divided by the number of operational places (figures obtained for this calculation are sourced from the listed entities' presentations to the market).

Table 2: EBITDA per bed per annum calculation

Listed entity	Period	Normalised EBITDA	No. of operational places (as published)	EBITDA per bed per annum (calculated)
ESTIA	FY18	$90.0m	6,046	$14,880
ESTIA	FY17	$86.9m	5,909	$14,714
JAPARA	FY18	$39.3m	4,069	$9,659
JAPARA	FY17	$52.3m	3,841	$13,611
REGIS	FY18	$116.0m	6,753	$17,179
REGIS	FY17	$124.0m	6,029	$20,567

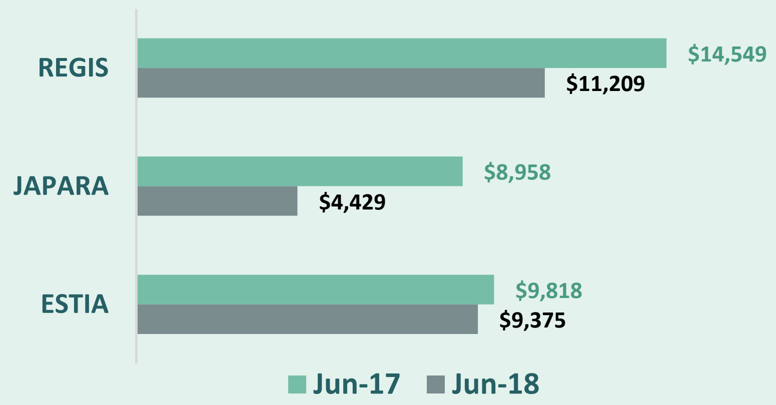
EBT and EBITDA

Figure 3: Normalised EBITDA per bed per annum



- The EBITDA per bed per annum has decreased for both Regis and Japara due to impacted by lower occupancy from influenza outbreaks, the effect of the cuts to residential aged care funding, and staff costs increasing at a greater rate than revenue
- The EBITDA per bed per annum has increased slightly for Estia due to growing occupancy rate and higher government revenues

Figure 4: EBT per bed per annum



- EBT per bed per annum varies considerably between the three listed entities, with a decrease occurring for each of them
- There are various opinions on what level of EBT may be considered desirable. If the total cost (purchased or acquired) of a bed is (say) $275,000 (excluding land) an EBT of $10,000 per bed per annum only represents a return of 3.6%

Cash flows

Table 3: Summary of cash flows for periods ended 30 June 2018 and 30 June 2017 6

	ESTIA	ESTIA	JAPARA	JAPARA	REGIS	REGIS
	Jun-18	Jun-17	Jun-18	Jun-17	Jun-18	Jun-17
Operating Cash Flows						
Receipts	$545.5m	$529.3m	$361.3m	$350.5m	$588.0m	$556.0m
Payments	($442.4m)	($431.2m)	($315.8m)	($306.7m)	($476.1m)	($437.9m)
Finance costs (net)	($6.8m)	($10.4m)	($3.6m)	($3.1m)	($15.0m)	($10.2m)
Income tax paid	($22.3m)	($28.6m)	($6.3m)	($9.0m)	($25.7m)	($27.4m)
Net operating cash flows	**$74.0m**	**$59.1m**	**$35.5m**	**$31.8m**	**$71.2m**	**$80.5m**
Investing Cash Flows						
PP&E movement (net)	($57.1m)	($53.4m)	($29.5m)	($4.4m)	($217.2m)	($151.0m)
Capital work in progress	$0.0m	$0.0m	($78.8m)	($36.3m)	$0.0m	$0.0m
Acquisitions	$0.0m	($93.0m)	($40.3m)	($5.4m)	($28.5m)	$0.0m
Net investing cash flows	**($57.1m)**	**($146.4m)**	**($148.5m)**	**($46.1m)**	**($245.7m)**	**($151.0m)**
Financing Cash Flows						
RAD movement (net)	$62.8m	$80.1m	$41.6m	$55.7m	$62.6m	$70.5m
Borrowings (net)	($46.5m)	($129.2m)	$84.5m	$1.5m	$156.2m	$45.0m
Dividends paid	($41.2m)	($19.3m)	($25.9m)	($29.7m)	($58.0m)	($48.8m)
Share issue	$0.0m	$145.1m	$0.6m	$3.6m	$0.0m	$0.0m
Net financing cash flows	**($24.9m)**	**$76.7m**	**$100.8m**	**$31.1m**	**$160.8m**	**$66.8m**

