

Princes Court Homes Inc

ABN 74 028 270 048

Financial Statements

For the Year Ended 30 June 2021

Princes Court Homes Inc

ABN 74 028 270 048

Contents

For the Year Ended 30 June 2021

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AUDITOR'S INDEPENDENCE DECLARATION

We declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit of the financial report of Princes Court Homes Inc for the year ended 30 June 2021.



HLB Mann Judd
Chartered Accountants

Melbourne
26 October 2021



Nick Walker
Partner

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Princes Court Homes Inc

ABN 74 028 270 048

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2021

		2021	2020
	Note	\$	\$
Operating revenue and income	4	9,548,096	9,121,797
Finance income	5(a)	712,368	1,470,393
Other income	4	128,084	328,954
Employee benefits expense		(8,085,309)	(7,515,413)
Depreciation and amortisation expense		(687,391)	(657,792)
Catering expense		(358,705)	(398,189)
Care expenses		(636,098)	(576,074)
Domestic services and laundry expense		(72,973)	(79,163)
Administration and other expenses		(409,080)	(402,900)
Repairs and maintenance expense		(206,031)	(233,034)
Occupancy expense		(359,262)	(352,150)
Information technology and communication expense		(95,584)	(111,305)
Finance expenses	5(b)	(340,372)	(892,973)
Deficit before income tax		(862,257)	(297,849)
Income tax expense		-	-
Deficit for the year		(862,257)	(297,849)
Total comprehensive loss for the year		(862,257)	(297,849)

The accompanying notes form part of these financial statements.

Princes Court Homes Inc

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Statement of Financial Position

As At 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,907,518	1,707,301
Trade and other receivables	7	154,062	260,538
Other financial assets	8	17,813,546	19,353,036
Other assets	11	5,355	-
TOTAL CURRENT ASSETS		19,880,481	21,320,875
NON-CURRENT ASSETS			
Property, plant and equipment	9	23,008,003	23,115,060
Intangible assets	10	80,955	82,985
TOTAL NON-CURRENT ASSETS		23,088,958	23,198,045
TOTAL ASSETS		42,969,439	44,518,920
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	401,210	384,855
Contract liabilities	13	69,235	64,707
Employee benefits	14	1,062,205	995,371
Resident loans	15	27,709,941	28,447,325
TOTAL CURRENT LIABILITIES		29,242,591	29,892,258
NON-CURRENT LIABILITIES			
Employee benefits	14	62,718	100,275
TOTAL NON-CURRENT LIABILITIES		62,718	100,275
TOTAL LIABILITIES		29,305,309	29,992,533
NET ASSETS		13,664,130	14,526,387
EQUITY			
Reserves		288,571	288,571
Accumulated surplus		13,375,559	14,237,816
TOTAL EQUITY		13,664,130	14,526,387

The accompanying notes form part of these financial statements.

Princes Court Homes Inc

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Statement of Changes in Equity For the Year Ended 30 June 2021

2021

	Accumulated Surplus \$	Asset Revaluation Reserve * \$	Total \$
Balance at 1 July 2020	14,237,816	288,571	14,526,387
Deficit for the year	(862,257)	-	(862,257)
Balance at 30 June 2021	13,375,559	288,571	13,664,130

2020

	Accumulated Surplus \$	Asset Revaluation Reserve * \$	Total \$
Balance at 1 July 2019	14,535,665	288,571	14,824,236
Deficit for the year	(297,849)	-	(297,849)
Balance at 30 June 2020	14,237,816	288,571	14,526,387

* The asset revaluation reserve records net increments in fair value on land buildings.

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Statement of Cash Flows For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from residents	2,509,788	2,667,854
Payments to suppliers and employees	(11,121,275)	(10,337,987)
Interest received	489,203	593,336
Finance costs	(1,476)	(43,469)
Receipt from grants	7,591,784	6,923,682
Other receipts	102,000	372,178
Net cash provided by/(used in) operating activities	21 (429,976)	175,594
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(554,286)	(431,548)
Purchase of intangible assets	(24,019)	(91,749)
Proceeds from sale of investments	10,458,660	-
Purchase of investments	(8,919,170)	(3,050,628)
Net cash provided by/(used in) investing activities	961,185	(3,573,925)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from funds held in trust	-	2,654
Proceeds from RADs and entry contributions	3,143,000	6,140,011
Repayments of RADs, bonds and entry contributions	(3,473,992)	(3,468,173)
Net cash provided by/(used in) financing activities	(330,992)	2,674,492
Net increase/(decrease) in cash and cash equivalents held	200,217	(723,839)
Cash and cash equivalents at beginning of year	1,707,301	2,431,140
Cash and cash equivalents at end of financial year	6(a) 1,907,518	1,707,301

The accompanying notes form part of these financial statements.

