

Princes Court Ltd.

ABN 74 028 270 048

Financial Statements

For the Year Ended 30 June 2022

Princes Court Ltd.

ABN 74 028 270 048

Contents

For the Year Ended 30 June 2022

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Directors' Report 30 June 2022

The Directors present their report, together with the financial statements, on the company for the year ended 30 June 2022.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Paula Bruce
Maria Carrazza
Christine Forbes
Steven Fumberger (appointed 25 October 2021)
Paula Gordon (resigned 25 October 2021)
Peter Hartmann
Lynette Heaysman
Anthony Hickey
Kevin O'Neil (appointed 25 October 2021)
Steven Morris
Fiona Weir (resigned 25 October 2021)

Objective

The objective of the company is to provide choice of high quality, secure aged and residential care and independent living at all stages of aging within the Sunraysia region.

Strategy for achieving the objectives

The 2020-2024 strategic plan includes five focus areas:

1. Quality care and services:
 - Develop the company as a leader in person centred care principles and practice.
 - Offer quality lifestyles through caring, compassionate staff, diverse activities, quality food services and accessible allied health services.
 - Ensure compliance with Aged Care Quality Standards and a culture of continuous improvement is reflected in practice.
 - Establish the company as a high standard of dementia care.
 - Maintain a COVID safe setting and ensure a high level of preparedness to potential outbreaks.
 - Establish a Home Care service.
2. Skilled and committed workforce:
 - Be an employer of choice through leading edge human resource practices.
 - Be a leading organisation for staff through organisational culture, professional development and engagement.
 - Model optimal staffing levels and skill mixes.
 - PCH staff are informed and connected to a network of individuals, organisations and providers where information and referrals occur.
3. Capital, infrastructure and systems:
 - Be seen as a technology savvy organisation, implementing digital solutions which reduce costs and improve efficiencies and the environment.
 - Reinvigorate facilities and grounds to offer safe, quality lifestyle for residents, quality workplace environment for staff and efficient use of land.
 - Expedite the building redevelopment program.

**Directors' Report
30 June 2022**

4. Governance:

- Maintain compliance with all regulatory requirements.
- Promote quality risk management framework.
- Optimise board performance through diverse and skilled members with succession planning in place.
- Organisational and management structures are fit for purpose.
- Be seen as a leader of best practice environmental management.
- The Strategic Plan and progress in implementation are reviewed after 12 months.

5. Business performance, development and marketing:

- Establish new pathways for existing and future service delivery through operational diversity and growth.
- Meet or exceed budget and financial performance benchmarks.
- Actively pursue access to capital and alternative sources of revenue.
- Be the regional leader in information, connections and advocacy for the aged care sector.
- Maintain a proactive approach to marketing.

Principal activities

Some of the key activities and achievements in the 2021-22 financial year include:

- Successful application for the Department of Health and Aged Care – Business Improvements Fund Program Grant 2021, resulting in additional government funding of \$596,758 which will fund multiple projects including supporting technology improvements, strategic planning, workforce planning, marketing, the development of the in home care business and develop the case to provide and charge for additional services to residents.
- Successful application for the Rural, Regional, and Other Special Needs Building Fund, resulting in additional government funding of \$4.5m to be spent over multiple financial years to construct, fit out and furnish a two storey residential care service comprising of 50 single rooms with ensuites, incorporating dementia design principles. At least \$15.8m must be spent by the company to receive the full government grant.
- Near completion of master planning and feasibility stage of building development.
- Successful launch of the Mallee Living Histories book three in December 2021.
- Expansion of continuum of care through the commencement of in Home Care services in February 2022 with seven consumers being provided services by year end.
- The completion of twelve full refurbishment of residential units and six retirement units.
- The completion of improvements to the residential facility entrance, making it easier for pick up and drop off of residents and a more inviting and welcoming entrance for the community in general.
- The completion of the Brodie staff room renovation.
- Increasing exposure to the community through completion of a marketing strategy and update of marketing collateral including new website and brochures.
- The commencement of the Vitalcare nurse call system upgrade to a cloud base solution and base equipment which will be phased over the next three years.
- The completion of Princes Court Village Community Vegie Patch providing residents with a place to grow their own food and to meet socially.

