



ADVANTAGED CARE
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**ADVANTAGED CARE 2 PTY LIMITED AS
TRUSTEE OF THE PRESTONS LODGE TRUST**

ABN: 32 390 268 817
NAPS ID: 21659



FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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ADVANTAGED CARE 2 PTY LTD AS TRUSTEE FOR THE PRESTONS LODGE TRUST

ABN: 32 390 268 817

NAPS ID: 21659

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 \$	2021 \$
Total revenue	2	<u>14,501,268</u>	<u>13,128,335</u>
Expenses			
Employee benefits expenses		8,681,655	7,796,016
Depreciation expenses		141,180	169,723
Finance costs		884,146	87,824
Rent		2,499,996	2,499,996
Other expenses		<u>1,925,729</u>	<u>1,698,063</u>
Total expenses		<u>14,132,706</u>	<u>12,251,622</u>
Profit before income tax expense		368,562	876,713
Income tax expense		<u>-</u>	<u>-</u>
Total comprehensive income		<u><u>368,562</u></u>	<u><u>876,713</u></u>

The accompanying notes form part of these financial statements

ADVANTAGED CARE 2 PTY LTD AS TRUSTEE FOR THE PRESTONS LODGE TRUST

ABN: 32 390 268 817

NAPS ID: 21659

STATEMENT OF FINANCIAL POSITION**AS AT 30 JUNE 2022**

	Note	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	3	51,738	105,458
Trade and other receivables	4	38,408,931	37,588,715
Prepayments		169,334	143,831
TOTAL CURRENT ASSETS		38,630,003	37,838,004
NON-CURRENT ASSETS			
Property, plant and equipment	5	466,547	541,931
Right to use asset	10	826,434	3,240,743
TOTAL NON-CURRENT ASSETS		1,292,981	3,782,674
TOTAL ASSETS		39,922,984	41,620,678
CURRENT LIABILITIES			
Trade and other payables	6	6,400,926	7,785,485
Borrowings	7	2,320,976	1,513,487
Employee entitlements	8	578,423	522,822
Lease liability	10	826,434	2,414,309
Refundable accommodation deposits	9	29,702,154	28,537,111
TOTAL CURRENT LIABILITIES		39,828,913	40,773,214
NON-CURRENT LIABILITIES			
Employee entitlements	8	94,061	21,020
Lease liability	10	-	826,434
TOTAL NON-CURRENT LIABILITIES		94,061	847,454
TOTAL LIABILITIES		39,922,974	41,620,668
NET ASSETS		10	10
EQUITY			
Settlement capital		10	10
TOTAL EQUITY		10	10

The accompanying notes form part of these financial statements

ADVANTAGED CARE 2 PTY LTD AS TRUSTEE FOR THE PRESTONS LODGE TRUST

ABN: 32 390 268 817

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2022**

	Settlement Capital \$	Distributable Surplus \$	Total \$
Balance at 1 July 2020	10	-	10
Profit for the year	-	876,713	876,713
Trust distribution	-	(876,713)	(876,713)
Balance at 30 June 2021	10	-	10
Balance at 1 July 2021	10	-	10
Profit for the year	-	368,562	368,562
Trust distribution	-	(368,562)	(368,562)
Balance at 30 June 2022	10	-	10

The accompanying notes form part of these financial statements

ADVANTAGED CARE 2 PTY LTD AS TRUSTEE FOR THE PRESTONS LODGE TRUST

ABN: 32 390 268 817

NAPS ID: 21659

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		12,588,984	13,035,899
Payments to suppliers & employees		(14,388,801)	(14,256,273)
Interest received		1,404,926	1,129,433
Finance costs		<u>(884,146)</u>	<u>(87,824)</u>
Net Cash used in Operating Activities	14	<u>(1,279,037)</u>	<u>(178,765)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		<u>(65,796)</u>	<u>(51,608)</u>
Net Cash used in Investing Activities		<u>(65,796)</u>	<u>(51,608)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans to related entities		126,070	(3,787,189)
Proceeds from refundable accommodation deposits		<u>1,165,043</u>	<u>2,316,034</u>
Net Cash provided by/(used in) Financing Activities		<u>1,291,113</u>	<u>(1,471,155)</u>
Net decrease in cash held		(53,720)	(1,701,528)
Cash and cash equivalents at the beginning of financial year		<u>105,458</u>	<u>1,806,986</u>
Cash and cash equivalents at the end of financial year	3	<u><u>51,738</u></u>	<u><u>105,458</u></u>

The accompanying notes form part of these financial statements

ADVANTAGED CARE 2 PTY LTD AS TRUSTEE FOR THE PRESTONS LODGE TRUST

ABN: 32 390 268 817

NAPS ID: 21659

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The financial statements cover the economic entity of Advantaged Care 2 Pty Limited as Trustee of the Prestons Lodge Trust (NAPS ID 21659) as an individual entity. Advantaged Care 2 Pty Limited as Trustee of the Prestons Lodge Trust (NAPS ID 21659) is a discretionary trust, established and domiciled in Australia.