Princes Court Homes Inc

ABN 74 028 270 048

Notes to the Financial Statements

For the Year Ended 30 June 2021

The financial report covers Princes Court Homes Inc ("the Association") as an individual entity. Princes Court Homes Inc is a not-for-profit Association, registered and domiciled in Australia.

The principal activities of the Association for the year ended 30 June 2021 were a provider of aged care accommodation and services.

The functional and presentation currency of Princes Court Homes Inc is Australian dollars.

The financial report was authorised for issue by the Board of Management on 25 October 2021.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements, the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Association expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

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

None of the revenue streams of the Association have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Association are:

Rendering of services

Resident daily care fees

The Association receives Daily Care Fees, which are set by the Australian Government, in accordance with the *Aged Care Act 1997* which are funded directly by the resident. The Daily Care Fee is calculated as a daily rate and is payable by a resident for each day that a resident is in a home.

Accommodation services

The Association provides accommodation services to residents that are directly funded by the resident, under mutually agreed terms and conditions. The services provided are determined on a standalone price, typically as a daily rate and the resident simultaneously receives and consumes the benefits provided by the Association.

The transaction price for the rendering of services is allocated to performance obligations on the basis of their relative standalone selling prices and recognised as revenue accordingly as those performance obligations are satisfied over time each day as the customer simultaneously receives and consumes the benefits provided by the Association.

All performance obligations are considered to be met on a daily basis and therefore the Association does not have any outstanding performance obligations that have not been met at the reporting date.

Statement of financial position balances relating to revenue recognition

Contract assets and liabilities

Where the amounts billed to residents and other customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the Association presents the contract as a contract asset, unless the Association's rights to that amount of consideration are unconditional, in which case the Association recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Association presents the contract as a contract liability.

Rental income

There are a number of operating lease contracts in place from which is derived rental income from the leasing of property located at Argyle Street and Thirteenth Street in Mildura Victoria. Rental income is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment. The lessees do not have an option to purchase the properties at the expiry of the lease period. The risks associated with rights that the Association retains in underlying assets are not considered to be significant.

Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Interest revenue

Interest is recognised using the effective interest method.

Imputed revenue on Refundable Accommodation Deposit ("RAD") and bond balances

In accordance with AASB 16, the Association recognises as other income an imputed non-cash charge for accommodation representing the resident's right to occupy a room under the arrangement. The accounting treatment required a non-cash increase in revenue for accommodation and a non-cash increase in finance costs on the outstanding RAD and bond balances, with no net impact on the result for the reporting period.

Other income

Other income is recognised on an accruals basis when the Association is entitled to it.

(b) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Volunteer services

No amounts are included in the financial statements for services donated by volunteers.

Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Land and buildings

Land and buildings are measured using the revaluation model.

Paving and fencing is measured using the cost model.

Plant and equipment

Plant and equipment, which includes plant and equipment, general purpose equipment, furniture and fittings and motor vehicles, is measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Association, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	1.5% - 2.5%
Plant and equipment	15.0% - 33.3%
General purpose equipment, furniture and fittings	5.0% - 33.3%
Motor vehicles	22.5%
Computer equipment	33.3%
Paving and fencing	2.5%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(f) Financial instruments

Financial instruments are recognised initially on the date that the Association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Association classifies its financial assets into the following categories, those measured at:

- amortised cost; and
- fair value through profit or loss - FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Association's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost.

Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Association's historical experience and informed credit assessment and including forward looking information.

The Association uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Association uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Association in full, without recourse to the Association to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Association in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade and resident receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Association has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Association renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Association measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(f) **Financial instruments (continued)**

Financial liabilities (continued)

The financial liabilities of the Association comprise trade payables.

(g) **Intangibles**

Software licences

Software licences have a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years.

(h) **Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(i) **Employee benefits**

Accrued leave

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

(j) **Refundable accommodation deposits ("RADs") and accommodation bonds**

The liability for accommodation bonds or refundable accommodation deposits is carried at the amount that would be payable on exit of the resident. This is the amount received on entry of the resident less any allowable retentions and other deductions pursuant to the *Aged Care Act 1997*. These liabilities are considered to be current as the Association does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting period date. The obligation to settle could occur anytime. The Board of Management does not expect that 100% of the liability will need to be settled within the next 12 months

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies (continued)

(k) Adoption of new and revised accounting standards

The Association has adopted all standards which became effective for the first time at 1 July 2020, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Association.