Commentary

- Operating cash flows exclude proceeds and repayment of RAD's in line with the Aged Care Financial Report disclosures. StewartBrown also considers such cash flows to be of a financing rather than operating nature
- Net RAD movement has declined for each of the listed entities
- Estia repaid external borrowings by $82.7m due in part as a flow-on from the to the $145.1m share issue from the previous period
- Regis increased external borrowings during the period by $111.7m and Japara increased external borrowings by $83.0m

Depreciation

The listed entities' 2018 Annual Financial Reports include their respective building depreciation policies. There has been no change in accounting policy for the twelve months to June 2018.

The policies are summarised below.

	ESTIA	JAPARA	REGIS
Buildings	50 years	50 years	55 years
Plant and equipment, furniture and fixtures	4 to 15 years	4 to 25 years	3 to 30 years
Property improvements	50 years	4 to 50 years	n/a

As discussed in our previous listed entity reports, StewartBrown has a contrary view on the above depreciation policies. Depreciation is an accounting method of allocating the cost of a tangible asset, such as a building, over its useful life. Organisations depreciate long-term assets for both tax and accounting purposes and to ensure that they have allocated sufficient funds to prepare for refurbishment or re-build. As a non-cash expense, its importance is often underappreciated or in some cases underreported as a means of improving profitability.

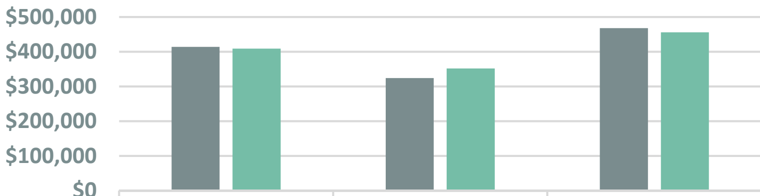
The depreciation policy of the listed entities (and others in the sector) does not appear to match their policy on refurbishment. Generally, a residential aged facility requires a major refurbishment of a facility on average every 12 years in order to maintain attractiveness and be competitive. Therefore, if the average depreciation rate were to reflect this, it would be closer to **20 or 30 years**.

There is no separate disclosure in the listed entities financial statements in relation to the amount spent on facility refurbishment and it may therefore be assumed that such expenditure is capitalised. If this were the case, it raises further concerns as to the depreciation policy of the listed entities.

Accommodation Analysis

Average incoming RAD

Figure 5: Average Incoming Refundable Accommodation Deposit (RAD)



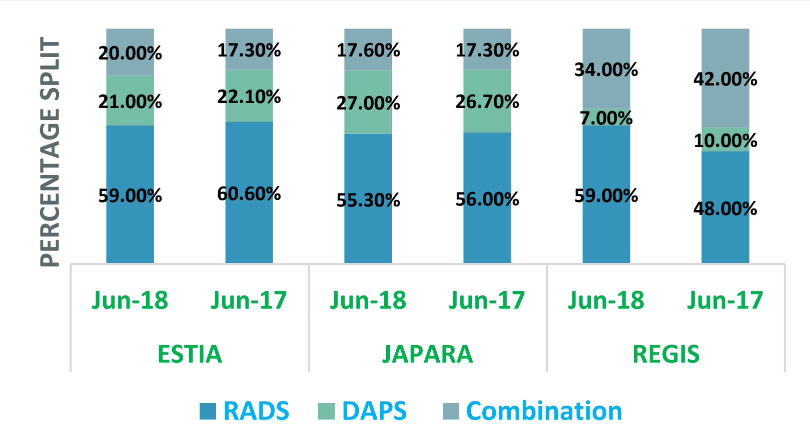
	ESTIA	JAPARA	REGIS
Jun-18	$413,667	$323,900	$467,900
Jun-17	$408,768	$351,700	$455,600