The financial statements and notes represent those of Advantaged Care 2 Pty Ltd as trustee for the Prestons Lodge Trust. Advantaged Care 2 Pty Ltd as trustee for the Prestons Lodge Trust is the approved provider which operates Advantaged Care at Prestons Lodge (RACS ID1038).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. In the prior year the financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. The entity has adopted AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities on 1 July 2021 which resulted in a change in the level of disclosures. The change has no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit and loss and other comprehensive income and cash flows of the entity. The financial report is prepared solely to satisfy the requirements of the Accountability Principles 2014.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

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. The amounts presented in the financial statements have been rounded to the nearest dollar.

This is the third year of operation of the facility which was opened in December 2016.

(a) Property, Plant and Equipment

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

Plant and Equipment

Plant and Equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the directors of the trustee company to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line or declining balance basis over the asset's useful life to the trust commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate	Basis
Plant and Equipment	20%- 40% per annum	Declining balance
Computer Equipment	40%- 50% per annum	Prime Cost

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Intangibles

In response to the Royal Commission into Aged Care Quality and Safety's final report, the Australian Government announced in the 2021-22 Federal Budget that it would be investing \$17.7 billion into an aged care reform package. As part of this package, there will be no further Aged Care Approval Rounds (ACAR). From 1 July 2024, residential aged care places (operational places or bed licences) will be assigned directly to senior Australians, giving consumers more control to choose an approved provider that best suits their residential aged care needs. The Australian Government has announced its decision to discontinue operational places from 1 July 2024.

(c) Leases

The trust adopted AASB 16 Leases (AASB 16) using the modified retrospective approach from 1 July 2019. Under this approach, comparative information is not restated.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The trust will recognise assets and liabilities for its operating leases of its office premises,

Right-of-Use Assets

The trust recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the trust is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are tested for impairment.

Lease Liabilities

At the commencement date of the lease, the trust recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the trust uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Previously, the trust recognised an operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

(d) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognized when the trust becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the trust commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either, fair value, amortized cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuations techniques are adopted.

ADVANTAGED CARE 2 PTY LTD AS TRUSTEE FOR THE PRESTONS LODGE TRUST

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortized Cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortization of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. The trust did not hold financial assets at fair value through profit or loss either in the current or comparative financial period.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(iii) Held-To-Maturity Investments

Held-To-Maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the trust's intention to hold these investments to maturity. They are subsequently measured at amortized cost.

Held-to-maturity investments are in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the trust sold or reclassified more than insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investments would be tainted and would be reclassified as available-for-sale.

The Trust did not hold any held-to-maturity investments in the current or comparative financial period.

(iv) Available-For-Sale Financial Assets

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any measurements other than impairment losses and foreign exchange gains and losses recognized in other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss pertaining to that asset previously recognized in other comprehensive income is reclassified into profit or loss.

(v) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortized cost.

Fair Value

Fair value is the amount at which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. Fair value is determined based on current bid price for all quoted investments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models unless the range of reasonable fair value estimates is significant and the probabilities of various estimates cannot be reasonably assessed, in which case such instruments are measured at cost.

Impairment

At the end of each reporting period, the trust assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged or significant decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognized in profit or loss. Also, any cumulative decline in fair value previously recognized in other comprehensive income is reclassified to profit or loss at this point.

Financial Guarantees

Where material, financial guarantees issued, that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognized as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortization in accordance with AASB 118: Revenue.

Derecognition

Financial assets are derecognized when the contractual right of receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognized when the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(e) Impairment of Assets

At the end of each reporting period, the trust assesses whether there is any indication that an asset may be impaired. The assessment will include considering external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognized immediately in profit or loss unless the asset is carried at revalued amount in accordance with another Standard (e.g. In accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the trust estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Employee Benefits

Provision is made for the trust'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 settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year 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 not satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(g) Provisions

Provisions are recognized when the trust has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) Trade Receivables

With respect to resident fees, trade receivables are recognised when residents are billed for accommodation fees in advance. For all other sources of recurrent income, trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less a provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(j) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognized and the amount ultimately received is interest revenue.