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Directors' Report 30 June 2022

- The completion of the Boards skills evaluation and skills matrix which identified any gaps and focus areas for professional development for the Board.

Review of operations

The Company's result for the year was an operating deficit of \$2,034,278 (2021: \$862,257). The years result was worse than expected primarily due to:

- Reduction in the fair value financial assets of \$707,758.
- Reduction in revenue due to lower than then expected occupancy in the residential facility; an average of 93% compared to a three-year trend of 98%, a result of the demise of several long-term residents and delays in the renovation of units due to difficulties in securing trade professionals. This was due to both restrictions as a result of various COVID-19 related lock downs and the ongoing demands and short supply of trade professionals in the Sunraysia region.
- Additional expenditure as a result of preventive measures implemented regarding COVID-19 and high personal and annual leave as a result of employee's requirement to self-isolate both due to COVID and other illnesses.
- Additional expenditure associated with workforce increases leading up to the mandatory care minute target of 200 minutes per resident per day, including 40 minutes from a registered nurse. The National Aged Care Classification (ANACC) funding model commenced from 1 October 2022, and mandatory care targets commence from 1 October 2023. Due to the high value placed on quality care and the ongoing challenges with workforce shortages it is the Company's approach to increase the care workforce leading up to 1 October 2023 to ensure mandatory targets are met. Such increases were unfunded in the current financial year.

Significant changes in the state of affairs

On 1 July 2021 Princes Court Homes changed the organisational structure from an Incorporated Association to a Company Limited by Guarantee. Along with the change in structure a new name Princes Court Ltd was also created. Trading names continue to be used including Princes Court Homes, Princes Court Village and Princes Court at Home.

After balance date events

The companies' Chief Executive Officer, Jenny Garonne is stepping down from the role in November 2022 and has served with distinction since February 2018, preceding her role as a Director since November 2017. The Board thanks Jenny for her service and of particular notes the following achievements:

- Approval by the Federal Government of \$4.5m for construction of a \$15.8m 50 bed aged care facility and \$596,758 for Business Improvement Funding. These two programs will provide the company with the foundation for the future with a purpose-built facility, new Wi-Fi technology and digital processes and new direction in workforce to meet the changing needs of residents.
- With a team of dedicated staff, Jenny successfully led the last reaccreditation as an approved provider with a 100% success rate. with no requirement and became the national winner of the Leading Aged Services Australia, Employer of the Year Award in 2022.

The Board has appointed Carrie Chappell as the interim Chief Executive Officer while the recruitment process is completed for a suitable permanent appointment. Carrie will commence in November. Carrie is a member of the Chartered Accountants Australia and New Zealand and the Governance Institute of Australia and has over 25 years' experience in business services and finance of which half of this time has been supporting various not for profit organisations in leadership roles.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the future financial years.

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**Directors' Report
30 June 2022**

Information on directors

Name: Paula Bruce
Title: Director
Qualifications: Bachelor and Masters of Social Work, Bachelor of Arts
Experience and expertise: Paula has had a long and varied career in the fields of health, mental health and education, including working for the Mildura Base Hospital, La Trobe Uni Mildura Campus, various government departments, as well as her own private practice. Paula joined the Board as a Director on 28 November 2017.
Special responsibilities: Member of Clinical Governance Committee

Name: Maria Elizabeth Carrazza
Title: Director
Qualifications: Travel and Hospitality Business Diploma
Experience and expertise: Maria is a business owner with over 25 years' experience, who understand the operations of a competitive, dynamic, and highly regulated business. Maria also serves on several other local boards and committees. Maria joined the Board as a Director on 24 October 2019.
Special responsibilities: Member of the Planning and Building Committee

Name: Christine Forbes
Title: Director
Qualifications: Bachelor and Masters in Social Work
Experience and expertise: Chris has been working within the Non-Government/Government sector for over 30 years including direct practice, community development, management, clinical supervision, research and training. Chris is currently the Executive General Manager at the Education, Training and Research Unit of Mallee Family Care and has been a lecturer for Latrobe University Mildura in social work for the past 13 years. Chris joined the Board as a Director on 28 August 2018.
Special responsibilities: Chair of Clinical Governance Committee, member of the Remuneration Committee and Planning and Building Committee.

