



Financial Disclosure by Australian Residential Aged Care Providers: Are They Suffering Dementia?

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Abstract

Australia's residential aged care (RAC) sector is significant in terms of its aging population, which is consistent with most developed countries. It is, therefore, vital for stakeholders to have access to RAC providers' financial information to make informed and timely decisions. It is often difficult for stakeholders to accurately compare the financial information of RAC providers due to there being a small timeframe to make decisions with high emotional content. This research will enable RAC providers and their stakeholders to consider the current level of disclosure required and the level of voluntary disclosures providers in the sector choose to disclose, and whether this level of disclosure is adequate for stakeholders to make informed decisions. Information was gathered from the RAC provider's annual and/or financial reports, to determine their level of financial disclosure, over a 3-year period. It was found that the RAC providers' level of financial disclosure could be more consistent and adequate by complying with the Australian Financial Reporting Framework, including an independent audit report. Hence, this research provides new insights and a basis for further research to determine whether the Australian RAC sector has improved their consistency and adequacy of their financial disclosures through the use of the proposed RAC general purpose financial reports Framework.

Keywords: Residential Aged Care Governance; Disclosure; Accountability

1. Introduction to the Residential Aged Care (RAC) Sector in Australia

Aged care, internationally known as elder care, long-term care or social care, refers to institutions that provide "care interventions" for the elderly (CEPAR, 2014). The elderly, aged or frail, refers to those aged 65 years and over (ABS, 2006). These institutions assist the elderly in their daily living. This assistance may be required due to a disability, chronic illness, cognitive or physical decline (AIHW, 2012). Much of this care and support is provided informally by family, but there is a growing demand for formal aged care (CEPAR, 2014).

Australia's aged care system consists of three core service streams: Residential care, community care, and flexible care (AIHW, 2012). RAC is "personal and/or nursing care provided to a person in a residential care service in which the person is also provided with accommodation that includes meals, cleaning services, furniture, and equipment" (AIHW, 2012, p. 76). Community care (The Community Aged Care Packages Program) assists older people residing in their own homes, by providing services including home nursing, assistance with meals, shopping, bathing, and transport (ABS, 2010). Flexible care services provide a mixture of residential and community care services (ABS, 2008).

Australian government-subsidized RAC "programs are available on either a permanent or respite basis" (AIHW, 2012a, p. 4). Permanent RAC is available to people who can no longer be supported

Table 1: Population RAC data sample by organizational classification

RAC data sample	RAC facilities (No.)	RAC facilities (%)	RAC providers (No.)	RAC providers (%)
Government	287	10.5	115	10.8
Community/religious	1611	59.2	553	51.7
Private owned/publicly listed	826	30.3	401	37.5
Total	2724	100	1069	100

RAC: Residential aged care

living in their community. There are two levels of permanent care, low-care (personal care and accommodation), and high-care (24-h nursing care), depending on the individual's assessed needs (DoHA, 2006; 2008). This assessment is based on a person's cultural, medical, physical, psychological, and social needs (AIHW, 2012). Residents receiving permanent residential low care, require personal care, and accommodation. Those receiving permanent residential high care, require 24 h nursing care "in addition to their low care needs" (AIHW, 2012, p. 4).

The Australian government is involved in each aspect of the provision of RAC, to ensure the equitable provision of services. The government regulates entry into the sector, limits the number and level of places it funds, regulates the standard of care, and provides grants (Hamilton and Menezes, 2011, p. 2). For RAC providers to receive government subsidies on their residents' behalf, they must be accredited. For a provider to become accredited, they must receive approval from the aged care standards and accreditation agency and be certified by the DoHA. This process takes into consideration the standard of the provider's buildings, equipment, provision of care, and past conduct.

As of June 30, 2011, 169,001 people were living in RAC facilities, nearly all on a permanent basis (98%). Of these 77% were aged 80 and over and 57% were aged 85 and over (AIHW, 2012). The majority of people living in Australian RAC facilities are women (70%), aged 80 and over.

This research focuses on the information RAC providers disclose to decision-makers and whether this information meets their needs. Information disclosure is vital for the "efficient functioning of markets" (Bayoud, 2012, p.76). A lack of information disclosure can result in information asymmetry (IA). IA exists when one group has an information advantage over another. Information plays a key role in decision-making informed by the public (freely available) and private information (that only available, if at all, to limited audiences). Information that managers disclose to the market decreases IA (Lopes and Rodrigues, 2006).