Interest revenue is recognized using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue recognition relating to the provision of services to residents including residents' fees and government subsidies is determined with reference to services performed and where outcome of the contract can be estimated reliably. Where the outcome cannot be estimated reliably, revenue is recognized only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST).

Included in other income was COVID-19 outbreak Government grants of \$591,787 (30 June 2021: nil) relating to the first half of the financial year. Further claims for COVID-19 outbreak Government grants amounting to approximately \$300,000 to \$500,000 have been submitted for the second half of the financial year ended 30 June 2022. The facility has been advised by the Department of Health and Aged Care (DHAC) that due to the significant impact of the COVID-19 Omicron variant, large volumes of COVID-19 outbreak grant reimbursements/agreements are being processed and this is causing significant delays in approving submitted claims. As a result, the facility expects to receive approval from the DHAC for claims submitted during the 30 June 2023 financial year. The claims that have yet to be approved have not been included in income in the 30 June 2022 year.

(k) Trade and Other Payables

Trade and other payables represent the liability outstanding at reporting date for goods and services received by the trust during the reporting period, which remain unpaid. The balance is recognized as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Refundable Accommodation Deposits (RADs)

On admission to a residential aged care some residents pay a Refundable Accommodation Deposit. The RAD is payable when the resident leaves the facility. In accordance with accounting standards these liabilities are considered to be current as the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. The obligation to settle could occur anytime. Based on prior experience the facility does not expect all RADs to be repaid in the next year. The financial report has been prepared on a going concern basis which assumes that the Trust will be able to meet its obligations as and when they fall due. The Trust's current liabilities exceed current assets by \$1,198,910 as at 30 June 2022 (2021: \$2,935,210) resulting in a net deficiency of current assets. This mainly arises because of the requirement to classify Refundable Accommodation Deposits ("RAD") as current liabilities. However, in practice, RADs that are repaid are generally replaced by RADs from new incoming residents in a short time frame.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Borrowing Costs

Borrowings costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(n) Good and Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flow arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in the receipts from customers or payments to suppliers.

(o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the trust has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(p) Critical Accounting Estimates and Judgments

The trustees evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the trust.

Key Estimates

(i) Impairment

The trust assesses impairment at the end of the each reporting period by evaluation of conditions and events specific to the trust that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations, which incorporate various keys assumptions.

(ii) Useful lives of Assets

Estimates of the useful lives of assets have been based on historical experience as well as management's estimate of the assets' useful lives. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

(q) New Accounting Standards for Application in Future Periods

Certain Australian Accounting Standards and Australian Accounting Interpretations have been issued or amended which are applicable to the entity, but are not yet effective and have not been adopted by the entity. In the opinion of the trustees, these changes will have no material effect on the accounting policies applied by the entity, and thus no material impact is expected in the period of initial application of these new or amended Accounting Standards and Interpretations.

During the current year the entity adopted all of the new and revised Australian Accounting Standards applicable to its operations which became mandatory.

ADVANTAGED CARE 2 PTY LTD AS TRUSTEE FOR THE PRESTONS LODGE TRUST

ABN: 32 390 268 817

NAPS ID: 21659

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
NOTE 2 REVENUE		
Interest income	1,404,926	1,129,433
Patient care revenue	12,504,555	11,948,902
COVID-19 income	591,787	50,000
	<u>14,501,268</u>	<u>13,128,335</u>
NOTE 3 CASH AND CASH EQUIVALENTS		
Cash on hand	2,000	2,000
Cash at bank	49,738	103,458
	<u>51,738</u>	<u>105,458</u>
NOTE 4 TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivables	392,960	183,603
Other receivables	588,640	290,638
	<u>981,600</u>	<u>474,241</u>
Distribution receivable		
Distribution receivable – Georges Manor Trust	1,972,078	1,972,078
Distribution receivable – Bondi Waters Trust	351,972	351,972
Interest free loans		
- Advantaged Care Pty Ltd ATF H.O. Trust -non permitted use	6,592,520	3,436,840
- Advantaged Care Pty Ltd ATF Georges Manor Trust	614,331	434,331
- LJMMMD Investments Pty Ltd	-	161,073
- Deedon Holdings Pty Ltd	-	1,600,000
-Advantaged Care 4 Pty Ltd ATF Edensor Gardens Trust	120,000	120,000
- Melaleuca Ventures Pty Ltd ATF Melaleuca Trust -non permitted use	311,612	3,485,178
Interest bearing loans		
- Melaleuca Ventures Pty Ltd ATF Melaleuca Trust -permitted use	15,189,635	11,490,442
- Melaleuca Ventures Pty Ltd ATF Edensor Lands Trust - permitted use	3,016,609	2,942,180
- Advantaged Care Pty Ltd ATF H.O. Trust - permitted use	9,258,574	11,120,380
	<u>38,408,931</u>	<u>37,588,715</u>