Name: Paula Gordon
Title: Director
Qualifications: TPTC (teaching) Bachelor Arts Sociology (including psychology)
Experience and expertise: Paula's professional career included teaching, research, communications, health promotion and rural policy development including improved funding formulae for bush nursing hospital with experience at State and Federal levels in senior management. Now retired, Paula continues to be involved in the community as a member of several not for profit boards. Paula joined the Board as a Director on 1 October 2015 and resigned her Directorship on 25 October 2021 when her term of office was due. Paula was invited to continue on the Board to provide co-opted support, to contribute to governance and policy.
Special responsibilities: Member of Clinical Governance Committee

Name: Peter Hartmann
Title: Director
Qualifications: Bachelor of Business; Fellow Certified Practising Accountant; Diploma in Financial Planning
Experience and expertise: Peter grew up in Mildura and after completing his university studies, worked for a chartered accounting firm in Melbourne returning to Mildura in 1995. Peter has been a partner of a local taxation and advisory service to small and medium sized business since 2005. Peter is an active community member, involved in several sporting clubs and committees. Peter joined the Board as a Director on 28 November 2017.
Special responsibilities: Board Deputy Chair; Chair of Remuneration Committee; Chair of Planning and Building Committee; Member of Finance Audit and Risk Committee.

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Directors' Report 30 June 2022

Name: Lynette Heaysman
Title: Director
Qualifications: Member of Australian Institute of Company Directors; Member of Association of Financial Advisers; Masters in Applied Finance
Experience and expertise: Lyn is a Financial Adviser with 23 years' experience and specialises in providing aged care advice. Lyn has held three other community board positions in the not for profit sector over a span of 30 years. Lyn joined the Board as a Director on 1 October 2013.
Special responsibilities: Board Chair; Member of Finance Audit and Risk Committee; Member of Clinical Governance Committee; Member of Planning and Building Committee; Member of Remuneration Committee.

Name: Anthony Hickey
Title: Director and Treasurer
Qualifications: Bachelor of Agricultural Science (Economics). Member of Institute of Management Consultants. (MIMC)
Experience and expertise: Tony has over 30 years' experience in the public practice and agribusiness industry. Tony's passion is helping clients to achieve their business, financial and personal goals. Tony joined the Board as a Director and Treasurer on 28 June 2006.
Special responsibilities: Chair of Finance Audit and Risk Committee; Member of Planning and Building Committee.

Name: Kevin O'Neil
Title: Director
Qualifications: Member of the Australian College of Health Services Management; Member of the Association of Project Management (UK); Graduate Diploma Nursing; Bachelor of Nursing
Experience and expertise: Kevin currently works as a Health Service Manager at NSW Health (Far West LHD). Kevin's strong clinical and health background provides a significant contribution to the Board. Kevin joined the Board as a Director on 25 October 2021.
Special responsibilities: Member of Clinical Governance Committee

Name: Steven Morris
Title: Director
Qualifications: Bachelor of Laws and Legal Practice; Bachelor of Commerce (Finance); Certificate III Hospitality (Commercial Cookery)
Experience and expertise: Steven has three years' experience as a Lawyer at Holcroft Lawyers in Mildura assisting clients with estate planning & administration and commercial law matters, previously working as a lawyer in estate planning & administration, commercial and family law at Boylan Lawyers in South Australia. Prior to transitioning to law Steven worked as a qualified chef and restaurateur through Australia for over 15 years. Steven joined the Board as a Director on 27 October 2020.
Special responsibilities: Member of Planning and Building Committee

Name: Fiona Weir
Title: Director
Qualifications: Bachelor of Nursing (Registered Nurse)
Experience and expertise: Fiona has been a Registered Nurse for over 35 years and has worked with the Far West Local Health District as a Primary Health Nurse with extensive experience as a Clinical Nurse Specialist in the Specialist Palliative Care team. An active member of the community and a member of the Rotary Club of Mildura has been appointed in several key leadership roles at the club. Fiona joined the Board as Director on 25 October 2019 and resigned her role on 25 October 2021.
Special responsibilities: Member of Planning and Building Committee