The Australian RAC sector consists of 2724 facilities of which are operated by 1069 providers across Australia during the 2011–2012 financial year (ABS data collection period). The breakdown for the number of RAC facilities in the data population, according to their organizational classification, is depicted in Table 1. The data population is made up of 2724 RAC facilities, operated by 1069 RAC providers. Of the 1069 RAC providers, 115 (10.8%) are classified as government, 553 (51.7%) as charitable, community-based or religious, and 401 (37.5%) as privately owned or publicly listed.

2. Theoretical Background

Accountability is "the perceived need to justify or defend a decision or action to (a particular) audience which has a potential reward or sanction power, and where such reward and sanctions are perceived as contingent on accountability conditions" (Frink and Klimoski, 1998, p. 9). It involves meeting specified duties, expectations, and obligations (Schlenker et al., 1991; Schlenker and Werigold, 1989; Schlenker, 1986). When individuals are accountable, they attempt to justify their behavior (Schlenker et al., 1991), while others judge, scrutinize, sanction, and possibly reward their actions (Tetlock, 1992; 1985; Semin and Manstead, 1983). Responsibility "is the force that binds individuals to events and to relevant prescriptions that govern their conduct." It provides a basis for sanctioning and judgment (Schlenker et al., 1994). An audience evaluates the individuals' accountability for their actions and "moves the individual from responsibility to accountability" (Royle and Hall, 2012).

In an age where there are rapidly globalizing economies and increasing access to available information, “it is apparent that high profile lapses of accountability occur frequently” (e.g., the granting of housing loans in the early part of the global financial crisis). The concern is growing in academic literature and the media about the apparent lack of accountability (Royle and Hall, 2012). Accountability is an essential part of life (both personal and organizational) (Tetlock, 1992; 1985). It is “instrumental in allowing societies to sustain themselves. In the organizational context, a lack of accountability may undermine firms’ internal, legitimate, systems of checks and balances, and adversely affect its performance” (Royle and Hall, 2012). Hence, “accountability in the community denotes a responsibility on the part of members of the community to participate in a network of interactive relationship with a willingness to share information, discuss, and find solutions on issues that affect communal values” (Arunachalam et al., 2007).

The Australian Financial Reporting Framework (AFRF) sets out the guidelines and requirements for accountability in “general purpose financial reports” (GPFR) and “special purpose financial reports” (SPFR).

“GPFRs are those intended to meet the needs of users not in a position to demand reports tailored to meet their particular information needs and include full compliance with all relevant Australian accounting standards. GPFR include those that are presented separately or within another public document such as an annual report or prospectus. The alternative, a SPFR, is prepared to meet the needs of the intended users” (Institute of Chartered Accountants Australia, 2013, pp. 33-34).

Thus, the GRI guidelines, in conjunction with the Australian Institute of Chartered Accountants’ reporting checklist, will be used to determine RAC providers’ compliance with current reporting requirements.

The aged care financing authority (ACFA) was established, in August 2012, to provide the Minister with independent advice on the impact of pricing, funding, and financing arrangements on aged care services. ACFA is required to annually report on the impact of funding and financing arrangements in relation to:

- The sustainability and viability of the aged care sector;
- Care recipients access to quality aged care; and
- The aged care workforce (ACFA, 2014).

In its inaugural report, ACFA reported that the quality and resultant usability of providers’ current GPFRs were limited in their value for the purpose of undertaking financial analysis and reporting. Therefore, in January 2014, the Assistant Minister for Social Services requested ACFA provide advice on options to improve the collection of appropriate financial data from aged care providers (ACFA, 2014).

To improve the value of reporting: The process, outputs, and outcomes of statutory reporting should be consistent with and enhance the broader goals of good corporate management and organizational governance; financial information should inform government policy and allows for the setting of future policy directions; and financial information and evidence-based analysis should inform consultation and partnership arrangements between the government and aged care sector stakeholders (ACFA, 2014).

This leads to the following research question: “Is the disclosure of financial information and compliance with the AFRF of Australian RAC providers consistent and adequate?”

3. Empirical Tests

This study investigates publicly available archival data and disclosures of Australian RAC providers. Annual and financial reports of this study are examined over the period of 3 years (2013, 2014, and 2015), using archival data. Quantitative content analysis will be undertaken to examine the annual and/or financial reports. During these 3 years, the Australian Government introduced the Living Longer Living Better reforms which are “aimed at building a better and fairer aged care system” (Australian Government Department of Social Services, 2014, p. 2); and the My Aged Care website, designed to improve the disclosure of aged care facilities by developing a central location for users to more easily access vital information in a timely manner.