Jun-18 Jun-17

- Estia average incoming RAD increased, offsetting the modest impact of preference changes to combination payments.
- Japara's average incoming RAD is lower due to "proactive temporary reduction of bed prices at selected homes to address occupancy pressures"
- Regis increased incoming average RAD reflects the higher levels of room pricing of its new facilities

Incoming Resident Payment Preference

Figure 6: Proportion of RADs, DAPS and combination payments received for FY18 compared to the FY17



- There is a continuing trend of residents moving away from the payment of a full Refundable Accommodation Deposit (RAD).
- Estia's report is showing a slight shift to combination payments from RAD.
- Japara's split has not changed significantly
- Regis has an increased rate of full RAD payment due to the greater number of residents entering care in the new facilities.

Market Capitalisation

Market capitalisation is measured as number of ordinary shares multiplied by the share price as at 30 June 2018. Normalised EBITDA, EBT (net profit after tax) are shown as a percentage of market capitalisation.

Table 5: Results as a percentage of market capitalisation as at 30 June 2018 and 30 June 2017 for the listed entities

	Estia		**Japara**		**Regis**	
	Jun-18	**Jun-17**	**Jun-18**	**Jun-17**	**Jun-18**	**Jun-17**
Ordinary shares (as at 30/06/2018)	260,580,283	260,580,283	265,887,509	265,887,509	300,491,000	300,358,466
Share price (as at close of 29/06/2018)	$3.29	$3.05	$1.81	$2.10	$3.28	$3.93
Market capitalisation ($m)	$857.3m	$794.8m	$479.9m	$558.4m	$985.6m	$1,180.4m
Normalised EBITDA ($m)	$90.0m	$86.9m	$39.3m	$52.3m	$116.0m	$124.0m
Normalised EBT ($m)	$56.7m	$58.0m	$18.0m	$34.4m	$75.7m	$87.7m
EBITDA (as % of market capitalisation)	10.49%	10.94%	8.19%	9.36%	11.77%	10.50%
EBT (as % of market capitalisation)	**6.61%**	**7.30%**	**3.75%**	**6.16%**	**7.68%**	**7.43%**

The EBT as a percentage of market capitalisation is the most interesting measure as this metric represents the potential return on investment for shareholders. Across the listed entities this result does varies from 3.75% (Japara) to 7.68% (Regis) for the twelve months to Jun-18.

Summary tables

	ESTIA		JAPARA		REGIS	
	Jun-18	Jun-17	Jun-18	Jun-17	Jun-18	Jun-17
Balance Sheet	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	11,198	19,215	29,158	41,376	7,770	21,476
Financial assets	0	0	0	0	147	180
PPE	757,110	723,549	687,720	541,776	1,127,102	927,315
Investment property	1,620	1,500	38,398	32,972	129,049	115,034
Intangibles	1,035,788	1,035,990	491,378	463,458	478,417	446,132
Other assets	18,184	18,273	21,952	35,986	16,194	14,606
Total assets	***1,823,900***	***1,798,527***	***1,268,606***	***1,115,568***	***1,758,679***	***1,524,743***
Resident liabilities	792,879	731,515	509,348	453,103	989,238	916,699
Borrowings	75,000	121,514	145,500	61,000	411,589	255,000
Employee entitlements	46,062	42,396	37,197	35,334	58,575	51,315
Creditors & other liabilities	148,395	141,986	42,783	30,417	118,907	117,792
Total liabilities	***1,062,336***	***1,037,411***	***734,828***	***579,854***	***1,578,309***	***1,340,806***
Net Assets	***761,564***	***761,116***	***533,778***	***535,714***	***180,370***	***183,937***
Income Statement						
Operating revenue	546,934	524,630	361,523	353,998	593,990	564,901
Investment and other non-operating income	483	1,037	11,665	8,195	1,077	0
Total revenue (excludes interest)	***547,417***	***525,667***	***373,188***	***362,193***	***595,474***	***565,483***
Staff costs	360,216	339,515	258,967	246,734	397,431	357,896
Depreciation	29,841	18,860	17,150	14,255	27,582	29,505
Net Finance Costs (offset with interest)	7,279	9,623	3,817	3,304	8,818	6,427
Other	92,916	98,615	63,568	55,299	84,464	83,355
Total expenses	***490,252***	***466,613***	***343,502***	***319,592***	***518,295***	***477,183***
EBT	***57,165***	***59,054***	***29,686***	***42,601***	***76,772***	***87,718***
Tax	16,011	18,356	6,359	12,889	22,903	26,617
Result after tax	***41,154***	***40,698***	***23,327***	***29,712***	***53,869***	***61,101***
Other items - one off	0	0	0	0	-23	336
Total comprehensive income for the year	***41,154***	***40,698***	***23,327***	***29,712***	***53,846***	***61,437***