3 Critical Accounting Estimates and Judgements

The Board of Management make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

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Notes to the Financial Statements For the Year Ended 30 June 2021

4 Revenue and Other Income

	2021	2020
	\$	\$
Revenue from contracts with customers		
- resident fees and charges	2,373,112	2,459,290
- retentions from entry contributions	291,083	318,729
- coffee shop sales	-	17,643
Total revenue from contracts with customers	2,664,195	2,795,662
Government grants and subsidies		
- resident subsidies	5,685,834	5,394,575
- resident accommodation supplement	903,469	733,812
- COVID-19 related subsidies *	294,598	197,748
Total government grants and subsidies	6,883,901	6,326,135
Total operating revenue and income	9,548,096	9,121,797

* These are government subsidies provided under arrangements which do not include sufficiently specific performance obligations.

Other income

- rental income	30,673	13,506
- insurance recoveries	14,286	172,771
- WorkCover reimbursement	19,371	-
- fundraising income	5,037	14,416
- other income	42,632	105,287
- donations	16,085	15,635
- net gain on disposal of property, plant and equipment	-	7,339
Total other income	128,084	328,954

5 Finance Income and Expenses

(a) Finance income

	2021	2020
	\$	\$
Interest income from:		
- bank interest	172,316	369,334
- daily accommodation payments	241,152	251,555
- imputed interest earned on RADs and bonds	298,900	849,504
Total finance income	712,368	1,470,393

(b) Finance expenses

Bank interest charged	5,149	5,238
Interest paid on RAD and bond refunds	36,323	38,231
Imputed interest charged on RADs and bonds	298,900	849,504

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Notes to the Financial Statements For the Year Ended 30 June 2021

5 Finance Income and Expenses (continued)

(b) Finance expenses (continued)

Total finance expenses	340,372	892,973
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6 Cash and Cash Equivalents

	2021	2020
Note	\$	\$
Cash at bank and on hand	1,894,083	1,690,380
Cash held in trust	13,435	16,921
Total cash and cash equivalents	1,907,518	1,707,301

(a) Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents	6	1,907,518	1,707,301
Balance as per statement of cash flows		1,907,518	1,707,301

7 Trade and other receivables

	2021	2020
	\$	\$
CURRENT		
Trade receivables	26,413	329
GST receivable	21,112	12,530
Government subsidies receivable	14,159	31,880
Resident debtors	65,744	46,529
Accrued revenue	26,634	169,270
Total current trade and other receivables	154,062	260,538

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

8 Other Financial Assets

	2021	2020
	\$	\$
CURRENT		
<i>Other financial assets at amortised cost:</i>		
Term deposits	8,894,376	19,353,036
<i>Other financial assets at fair value through profit or loss:</i>		

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**Notes to the Financial Statements
For the Year Ended 30 June 2021**

8 Other Financial Assets (continued)

	2021	2020
	\$	\$
Managed funds	8,919,170	-
Total current other financial assets	17,813,546	19,353,036

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Notes to the Financial Statements For the Year Ended 30 June 2021

9 Property, plant and equipment

	2021	2020
	\$	\$
Land		
At fair value	<u>3,789,986</u>	3,789,986
Buildings		
At cost	22,508,674	22,508,674
Accumulated depreciation	<u>(5,303,216)</u>	(4,893,555)
Total buildings	<u>17,205,458</u>	17,615,119
Capital works in progress		
At cost	<u>637,304</u>	603,227
Plant and equipment		
At cost	1,517,044	1,260,704
Accumulated depreciation	<u>(875,411)</u>	(769,260)
Total plant and equipment	<u>641,633</u>	491,444
General purpose equipment, furniture and fittings		
At cost	1,092,044	886,271
Accumulated depreciation	<u>(683,463)</u>	(585,256)
Total furniture, fixtures and fittings	<u>408,581</u>	301,015
Computer equipment		
At cost	174,654	146,966
Accumulated depreciation	<u>(114,262)</u>	(73,425)
Total computer equipment	<u>60,392</u>	73,541
Paving and Fencing		
At cost	332,771	302,364
Accumulated depreciation	<u>(68,122)</u>	(61,636)
Total fences, gates and grids	<u>264,649</u>	240,728
Total property, plant and equipment	<u>23,008,003</u>	23,115,060