Table 2: Statement of comprehensive income data collection

Category	Data analysis	Description of process
Revenue/income	Yes, no or partial information	Search for the word “revenue,” “income,” or equivalents
Operating revenue	Yes, no or partial information	Search for the word “operating revenue”
Specific revenue	Yes, no or partial information	Search whether the statement of comprehensive income listed the names of the revenue sources
Non-operating revenue/other	Yes, no or partial information	Search for the word “non-operating revenue” or “other”
Total revenue	Yes, no or partial information	Search for the word “total revenue” or a total revenue figure
Net profit/surplus	Yes, no or partial information	Search for the word “net profit,” “surplus,” or “deficit”
Expenses	Yes, no or partial information	Search for the word “expenses”
Specific expenses	Yes, no or partial information	Search whether the statement of comprehensive income listed the names of the expense sources
Total expenses	Yes, no or partial information	Search for the word “total expenses” or a total expenses figure
Comparison to the prior year	Yes, no or partial information	Search whether the statement of comprehensive income provides the figures for the previous year to compare results

The sampling frame for this research was taken from the sector-wide statistical data for 2012. Out of the 4586 Aged Care facilities operating across Australia, 2724 were RAC facilities. A comprehensive electronic search was undertaken to determine the number of Australian RAC facilities that provide public access to their annual report. This resulted in the formation of the 752 samples. Within this sampling frame of 752 RAC facilities, 105 were classified as community-based, 200 as charitable, 170 as religious, 220 as government, 56 as publicly incorporated bodies, and 1 as a publicly listed company. For analysis purposes, these RAC facilities were categorized into three groups (Government, community/religious, and privately owned/publicly listed), according to their organizational classification. Figure 1 illustrates the distribution of the RAC facilities for this study (Tables 2 and 3). If any financial data were found, it was analyzed for the following information:

- Comprehensive statement of income (if this was found, then the following data were gathered according to pro forma disclosure).
- Statement of financial position (if this was found, then the following data were gathered according to pro forma disclosure).

At times RAC providers only provided partial information; data were gathered using yes/no or partial (if the information was disclosed or available). Other financial data collected included are shown in Table 4.

4. Results

Financial data were collected in relation to the number and percentage of RAC providers that included their statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity, and notes to financial statements, and their compliance with GPFR. This information was gathered from the RAC providers' annual and/or financial reports, from the period of 2013 to 2015.

Table 3: Statement of financial position data collection

Category	Data analysis	Description of process
CA	Yes, no or partial information	Type of asset described (i.e., bank account); order listed to determine if CA; represented as a number, percentage, or as an image (graph or pie chart)
NCA	Yes, no or partial information	Type of asset described (i.e., building); order listed to determine if NCA; represented as a number, percentage, or as an image (graph or pie chart)
Total assets	Yes, no or partial information	Total figure provided for assets, represented as number, percentage, or as an image (graph or pie chart)
CL	Yes, no or partial information	Type of asset described (i.e., accounts payable); order listed to determine if CL; represented as number, percentage, or as an image (graph or pie chart)
NCL	Yes, no or partial information	Type of liability described (i.e., bank loan); order listed to determine if NCL; represented as number, percentage, or as an image (graph or pie chart)
Total liabilities	Yes, no or partial information	Total figure provided for liabilities, represented as number, percentage, or as an image (graph or pie chart)
Net assets	Yes, no or partial information	Figure provided for net assets represented as a number, percentage, or as an image (graph or pie chart)
Comparison to the prior year	Yes, no or partial information	Search whether the statement of comprehensive income provides the figures for the previous year to compare results