Adjustments for normalised revenue and EBITDA

Estia	Jun-18	Jun-17
	$'000	$'000
Total revenue from statutory accounts	547,417	525,667
EBITDA calculated from statutory accounts	90,446	87,982
Less: Gains on bargain purchases and asset sales	(363)	(1,037)
Less: Change in fair value of investment property	(120)	0
Normalised EBITDA	89,963	86,945
Normalised revenue (excludes interest revenue)	546,934	524,630

Japara	Jun-18	Jun-17
	$'000	$'000
Total revenue from statutory accounts	373,188	362,193
EBITDA calculated from statutory accounts	50,653	60,160
Less: Net gain on acquisition	(9,568)	0
Less: Gains on bargain purchases and asset sales	(40)	(6,680)
Less: Change in fair value of investment property	(1,743)	(1,200)
Normalised EBITDA	39,302	52,280
Normalised revenue (excludes interest revenue)	361,837	354,313

Regis	Jun-18	Jun-17
	$'000	$'000
Total revenue from statutory accounts	595,474	565,483
Interest revenue	407	582
EBITDA calculated from statutory accounts	113,579	124,232
Add back: Acquisition related expenses	3,913	347
Less: Change in fair value of investment property	(1,077)	0
Normalised EBITDA	116,008	123,997
Normalised revenue (excludes interest revenue)	593,990	564,901

Glossary

Cash	Cash and cash equivalents
DAP	Daily Accommodation Payment
Debt	Resident loans (RADS, accommodation bonds), ILU resident loans, other loans and borrowings
EBITDA	This measure represents earnings before interest (including investment income), taxation, depreciation and amortisation. The calculation excludes interest (and investment) revenue as well as interest expense on borrowings. The main reason for this is to achieve some consistency in the calculation. To ensure that the measure is consistent across all organisations we exclude this revenue stream.
EBT	Earnings before taxation. This is a measure that excludes those variables relating to the tax status of an entity but recognises the consumption of capital in the form of depreciation and amortisation.
Normalised EBITDA	Earnings before interest, tax, depreciation and amortisation excluding acquisition-related costs and one-off costs such as change in fair value of investment property, net gain/loss of asset disposals
RAD	Refundable Accommodation Deposit
Liquid financial assets	Current assets that can be converted into cash such as shares
Return on Assets (ROA)	The return (EBT and EBITA) on Total Assets Employed. This is measure of the real operating return (profit) based on the total value of assets employed (used) to generate the return.

StewartBrown
Integrity + Quality + Clarity

StewartBrown Aged Care Executive Team

Stuart Hutcheon |Managing Partner

Stuart Hutcheon is the head of our Audit and Assurance Division, but also provides consulting services to a diverse client base. He has had considerable experience with both commercial and not-for-profit organisations. This experience covers all areas of professional services including auditing, management accounting, budgeting, salary packaging and FBT advice.

Prior to joining StewartBrown Stuart held positions in commerce and undertook various medium-term secondments in various financial accounting roles. He has been a partner since 2004. Stuart holds a Bachelor of Commerce and is a Chartered Accountant, Registered Company Auditor and Registered SMSF Auditor.

Grant Corderoy | Senior Partner

Grant is the head of our expanded Consulting division. He specialises in a range of services for his clients including undertaking complex accounting assignments, system reviews, management consulting, specialised audits and general business advice. He also has considerable experience in advising clients on the sale and purchases of businesses, business valuations and due diligence.