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Directors' Report 30 June 2022

Company secretary

Jenny Garonne has held the role of Company Secretary since February 2018. Jenny has extensive leadership experience gained through high level roles in government, economics and business for more than 30 years, including Regional Manager, Regional Development Victoria Mildura for 17 years. Jenny's formal qualifications include an Executive Masters in Public Administration and Bachelor of Commerce (Accounting), a Fellow Certified Practising Accountant and an Australian Institute of Company Directors graduate member.

Meetings of directors

During the financial year, 11 meetings of the company's Board of Directors ('the Board') were held. Attended by each director were:

	Board of Director's Meetings	
	Attended	Eligible
Paula Bruce	8	11
Maria Carrazza	11	11
Christine Forbes	10	11
Steven Fumberger	7	7
Paula Gordon	3	3
Peter Hartmann	11	11
Lynette Heaysman	11	11
Anthony Hickey	9	11
Kevin O'Neil	6	7
Steven Morris	7	11
Fiona Weir	0	3

Finance, Audit and Risk Committee

The Board is responsible for the finance, audit and risk of the Company. The Board has a Finance and Audit Committee which advises the Board on a range of matters including but not limited to overseeing the financial reporting process; reviewing budgets and evaluating the actual results against approved budgets; the review of internal controls, audit process; and the review of risks and the management of such risks.

The Finance, Audit and Risk Committee meet four times during the financial year.

Other Committees

Other standing committees of the Board are the:

- Clinical Governance Committee
- Building and Planning Committee; and
- Remuneration and Board Skills Development Committee

The Clinical Governance Committee provides advice, assistance and assurance to the Board through the monitoring of risks to resident and compliance with relevant clinical care related legislation and standards; assess and monitor assurance activities, performance and risk metrics in respect of clinical care including adverse clinical outcome trends and incidents including the recommendation to changes to systems and practices to support improvement.

The Building and Planning Committee provides advice and recommendations to the Board on matters relating to the maintenance and extension of the Company facilities and provides direction on business plans associated the Company's various land holdings.

The Remuneration and Board Skills Development Committee provides recommendations to the Board on matters relating to the remuneration of the Chief Executive Officer, Board Members and Board skills and professional development to enhance the capacity of the governing body.

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**Directors' Report
30 June 2022**

Members guarantee

The Company is a company limited by guarantee. In the event of, and for the purpose of winding up the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$50 each.

At 30 June 2022 the total number of members was 9 with a collective liability for members \$450 (2021: \$450).

Indemnifying officers

During or since the end of the financial year, the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

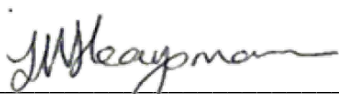
1. The Company has paid premiums to insure each of the directors against liabilities for costs; and
2. Expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of the director of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Lynette Heaysman MAppFin
Director

20 October 2022
Mildura, Victoria, Australia

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 Ltd. for the year ended 30 June 2022.

In accordance with the requirements of section 60-40 of the *Australian Charities and Not for Profits Commission Act 2012*, as lead auditor for the audit of the financial report of Princes Court Ltd. ("the Company") for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Australian Charities and Not for Profits Commission Act 2012* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.