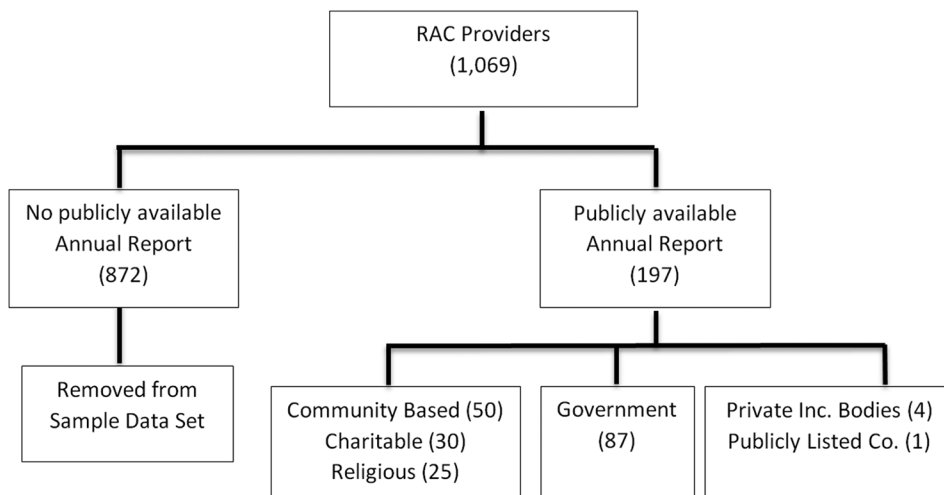
CA: Current assets, NCA: Non-current Assets, CL: Current liabilities, NCL: Non-current liabilities

4.1. Statement of comprehensive income

The inclusion of their statement of comprehensive income increased from 74.1% (146) in 2013 to 78.7% (155) in 2014, but then slightly decreased in their 2015 annual disclosure to 73.1% (144). The partial disclosure remained stagnant from the period of 2013 to 2014 with only 7.6% (15) choosing to account for their annual income and expenses in this form. However, 2015 saw a 1% increase to 16%. Those providers that chose not to include any financial information increased by approximately 5% from the period of 2014 (13.7%) to 2015 (18.8%). When the number of RAC providers that did not provide a comprehensive statement of comprehensive income is combined with those that only provided partial financial information, these providers accounted for approximately a quarter (25.9% [51] in 2013, 21.3% [42] in 2014, and 26.9% [53] in 2015) of the sample.

4.2. Statement of financial position

The inclusion of their statement of financial position increased from 73.1% (144) in 2013 to 79.2% (156) in 2014, but then slightly decreased in their 2015 annual disclosure to 73.6% (145). The partial disclosure declined slightly from 6.6% (13) in 2013 to 6.1% (12) in 2014. However, 2015 saw a 3% increase to 15% (15), in the number of RAC providers choosing to report on their financial position in this form. Those providers that chose not to include any financial information increased by approximately 4% from the period of 2014 (14.7%) to 2015 (18.8%). When the number of RAC providers that did not provide a statement of financial position are combined with those that only provided partial financial

Figure 1: Australian residential aged care facilities sample data set**Table 4: Other financial data collection**

Category	Data analysis	Description of process
Cash flow statement	Yes, no or partial information	Operating, financial, and investing or partial
Statement of changes in equity	Yes, no or partial information	If not-for-profit this may not be applicable
Notes to financial statements	Yes, no or partial information	Either present or not
Compliance with GPFR	Yes or no	If the RAC provider has an audit report who's opinion is found to be compliant then the annual or financial report is identified as being compliant; otherwise, the researcher will determine this based on the presence of the above statements in accordance with GPFR framework

GPFR: General purpose financial reports, RAC: Residential aged care

information, these providers accounted for approximately a quarter (26.9% [53] in 2013, 20.8% [41] in 2014, and 26.4% [52] in 2015) of the sample.

4.3. Cash flow statement

The inclusion of their cash flow statement increased from 68.5% (135) in 2013 to 74.1% (146) in 2014, but then slightly decreased in their 2015 annual disclosure to 67.5% (133). The partial disclosure remained stagnant from the period of 2013 to 2014 with only 0.5% (1) choosing to account for their annual income and expenses in this form. However, 2015 saw no provision of partial information. Those providers that chose not to include any financial information increased by approximately 5.5% from the period of 2014 (25.4%) to 2015 (32.5%). When the number of RAC providers that did not provide a statement of financial position is combined with those that only provided partial financial information, these providers accounted for an average of 30% (31.5% [62] in 2013, 25.9% [51] in 2014, and 32.5% [64] in 2015) of the sample.