Grant has over 40 years' experience in the profession and was previously responsible for the Audit and Aged Care Division which he established in 1990. A partner in the firm since 1995, he has significant professional expertise within the not-for-profit sector and has a lengthy client list including many national aged care providers and community service providers.

Grant has tertiary business qualifications and is an Affiliate of Chartered Accountants Australia and New Zealand.

David Sinclair |Partner

David is Partner with StewartBrown specialising in providing services and advice to the aged care and community services businesses with a focus on the not-for-profit sector. Until recently, David managed the StewartBrown Aged Care Financial Performance Survey. David now leads the internal audit team and jointly leads the consulting team in conjunction with Senior Partner Grant Corderoy. David holds a Bachelor of Economics, is a Chartered Accountant, an Associate Member of the Institute of Internal Auditors and Member of the Australian Institute of Company Directors.

Tracy Thomas | Senior Manager, Benchmark Services & Business Analysis

Tracy is a Chartered Accountant and Associate Actuary. Since joining StewartBrown in 2016, she has been involved with the Aged Care Financial Performance Survey and now heads the team undertaking the survey. She has worked with several providers of residential aged care and home care on consulting assignments and produced the Corporate Administration Reports and Listed Providers Analysis updates. She specialises in data analysis and financial modelling.

StewartBrown - Our Knowledge is your success

StewartBrown, Chartered Accountants, was established in 1939 and is one of the leading boutique accountancy firms in Australia combining a full range of professional services with varied corporate assignments. Our professional mission statement is "*we deliver service beyond numbers*", which reflects the commitment to helping our extensive range of clients to achieve their financial goals.

We offer a depth of technical knowledge and varied professional experience, with many of our senior staff now having well over 10 years' of service with the firm, resulting in our clients benefitting from continuity and accountants who really understand their business.

What a boutique firm offers

Whilst StewartBrown provides a range of professional services, our "point of difference" is our ability to engage in assignments of a complex nature by providing a varied mix of experience and corporate skills. Examples of recent consulting assignments include:-

- Contract accounting
- Payroll processing and billing processing
- Financial modelling and unit costing analysis
- Strategic planning facilitation
- ITSC Project management
- Governance reviews
- Organisation restructures
- Risk management reviews
- Due diligence
- Work-flow building design
- FBT and GST reviews
- Detailed forecasting modelling

Audit and assurance services

Complementing our consulting services is our dynamic Audit division. StewartBrown adopts a risk based audit approach which is performed strictly in accordance with Australian Auditing Standards. Our engagements involve a detailed analysis of the client's business and systems of internal control to ensure we fully understand how the client operates and identify areas that pose the greatest risk of being materially misstated in the financial statements.

Our detailed testing procedures are then tailored to meet the risks identified and also ensure an efficient and effective audit is performed.

What we offer our audit clients are a mix of experience and knowledge well beyond that of most other firms. Our audit staff all have regular exposure to consulting and secondment assignments which significantly enhances the "value add" we bring to our audit clients.

Specialty in the aged care, community and disability sectors

StewartBrown is widely regarded as being a leading specialist within the aged care, community and disability sectors. Our client base includes many large national providers in addition to independent stand-alone providers, faith-based and community providers, culturally specific providers, as well as government and statutory bodies.

Our commitment to these important social sectors each year involve 30+ plus speaking engagements at Conferences, sector briefings, workshops, department briefings, organisation presentations and community consultations.

Integrity + Quality + Clarity

These terms which appear on our logo are more than aspirations, they appear for a very important reason they encapsulate the professional standards that we strive to continually maintain and ensure best practice

CONTACT US

New South Wales
Tower 1 / Level 2
495 Victoria Avenue
Chatswood NSW 2067
T: +61 2 9412 3033
F: +61 2 9411 3242

South Australia
Level 1 / 104 Frome Street
Adelaide SA 5000
T: +61 8 8229 2280
F: +61 8 8229 2288

benchmark@stewartbrown.com.au
www.stewartbrown.com.au