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Notes to the Financial Statements For the Year Ended 30 June 2021

9 Property, plant and equipment (continued)

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Capital Works in Progress	Land	Buildings	Plant and Equipment	General Purpose Equipment, Furniture and Fittings	Motor Vehicles	Computer Equipment	Paving and Fencing	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2021									
Balance at the beginning of year	603,227	3,789,986	17,615,119	491,444	301,015	-	73,541	240,728	23,115,060
Additions	34,077	-	-	344,680	117,432	-	27,688	30,407	554,284
Depreciation expense	-	-	(409,662)	(106,150)	(98,207)	-	(40,837)	(6,486)	(661,342)
Balance at the end of the year	637,304	3,789,986	17,205,457	729,974	320,240	-	60,392	264,649	23,008,002

Notes to the Financial Statements

For the Year Ended 30 June 2021

10 Intangible Assets

	2021	2020
	\$	\$
Computer software		
Cost	115,768	91,749
Accumulated amortisation	(34,813)	(8,764)
Net carrying value	<u>80,955</u>	<u>82,985</u>
Total intangible assets	<u><u>80,955</u></u>	<u><u>82,985</u></u>

(a) Movements in carrying amounts of intangible assets

	Computer software	Total
	\$	\$
Year ended 30 June 2021		
Balance at the beginning of the year	82,985	82,985
Additions	24,019	24,019
Amortisation expense	(26,049)	(26,049)
Closing value at 30 June 2021	<u><u>80,955</u></u>	<u><u>80,955</u></u>

11 Other Assets

	2021	2020
	\$	\$
CURRENT		
Prepayments	5,355	-
Total current other assets	<u><u>5,355</u></u>	<u><u>-</u></u>

12 Trade and Other Payables

	2021	2020
	\$	\$
CURRENT		
Trade payables	79,327	81,961
Employee benefits payable	307,390	240,863
Sundry payables and accrued expenses	14,493	62,031
Total current trade and other payables	<u><u>401,210</u></u>	<u><u>384,855</u></u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Notes to the Financial Statements

For the Year Ended 30 June 2021

13 Contract Liabilities

The Association has recognised the following contract liabilities from contracts with customers:

	2021	2020
	\$	\$
CURRENT		
Resident fees and charges	69,235	64,707
Total current contract liabilities	69,235	64,707

Contract liabilities represent payments received from residents in excess of services rendered.

14 Employee Benefits

	2021	2020
	\$	\$
CURRENT		
Long service leave	280,840	270,451
Provision for employee benefits	781,365	724,920
Total current employee benefits	1,062,205	995,371
NON-CURRENT		
Long service leave	62,718	100,275
Total non-current employee benefits	62,718	100,275

15 Resident Loans

	2021	2020
	\$	\$
CURRENT		
Funds held in trust on behalf of residents	52,046	57,642
Refundable accommodation deposits	16,368,100	16,840,014
Refundable entry contributions	11,289,795	11,549,669
Total current resident loans	27,709,941	28,447,325

(a) Movement in carrying value of resident loans

	Refundable Accommodation Deposits	Refundable Entry Contributions	Total
	\$	\$	\$
Year ended 30 June 2021			
Opening net carrying value	16,840,014	11,549,669	28,389,683
RADs/Contributions received	2,353,000	790,000	3,143,000
Allowable deductions	(4,188)	-	(4,188)
Retentions/interest from contributions	(78,505)	(291,083)	(369,588)
RADs and bonds/Contributions refunded	(2,709,605)	(758,791)	(3,468,396)
Interest paid	39,996	-	39,996
Transfers and other items	(72,612)	-	(72,612)
	16,368,100	11,289,795	27,657,895

Notes to the Financial Statements

For the Year Ended 30 June 2021

15 Resident Loans (continued)

(a) Movement in carrying value of resident loans (continued)

	Refundable Accommodation Deposits	Refundable Entry Contributions	Total
	\$	\$	\$
Closing net carrying value	16,368,100	11,289,795	27,657,895

Notes to the Financial Statements

For the Year Ended 30 June 2021

15 Resident Loans (continued)

(a) Movement in carrying value of resident loans (continued)

Refundable accommodation deposits ("RADs") are non-interest bearing deposit paid/payable to an approved provider by a resident for the resident's accommodation in an aged care facility. Prior to 1 July 2014, RADs were referred to as accommodation bonds. RAD are in effect interest free loans and each resident that has entered into a RAD/accommodation bond agreement is guaranteed a future refund of the RAD/accommodation bond balance in accordance with the agreement and in compliance with the prudential requirements of the *Aged Care Act 1997*. They are guaranteed by the Government under the prudential standards legislation.