HLB Mann Judd
Chartered Accountants



Nick Walker
Partner

Melbourne
24 October 2022

hlb.com.au

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2022

		Princes Court Ltd. 2022	Princes Court Homes Inc 2021
	Note	\$	\$
Operating revenue and income	4	10,238,571	9,793,491
Finance income	5(a)	1,018,457	501,598
Other income	4	95,387	94,881
Employee benefits expense		(8,638,471)	(8,085,309)
Depreciation and amortisation expense		(787,367)	(687,391)
Catering expense		(373,031)	(360,128)
Care expense		(707,033)	(636,098)
Domestic services and laundry expense		(48,484)	(72,973)
Administration and other expenses		(590,172)	(409,079)
Repairs and maintenance expense		(197,166)	(206,031)
Occupancy expense		(400,256)	(359,262)
Information technology and communication expense		(128,130)	(95,584)
Finance expense	5(b)	(761,979)	(340,372)
Net loss realised on financial assets at fair value through the surplus or deficit		(46,846)	-
Operating deficit for the year		(1,326,520)	(862,257)
Fair value adjustments to financial assets at fair value through the surplus or deficit		(707,758)	-
Deficit for the year		(2,034,278)	(862,257)
Total comprehensive loss for the year		(2,034,278)	(862,257)

The accompanying notes form part of these financial statements.

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Statement of Financial Position As At 30 June 2022

		Princes Court Ltd. 2022	Princes Court Homes Inc 2021
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	8,507,929	10,801,894
Trade and other receivables	7	540,910	154,062
Other financial assets	8	9,502,792	8,919,170
Other assets	11	137,079	5,355
TOTAL CURRENT ASSETS		18,688,710	19,880,481
NON-CURRENT ASSETS			
Property, plant and equipment	9	23,459,365	23,008,003
Intangible assets	10	70,588	80,955
TOTAL NON-CURRENT ASSETS		23,529,953	23,088,958
TOTAL ASSETS		42,218,663	42,969,439
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	757,040	401,210
Contract liabilities	13	457,726	69,235
Employee benefits	14	1,141,910	1,062,205
Resident loans	15	28,129,203	27,709,941
TOTAL CURRENT LIABILITIES		30,485,879	29,242,591
NON-CURRENT LIABILITIES			
Employee benefits	14	102,932	62,718
TOTAL NON-CURRENT LIABILITIES		102,932	62,718
TOTAL LIABILITIES		30,588,811	29,305,309
NET ASSETS		11,629,852	13,664,130
EQUITY			
Reserves		288,571	288,571
Accumulated surplus		11,341,281	13,375,559
TOTAL EQUITY		11,629,852	13,664,130

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 30 June 2022

Princes Court Ltd. - 2022

	Accumulated Surplus	Asset Revaluation Reserve*	Total
	\$	\$	\$
Balance at 1 July 2021	13,375,559	288,571	13,664,130
Deficit for the year	(2,034,278)	-	(2,034,278)
Balance at 30 June 2022	11,341,281	288,571	11,629,852

Princes Court Homes Inc - 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

* 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 2022

	Princes Court Ltd. 2022	Princes Court Homes Inc 2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from residents	2,704,109	2,509,788
Payments to suppliers and employees	(10,771,449)	(11,121,275)
Interest received	30,533	489,203
Finance costs	-	(1,476)
Receipt from grants and subsidies	7,062,410	7,591,784
Other receipts	169,172	102,000
Net cash provided by/(used in) operating activities	(805,225)	(429,976)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(1,206,912)	(554,286)
Purchase of intangible assets	(21,450)	(24,019)
Purchase of investments	(1,100,000)	(8,919,170)
Net cash provided by/(used in) investing activities	(2,328,362)	(9,497,475)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from funds held in trust	5,047	-
Proceeds from RADs and entry contributions	6,200,278	3,143,000
Repayments of RADs, bonds and entry contributions	(5,365,703)	(3,473,992)
Net cash provided by/(used in) financing activities	839,622	(330,992)
Net increase/(decrease) in cash and cash equivalents held	(2,293,965)	(10,258,443)
Cash and cash equivalents at beginning of year	10,801,894	21,060,337
Cash and cash equivalents at end of financial year	8,507,929	10,801,894
6(a)		

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the Year Ended 30 June 2022

The financial report covers Princes Court Ltd. ("the Company") as an individual entity. The Company is a not-for-profit Company limited by guarantee, registered and domiciled in Australia. The Company assumed the operations of Princes Court Homes Inc along with its assets and liabilities as of 1 July 2021 being the date the Company was incorporated.

The principal activities of the Company for the year ended 30 June 2022 were a provider of in home care services, and residential and retirement accommodation.