Table 5: Level of financial disclosure of the statement of comprehensive income

Statement of comprehensive income	Yes n (%)	Partial n (%)	No n (%)	Total n (%)
2015	144 (73.1)	16 (8.1)	37 (18.8)	197 (100)
2014	155 (78.7)	15 (7.6)	27 (13.7)	197 (100)
2013	146 (74.1)	15 (7.6)	36 (18.3)	197 (100)

Table 6: Level of financial disclosure of the statement of financial position

Statement of financial position	Yes n (%)	Partial n (%)	No n (%)	Total n (%)
2015	145 (73.6)	15 (7.6)	37 (18.8)	197 (100)
2014	156 (79.2)	12 (6.1)	29 (14.7)	197 (100)
2013	144 (73.1)	13 (6.6)	40 (20.3)	197 (100)

4.4. Statement of changes in equity

The inclusion of their statement of changes in equity increased from 65.0% (128) in 2013 to 70.1% (138) in 2014 but then decreased in their 2015 annual disclosure back down to 65.0% (128). The partial disclosure remained stagnant from the period of 2014 to 2015 with no RAC facility choosing to account for their annual income and expenses in this form. However, 2013 saw 1 (0.5%) RAC facility provide a partial statement of equity. Those providers that chose not to include any financial information increased by approximately 5% from the period of 2014 (29.9%) to 2015 (35.0%). When the number of RAC providers that did not provide a statement of financial position is combined with those that only provided partial financial information, these providers accounted for an average of 33% (35% [129] in 2013, 29.9% [138] in 2014, and 35.0% [128] in 2015) of the sample.

4.5. Notes to financial statements

The inclusion of their notes to financial statements increased from 66.0% (130) in 2013 to 69.5% (137) in 2014 but then decreased in their 2015 annual disclosure back down to 64.5% (127). There was no partial disclosure of the notes to financial statements; the RAC providers either included the financial notes to their accounts or did not. Those providers that chose not to include any financial information increased by 5% from the period of 2014 (30.5%) to 2015 (35.5%). Overall, an average of 66% disclosed their notes to their financial statements in their annual and/or financial reports, throughout the 3-year time period.

4.6. Compliance with GPFR

The level of compliance with GPFR increased from 65.0% (128) in 2013 to 69.5% (137) in 2014 but then decreased in their 2015 annual disclosure back down to 65.0% (128). The partial compliance remained stagnant from the period of 2013 to 2014 with 16.8% (33) of the RAC providers meeting part of the requirements. However, 2015 saw a decline of 0.6% (1) only partially meeting the GPFR requirements. Those providers that were not compliant (hence did not disclose any financial information) increased by approximately 5% from the period of 2014 (13.7%) to 2015 (18.8%). When the number of RAC providers that did not meet the GPFR compliance requirements are combined with those that only partially complied, these providers accounted for an average of 33.5% (35.0% [128] in 2013, 30.5% [137] in 2014, and 35.0% [128] in 2015) of the sample. Therefore, overall, an average of 66.5% complied with the GPFR framework throughout the 3-year timeframe (Tables 5-10).

4.7. Further financial analysis

Further financial analysis was undertaken on the RAC providers' statement of comprehensive income and statement of financial position, across the 3-year period (2013–2015). Table 11 provides additional

Table 7: Level of financial disclosure of cash flow statement

Cash flow statement	Yes n (%)	Partial n (%)	No n (%)	Total n (%)
2015	133 (67.5)	0 (0)	64 (32.5)	197 (100)
2014	146 (74.1)	1 (0.5)	50 (25.4)	197 (100)
2013	135 (68.5)	1 (0.5)	61 (31.0)	197 (100)

Table 8: Level of financial disclosure of the statement of equity

Statement of changes in equity	Yes n (%)	Partial n (%)	No n (%)	Total n (%)
2015	128 (65.0)	0 (0)	69 (35.0)	197 (100)
2014	138 (70.1)	0 (0)	59 (29.9)	197 (100)
2013	128 (65.0)	1 (0.5)	68 (34.5)	197 (100)

Table 9: Level of financial disclosure of notes to financial statements

Notes to financial statements	Yes n (%)	Partial n (%)	No n (%)	Total n (%)
2015	127 (64.5)	0 (0)	70 (35.5)	197 (100)
2014	137 (69.5)	0 (0)	60 (30.5)	197 (100)
2013	130 (66.0)	0 (0)	67 (34.0)	197 (100)

Table 10: Level of compliance with GPFR

Compliance with GPFR	Yes n (%)	Partial n (%)	No n (%)	Total n (%)
2015	128 (65.0)	32 (16.2)	37 (18.8)	197 (100)
2014	137 (69.5)	33 (16.8)	27 (13.7)	197 (100)
2013	128 (65.0)	33 (16.8)	36 (18.2)	197 (100)

GPFR: General purpose financial reports

analysis for the statement of comprehensive income. Of the 197 RAC providers, 74.1% (146) include a statement of comprehensive income in either their annual report and/or financial report. 7.6% (15) provide partial statements, this means they either provide a summarised version, provide a description (usually in the form of a Treasurer's report or a report from the Chief Financial Officer), or provide a pie chart depicting either percentages, total figures (total income, total expenses, and net profit) or only a description (no figures). 18.3% (36) of the RAC providers did not provide any financial information in their annual report.