16 Financial Risk Management

The Association's principal financial instruments comprise of loans and receivables, term deposits, trade payables, borrowings and cash at bank.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2021 \$	2020 \$
Financial assets			
<i>Held at amortised cost:</i>			
Cash and cash equivalents	6	1,907,518	1,707,301
Trade and other receivables	7	154,062	260,538
Term deposits	8	8,894,376	19,353,036
<i>Held at fair value through profit or loss:</i>			
Managed funds	8	8,919,170	-
Total financial assets		19,875,126	21,320,875
Financial liabilities			
<i>Measured at amortised cost:</i>			
Trade and other payables	12	401,210	384,855
Resident loans	15	27,709,941	28,447,325
Financial liabilities at fair value			
Total financial liabilities		28,111,151	28,832,180

17 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Association is \$503,545 (2020: \$284,461).

Princes Court Homes Inc

ABN 74 028 270 048

Notes to the Financial Statements For the Year Ended 30 June 2021

18 Auditor's Remuneration

	2021	2020
	\$	\$
Remuneration of the auditor HLB Mann Judd, for:		
- auditing the financial statements	13,900	13,500
- additional audit services	2,500	-
- assistance with compilation of financial report	2,890	2,800
- other services	2,855	-
Total auditor's remuneration	22,145	16,300

19 Fair Value Measurement

The Association measures the following assets and liabilities at fair value on a recurring basis:

- Property, plant and equipment
 - Land

20 Contingencies

In the opinion of the Board of Management, the Association did not have any contingencies at 30 June 2021 (30 June 2020: None).

21 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	2021	2020
	\$	\$
Deficit for the year	(862,257)	(297,849)
Non-cash flows in profit:		
- depreciation and amortisation expense	687,391	657,792
- net gain on disposal of property, plant and equipment	-	(7,339)
- retentions/interest from contributions	(329,592)	(318,729)
- allowable deductions	(76,800)	(45,927)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	106,476	(62,591)
- (increase)/decrease in other assets	(5,355)	-
- increase/(decrease) in trade and other payables	16,356	149,406
- increase/(decrease) in contract liabilities	4,528	13,184
- increase/(decrease) in employee benefits	29,277	87,647
Net cash provided by/(used in) operating activities	(429,976)	175,594

22 Events after the end of the Reporting Period

The financial report was authorised for issue on 25 October 2021 by the Board of Management.

Notes to the Financial Statements

For the Year Ended 30 June 2021

22 Events after the end of the Reporting Period (continued)

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the Association at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the Association's operations, its future results and financial position.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

23 Economic Dependency

The Association considers that it is economically dependent on revenue received from the Commonwealth Government with respect to its residential aged care facility. The responsible persons believe that this revenue will continue to be made available to the Association for the foreseeable future. The total amount of recurrent government funding received during the financial year was \$6,589,303 (2020: \$6,128,387) and this represents 63.4% of total revenue (2020: 56.1%).

24 Statutory Information

The registered office and principal place of business of the Association is:
Princes Court Homes Inc
27-29 Princes St
Mildura Victoria 3500

Princes Court Homes Inc

ABN 74 028 270 048

Declaration by the Board of Management

The members of the Board of Management declare that in the Board's' opinion:

- there are reasonable grounds to believe that the Association is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the Associations Incorporation Reform Act 2012 and the Australian Charities and Not-for-profits Commission Act 2012.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Responsible person



Lynette Heaysman, Chair

Dated this^{26th}..... day ofOctober..... 2021

Independent Auditor's Report to the Members of Princes Court Homes Inc

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Prices Court Homes Inc ("the Association") which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the board of management.

In our opinion, the accompanying financial report of the Association has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Reform Act 2012 (Vic)*, including:

- (a) giving a true and fair view of the Association's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of 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 Association in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("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.

Responsibilities of Management and the Board of Management for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Reform Act 2012 (Vic)* and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

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Liability limited by a scheme approved under Professional Standards Legislation.

The Board of Management is responsible for overseeing the Association's financial reporting process.

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 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 judgement 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's 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 Association'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 Association 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.

We communicate with the Board of Management 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Nick Walker

Nick Walker
Partner

Melbourne
26 October 2021