The functional and presentation currency of Company is Australian dollars. All comparatives are consistent with prior years, unless otherwise stated.

The financial report was authorised for issue by the Directors on 20 October 2022.

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 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 Company 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 Company 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 2022

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Specific revenue streams

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

Rendering of services

Resident daily care fees

The Company 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 Company 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 Company.

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 Company.

All performance obligations are considered to be met on a daily basis and therefore the Company 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 Company presents the contract as a contract asset, unless the Company's rights to that amount of consideration are unconditional, in which case the Company 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 Company 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 Company retains in underlying assets are not considered to be significant.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Grant revenue

Grant revenue is recognised in surplus or deficit when the company satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Non-capital grants that are received that do not have sufficiently specific performance obligations within the funding agreement, income is recognised in full on receipt. Capital grants of this nature are recognised through the surplus or deficit as the application expenditure is incurred.

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 Company 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 Company is entitled to it.

(b) Income Tax

The Company 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 2022

2 Summary of Significant Accounting Policies

(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 Company, 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 Company 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 2022

2 Summary of Significant Accounting Policies

(f) Financial instruments

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 Company 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 Company 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 are solely payments of principal and interest on the principal amount outstanding.

The Company'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 2022

2 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company 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 Company's historical experience and informed credit assessment and including forward looking information.

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

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

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company 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 Company 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 Company 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 Company 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 Company 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 2022

2 Summary of Significant Accounting Policies

(f) **Financial instruments**

Financial liabilities

The financial liabilities of the Company 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.

Reclassification

In prior years, term deposits with a maturity date more than 90 days from the commencement of the deposit were classified as other financial assets. The Board of Directors have reviewed the Company's accounting policy described in note 2(h) and believe these term deposits would be more appropriately classified as cash and cash equivalents. Comparative balances in the statement of financial position, statement of cash flows and note 6 have been adjusted accordingly.

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 Company'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.

Notes to the Financial Statements For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(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 Company 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 Directors does not expect that 100% of the liability will need to be settled within the next 12 months

(k) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 1 July 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

3 Critical Accounting Estimates and Judgements

The Directors 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.

Princes Court Ltd.

ABN 74 028 270 048

Notes to the Financial Statements For the Year Ended 30 June 2022

4 Revenue and Other Income

	2022	2021
	\$	\$
Revenue from contracts with customers		
- resident fees and charges	3,075,401	2,618,507
- retentions from entry contributions	316,583	291,083
- home care management fees	26,571	-
Total revenue from contracts with customers	3,418,555	2,909,590
Government grants and subsidies		
- operating government grants	115,860	-
- capital government grants	118,286	-
- resident subsidies	5,485,934	5,685,834
- resident accommodation supplement	645,284	903,469
- COVID-19 related subsidies *	432,720	294,598
- Employee subsidies	21,932	-
Total government grants and subsidies	6,820,016	6,883,901
Total operating revenue and income	10,238,571	9,793,491
Other income		
- rental income	14,017	-
- insurance recoveries	1,332	14,286
- WorkCover reimbursement	16,323	19,371
- fundraising income	-	5,037
- other income	37,789	40,102
- donations	25,926	16,085
Total other income	95,387	94,881

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

Princes Court Ltd.

ABN 74 028 270 048

Notes to the Financial Statements For the Year Ended 30 June 2022

5 Finance Income and Expenses

(a) Finance income

	2022	2021
	\$	\$
Interest income from:		
- bank interest	30,533	172,316
- accommodation bond interest	942	(291)
- imputed interest earned on RADs and bonds	674,073	298,900
- relating to investments held at fair value through surplus or deficit	312,909	30,673
Total finance income	1,018,457	501,598

(b) Finance expenses

Investment management fee	40,269	-
Bank interest charged	5,519	5,149
Interest paid on RAD and bond refunds	42,118	36,323
Imputed interest charged on RADs and bonds	674,073	298,900
Total finance expenses	761,979	340,372

6 Cash and Cash Equivalents

	2022	2021
Note	\$	\$
Cash at bank and on hand	1,842,945	1,894,083
Term deposits	6,644,121	8,894,376
Cash held in trust	20,863	13,435
Total cash and cash equivalents	8,507,929	10,801,894

(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	8,507,929	10,801,894
Balance as per statement of cash flows		8,507,929	10,801,894

Princes Court Ltd.