Table 12 provides additional analysis for the 2014 statement of comprehensive income. Of the 197 RAC providers, 84.8% (167) include a statement of comprehensive income in either their annual report and/or financial report. 11.1% (22) provide partial statements, this means they either provided a summarized version, a description (usually in the form of a Treasurer's report or Chief Financial Officer's report), or a pie chart depicting either percentages, total figures (total income, total expenses, and net profit) or only a description (no figures). 4.1% (4) of the RAC providers did not provide any financial information in their annual report.

Table 13 provides additional analysis for the 2015 statement of comprehensive income. Of the 197 RAC Providers, 73.1% (144) include a statement of comprehensive income in either their annual report and/or financial report. 8.1% (16) provided partial statements, this means they either provide a summarized version, a description (usually in the form of a Treasurer's report or Chief Financial Officer's report), or a pie chart depicting either percentages, total figures (total income, total expenses, and net profit) or only a description (no figures). 18.8% (37) of the RAC providers did not provide any financial information in their annual report.

Table 11: 2013 Statement of comprehensive income or statement of profit and loss

2013	Yes n (%)	Partial n (%)	No n (%)	Total n (%)
Statement of comprehensive income	146 (74.1)	15 (7.6)	36 (18.3)	197 (100)
Revenue	155 (78.7)	3 (1.5)	39 (19.8)	197 (100)
Operating revenue	139 (70.6)	4 (2.0)	54 (27.4)	197 (100)
Specific revenue	64 (32.5)	11 (5.6)	122 (61.9)	197 (100)
Non-operating revenue (other)	132 (67.0)	3 (1.5)	62 (31.5)	197 (100)
Total revenue	155 (78.7)	0 (0)	42 (21.3)	197 (100)
Expenses	153 (77.7)	3 (1.5)	41 (20.8)	197 (100)
Specific expenses	147 (74.6)	3 (1.5)	47 (23.9)	197 (100)
Total expenses	152 (77.2)	0 (0)	45 (22.8)	197 (100)
Net profit	158 (80.2)	0 (0)	39 (19.8)	197 (100)
Comparison to prior year	154 (78.1)	0 (0)	43 (21.9)	197 (100)

Table 12: 2014 Statement of comprehensive income or statement of profit and loss

2014	Yes n (%)	Partial n (%)	No n (%)	Total n (%)
Statement of comprehensive income	167 (84.8)	22 (11.1)	8 (4.1)	197 (100)
Revenue	167 (84.8)	17 (8.6)	13 (6.6)	197 (100)
Operating revenue	167 (84.8)	4 (2.0)	26 (13.2)	197 (100)
Specific revenue	166 (84.3)	1 (0.5)	30 (15.2)	197 (100)
Non-operating revenue (other)	167 (84.8)	5 (2.5)	25 (12.7)	197 (100)
Total revenue	167 (84.8)	8 (4.0)	22 (11.2)	197 (100)
Expenses	167 (84.8)	17 (8.6)	13 (6.6)	197 (100)
Specific expenses	167 (84.8)	8 (4.0)	22 (11.2)	197 (100)
Total expenses	167 (84.8)	1 (0.5)	29 (14.7)	197 (100)
Net profit	167 (84.8)	10 (5.0)	20 (10.2)	197 (100)
Comparison to prior year	167 (84.8)	8 (4.0)	22 (11.2)	197 (100)

Table 13: 2015 statement of comprehensive income or statement of profit and loss

2015	Yes n (%)	Partial n (%)	No n (%)	Total n (%)
Statement of comprehensive income	144 (73.1)	16 (8.1)	37 (18.8)	197 (100)
Revenue	153 (77.7)	5 (2.5)	39 (19.8)	197 (100)
Operating revenue	136 (69.0)	6 (3.0)	55 (28.0)	197 (100)
Specific revenue	68 (34.5)	15 (7.6)	114 (57.9)	197 (100)
Non-operating revenue (other)	133 (67.5)	3 (1.5)	61 (31.0)	197 (100)
Total revenue	159 (80.7)	0 (0)	38 (19.3)	197 (100)
Expenses	152 (77.2)	4 (2.0)	41 (20.8)	197 (100)
Specific expenses	149 (75.6)	5 (2.5)	43 (21.9)	197 (100)
Total expenses	155 (78.7)	0 (0)	42 (21.3)	197 (100)
Net Profit	155 (78.7)	0 (0)	42 (21.3)	197 (100)
Comparison to prior year	149 (75.6)	0 (0)	48 (24.4)	197 (100)