ABN 74 028 270 048

**Notes to the Financial Statements
For the Year Ended 30 June 2022**

7 Trade and other receivables

	2022	2021
	\$	\$
CURRENT		
Trade receivables	2,532	26,413
GST receivable	9,148	21,112
Government subsidies receivable	57,815	14,159
Resident debtors	59,406	65,744
Accrued revenue	412,009	26,634
Total current trade and other receivables	<u>540,910</u>	<u>154,062</u>

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

	2022	2021
	\$	\$
CURRENT		
<i>Investments at amortised cost:</i>		
<i>Investments at fair value through surplus or deficit:</i>		
Managed funds	<u>9,502,792</u>	8,919,170
Total current other financial assets	<u>9,502,792</u>	<u>8,919,170</u>

Princes Court Ltd.

ABN 74 028 270 048

Notes to the Financial Statements For the Year Ended 30 June 2022

9 Property, plant and equipment

	2022	2021
	\$	\$
Land		
At fair value	<u>4,243,194</u>	3,789,986
Buildings		
At cost	23,357,443	22,508,674
Accumulated depreciation	<u>(5,730,265)</u>	(5,303,216)
Total buildings	<u>17,627,178</u>	17,205,458
Capital works in progress		
At cost	<u>312,208</u>	637,304
Plant and equipment		
At cost	1,627,328	1,517,044
Accumulated depreciation	<u>(992,987)</u>	(875,411)
Total plant and equipment	<u>634,341</u>	641,633
General purpose equipment, furniture and fittings		
At cost	1,119,184	1,092,044
Accumulated depreciation	<u>(787,957)</u>	(683,463)
Total furniture, fixtures and fittings	<u>331,227</u>	408,581
Computer equipment		
At cost	201,972	174,654
Accumulated depreciation	<u>(148,743)</u>	(114,262)
Total computer equipment	<u>53,229</u>	60,392
Paving and Fencing		
At cost	333,971	332,771
Accumulated depreciation	<u>(75,983)</u>	(68,122)
Total fences, gates and grids	<u>257,988</u>	264,649
Total property, plant and equipment	<u>23,459,365</u>	23,008,003

Princes Court Ltd.

ABN 74 028 270 048

Notes to the Financial Statements For the Year Ended 30 June 2022

9 Property, plant and equipment

(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	Computer Equipment	Paving and Fencing	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2022								
Balance at the beginning of year	637,304	3,789,986	17,205,458	641,633	408,581	60,392	264,649	23,008,003
Additions	278,131	453,208	309,607	110,307	27,141	27,318	1,200	1,206,912
Transfers	(539,162)	-	539,162	-	-	-	-	-
Depreciation expense	-	-	(427,049)	(117,599)	(104,495)	(34,481)	(7,861)	(691,485)
Impairment loss	(64,065)	-	-	-	-	-	-	(64,065)
Balance at the end of the year	312,208	4,243,194	17,627,178	634,341	331,227	53,229	257,988	23,459,365

Princes Court Ltd.

ABN 74 028 270 048

Notes to the Financial Statements For the Year Ended 30 June 2022

10 Intangible Assets

	2022	2021
	\$	\$
Computer software		
Cost	137,218	115,768
Accumulated amortisation	(66,630)	(34,813)
Net carrying value	70,588	80,955
Total intangible assets	70,588	80,955

(a) Movements in carrying amounts of intangible assets

	Computer software	Total
	\$	\$
Year ended 30 June 2022		
Balance at the beginning of the year	80,955	80,955
Additions	21,450	21,450
Amortisation expense	(31,817)	(31,817)
Closing value at 30 June 2022	70,588	70,588

11 Other Assets

	2022	2021
	\$	\$
CURRENT		
Prepayments	137,079	5,355
Total current other assets	137,079	5,355

12 Trade and Other Payables

	2022	2021
	\$	\$
CURRENT		
Trade payables	285,551	79,327
Employee benefits payable	445,247	307,390
Sundry payables and accrued expenses	26,242	14,493
Total current trade and other payables	757,040	401,210

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 2022

13 Contract Liabilities

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

	2022	2021
	\$	\$
CURRENT		
Resident fees and charges	95,114	69,235
Unspent government grants	362,612	-
Total current contract liabilities	457,726	69,235

Contract liabilities with respect to resident fees and charges represent payments received from residents in excess of services rendered.

14 Employee Benefits

	2022	2021
	\$	\$
CURRENT		
Long service leave	269,990	280,840
Provision for employee benefits	871,920	781,365
Total current employee benefits	1,141,910	1,062,205
NON-CURRENT		
Long service leave	102,932	62,718
Total non-current employee benefits	102,932	62,718

15 Resident Loans

	2022	2021
	\$	\$
CURRENT		
Funds held in trust on behalf of residents	57,093	52,046
Refundable accommodation deposits	15,663,404	16,368,100
Refundable accommodation contributions	388,537	-
Refundable entry contributions	12,020,169	11,289,795
Total current resident loans	28,129,203	27,709,941

Princes Court Ltd.

ABN 74 028 270 048

Notes to the Financial Statements

For the Year Ended 30 June 2022

16 Financial Risk Management

The Company'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	2022 \$	2021 \$
Financial assets			
Held at amortised cost:			
Cash and cash equivalents	6	8,507,929	10,801,894
Trade and other receivables	7	540,910	154,062
<i>Held at fair value through profit or loss:</i>			
Managed funds	8	9,502,792	8,919,170
Total financial assets		18,551,631	19,875,126
Financial liabilities			
<i>Measured at amortised cost:</i>			
Trade and other payables	12	757,040	401,210
Resident loans	15	28,129,203	27,709,941
Total financial liabilities		28,886,243	28,111,151

17 Members' Guarantee

The Company is registered with the *Australian Charities and Not-for-profits Commission Act 2012* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 50 each towards meeting any outstanding obligations of the Company. At 30 June 2022 the number of members was 9 (2021: 9).

18 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company is \$508,406 (2021: \$503,545).

19 Auditor's Remuneration

	2022 \$	2021 \$
Remuneration of the auditor HLB Mann Judd, for:		
- auditing the financial statements	14,500	13,900
- additional audit services	2,000	2,500
- assistance with compilation of financial report	3,000	2,890
- other services	2,000	2,855
Total auditor's remuneration	21,500	22,145

Notes to the Financial Statements

For the Year Ended 30 June 2022

20 Fair Value Measurement

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

- Property, plant and equipment
 - Land

21 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2022 (30 June 2021: None).

22 Events after the end of the Reporting Period

The financial report was authorised for issue on 20 October 2022 by the Directors.

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 Company 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 Company'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 Company, the results of those operations or the state of affairs of the Company in future financial years.

23 Economic Dependency

The Company 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 Company for the foreseeable future. The total amount of recurrent government funding received during the financial year was \$6,131,218 (2021: \$6,589,303) and this represents 54.0% of total revenue (2021: 63.4%).

24 Statutory Information

The registered office and principal place of business of the Company is:

Princes Court Ltd.
27-29 Princes St
Mildura Victoria 3500

Princes Court Ltd.

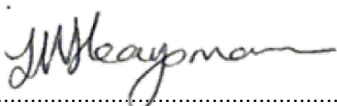
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Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 29, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Director

Lynette Heaysman MAppFin

Dated this 20th day of October, 2022.

Independent Auditor's Report to the Members of Princes Court Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Princes Court Ltd. ("the Company"), which comprises the statement of financial position as at 30 June 2022, 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 directors' declaration.

In our opinion, the accompanying financial report of the Company has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2022 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 Entity and the Company 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 Directors 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 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 Company'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 Company or to cease operations, or have no realistic alternative but to do so.

The Director's are responsible for overseeing the Company's financial reporting process.

hlb.com.au

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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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Company'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 Company 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 directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors 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
24 October 2022