Table 14 provides additional analysis for the 2013 statement of financial position. Out the 197 RAC providers, 72.6% (143) include a statement of financial position in either their annual report and/or financial report. 7.1% (14) provided partial statements, this means they either provided a summarized

Table 14: 2013 statement of financial position

2013	Yes n (%)	Partial n (%)	No n (%)	Total n (%)
Statement of financial position	143 (72.6)	14 (7.1)	40 (20.3)	197 (100)
Current assets	147 (74.6)	5 (2.5)	45 (22.9)	197 (100)
Non-current assets	145 (73.6)	5 (2.5)	47 (23.9)	197 (100)
Total assets	155 (78.7)	1 (0.5)	41 (20.8)	197 (100)
Current liabilities	147 (74.6)	5 (2.5)	45 (22.9)	197 (100)
Non-current liabilities	145 (73.6)	5 (2.5)	47 (23.9)	197 (100)
Total liabilities	153 (77.7)	1 (0.5)	43 (21.8)	197 (100)
Net assets	152 (77.2)	0 (0)	45 (22.9)	197 (100)

Table 15: 2014 statement of financial position

2014	Yes n (%)	Partial n (%)	No n (%)	Total n (%)
Statement of financial position	167 (84.8)	19 (9.6)	11 (5.6)	197 (100)
Current assets	167 (84.8)	0 (0.0)	30 (15.2)	197 (100)
Non-current assets	165 (83.8)	0 (0.0)	32 (16.2)	197 (100)
Total assets	167 (84.8)	17 (8.6)	13 (6.6)	197 (100)
Current liabilities	167 (84.8)	0 (0.0)	30 (15.2)	197 (100)
Non-current liabilities	163 (82.7)	0 (0.0)	34 (17.3)	197 (100)
Total liabilities	167 (84.8)	15 (7.6)	15 (7.6)	197 (100)
Net assets	167 (84.8)	9 (4.5)	21 (10.7)	197 (100)

version, a description (usually in the form of a Treasurer's report or Chief Financial Officer's report), or provided a pie chart depicting either percentages, total figures (total assets, total liabilities, and net assets) or only a description (no figures). 20.3% (40) of the RAC providers did not provide any financial information in their annual report. Out of the 143 RAC providers that provided a statement of financial position 5 did not disclose their current assets (CA), non-current assets (NCA), current liabilities (CL), or non-current liabilities (NCL). These figures indicate that the majority of RAC providers provided a statement of financial position in their annual and/or financial report. They also indicate that the number of RAC providers that provided a statement of comprehensive income also provided a statement of financial position, with the exception of three RAC providers, who disclosed their statement of comprehensive income but not their statement of financial position.

Table 15 provides additional analysis for the statement of financial position. Of the 197 RACp, 84.8% (167) include a statement of financial position in either their annual report and/or financial report. 9.6% (19) provide partial statements, this means they either provide a summarised version, provide a description (usually in the form of a Treasurer's report or Chief Financial Officer's report), or provide a pie chart depicting either percentages, total figures (total assets, total liabilities and net assets) or only a description (no figures). 5.6% (11) of the RAC providers did not provide any financial information in their annual report. Out of the 167 RAC Providers that provided a statement of financial position 2 did not disclose their NCA or NCL as they did not have any to disclose. These figures indicate that the majority of RAC providers provide a statement of financial position in their annual and/or financial report. They also indicate that the number of RAC providers that provided a statement of comprehensive income also provided a statement of financial position.

Table 16 provides additional analysis for the 2015 statement of financial position. Of the 197 RAC providers, 74.1% (146) included a statement of financial position in either their annual report and/or financial report. 7.1% (14) provided partial statements, this means they either provide a summarized version, a description (usually in the form of a Treasurer's report or Chief Financial Officer's report), or a pie chart depicting either percentages, total figures (total assets, total liabilities, and net assets)

Table 16: 2015 statement of financial position

2015	Yes n (%)	Partial n (%)	No n (%)	Total n (%)
Statement of financial position	146 (74.1)	14 (7.1)	37 (18.8)	197 (100)
Current assets	147 (74.6)	9 (4.6)	41 (20.8)	197 (100)
Non-current assets	146 (74.1)	10 (5.1)	41 (20.8)	197 (100)
Total assets	160 (81.2)	0 (0)	37 (18.8)	197 (100)
Current liabilities	147 (74.6)	9 (4.6)	41 (20.8)	197 (100)
Non-current liabilities	143 (72.6)	10 (5.1)	44 (22.3)	197 (100)
Total liabilities	158 (80.2)	0 (0)	39 (19.8)	197 (100)
Net assets	154 (78.1)	0 (0)	43 (21.9)	197 (100)

Table 17: Summary of the financial statistical analysis

Financial	Government (%)	Privately owned/ publicly listed (%)	Community/ religious (%)
Comprehensive income statement	95.0	60.0	63.5
Statement of financial position	95.0	60.0	64.0
Cash flow statement	94.0	60.0	51.0
Statement of changes in equity	94.0	60.0	44.4
Notes to financial statements	93.1	60.0	45.1
Compliance with GPFR	93.1	60.0	44.8

GPFR: General purpose financial reports

or only a description (no figures). 18.8% (37) of the RAC providers did not provide any financial information in their annual report. Out of the 146 RAC providers that provided a statement of financial position 9 did not disclose their CA or CL, and 10 did not disclose their NCA or NCL. These figures indicate that the majority of RAC providers provide a statement of financial position in their annual and/or financial report. They also indicate that the number of RAC providers that provided a statement of comprehensive income also provided a statement of financial position, with the exception of 2 RAC providers that disclosed their statement of financial position but not their statement of comprehensive income.

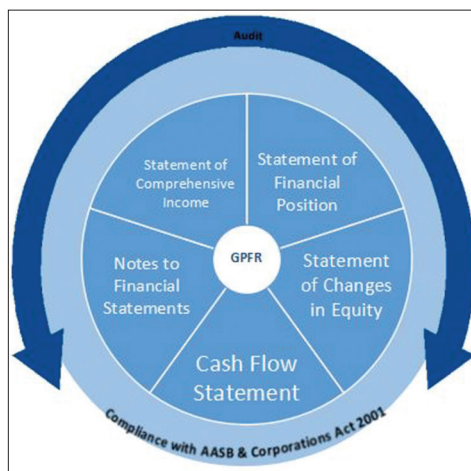
Table 17 presents a summary of the comparative statistical analysis of the RAC providers' non-financial, financial, and social (governance and sustainability) disclosure, averaged over the 3-year period (2013–2015).

5. Summary and Conclusions

The results indicated a significant association between each of the financial variables and their level of disclosure. There was a strong positive relationship between the RAC providers' level of financial disclosure. The RAC providers' that chose to disclose their statement of comprehensive income also tended to disclose their statement of financial position, cash flow statement, and statement of changes in equity. The same relationship was present between each of the combinations of the statement of financial position, cash flow statement, and statement of changes in equity.

The financial disclosure results indicated a significant positive relationship between the RAC provider's organizational classification and their disclosure of their statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity, and notes to financial statements. Hence, as the level of financial disclosure increases, the RAC provider's disclosure of their financial statements and notes also increase.

The RAC GPFR framework (Figure 2) illustrates the essential components that the RAC sector should be disclosed in relation to their financial disclosure. The innermost circle labeled "GPFR"

Figure 2: Residential aged care general purpose financial reports framework

refers to the guidelines and requirements set out by the AFRF. The GPFR is comprised four financial statements (Comprehensive Statement of Comprehensive Income, Statement of Financial Position, Cash Flow Statement, and Statement of Changes in Equity [where applicable]) and the notes to the financial statements. GPFR requires full compliance with the relevant AASB (Australian Accounting Standards Board) and the 2001 Corporations Act. The final component includes an external audit of the financial statements to ensure compliance with AASB and the Corporations Act 2001. The audit report and the auditor's statement of independence should form part of the RAC sectors annual financial disclosure.

This research answers the following research question RQ: Is the disclosure of financial information and compliance with the AFRF of Australian RAC providers adequate? This leads to the following conclusion: Conclusion the level of financial disclosure could be more consistent and adequate by complying with the Australian AFRF, including an independent audit report.

Australia's RAC sector is significant in terms of its aging population, which is consistent with most developed countries. It is, therefore, vital for stakeholders to have access to RAC providers' financial information to make informed and timely decisions. It is often difficult for stakeholders to accurately compare the financial information of RAC providers due to there being a small timeframe to make decisions with high emotional content. Therefore, the RAC GPFR framework was developed to address this lack of adequate and consistent disclosure in the Australian RAC sector.

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