ADVANTAGED CARE 2 PTY LTD AS TRUSTEE FOR THE PRESTONS LODGE TRUST

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 5 PROPERTY, PLANT AND EQUIPMENT	2022	2021
	\$	\$
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	659,802	635,741
Less: accumulated depreciation	<u>(457,132)</u>	<u>(410,677)</u>
	<u>202,670</u>	<u>225,064</u>
Computer Equipment:		
At cost	184,168	166,251
Less: accumulated depreciation	<u>(155,733)</u>	<u>(142,535)</u>
	<u>28,435</u>	<u>23,716</u>
Furniture and Fittings:		
At cost	851,476	844,657
Less: accumulated depreciation	<u>(679,809)</u>	<u>(626,331)</u>
	<u>171,667</u>	<u>218,326</u>
Low Value Pool:		
At cost	368,940	351,941
Less: accumulated depreciation	<u>(309,817)</u>	<u>(282,285)</u>
	<u>59,123</u>	<u>69,656</u>
Leasehold Improvement:		
At cost	5,233	5,233
Less: accumulated depreciation	<u>(581)</u>	<u>(64)</u>
	<u>4,652</u>	<u>5,169</u>
Total Property, Plant and Equipment	<u>466,547</u>	<u>541,931</u>

Movements in Carrying Amounts

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

	Plant and Equipment \$	Computer Equipment \$	Furniture and Fittings \$	Low Value Pool \$	Leasehold Improvement \$	Total \$
Balance as at 1 July 2021	225,064	23,716	218,326	69,656	5,169	541,931
Additions	24,061	17,917	6,819	16,999	-	65,796
Depreciation expense	(46,455)	(13,198)	(53,478)	(27,532)	(517)	(141,180)
Balance as at 30 June 2022	202,670	28,435	171,667	59,123	4,652	466,547

ADVANTAGED CARE 2 PTY LTD AS TRUSTEE FOR THE PRESTONS LODGE TRUST

ABN: 32 390 268 817

NAPS ID: 21659

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
NOTE 6 TRADE AND OTHER PAYABLES		
CURRENT		
Trade payables	6,178,420	7,551,241
Other payables	130,038	144,143
Accrued expenses	92,468	90,101
	<u>6,400,926</u>	<u>7,785,485</u>
NOTE 7 BORROWINGS		
LOANS - UNSECURED		
-Advantaged Care Pty Ltd ATF Bondi Waters Trust	22,588	22,588
Unpaid Present Entitlements		
-UPE to Advantaged Care 4 Pty Ltd ATF Edensor Gardens Trust	876,713	876,713
-UPE to LJMMMD Investment Pty Ltd	438,927	-
-UPE to Melaleuca Ventures Pty Ltd ATF Edensor Lands Trust	356,032	356,032
-UPE to MLMM Investments Pty Limited	626,716	258,154
	<u>2,320,976</u>	<u>1,513,487</u>
NOTE 8 EMPLOYEE ENTITLEMENTS		
Current		
- Annual leave	578,423	522,822
Non - current		
- Long service leave	94,061	21,020
	<u>672,484</u>	<u>543,842</u>

Provision for Employee Benefits

A provision has been recognised for employee entitlements relating to annual leave and long service leave for employees. The measurement and recognition criteria for employee benefits have been discussed in Note 1.

	2022	2021
	\$	\$
NOTE 9 BONDS AND DEPOSITS		
Accommodation bonds and refundable accommodation deposits	<u>29,702,154</u>	<u>28,537,111</u>
	<u>29,702,154</u>	<u>28,537,111</u>
NOTE 10 RIGHT TO USE ASSET AND INTEREST BEARING LIABILITIES		
Non-current		
Right to use asset	826,434	3,240,743
Current		
-Lease liabilities	<u>826,434</u>	<u>2,414,309</u>
Non-current		
-Lease liabilities	<u>0</u>	<u>826,434</u>

The trust has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

The building lease is for the aged care facility, has 1 year remaining and has a 5 year option extension at the discretion of the trust.

ADVANTAGED CARE 2 PTY LTD AS TRUSTEE FOR THE PRESTONS LODGE TRUST

ABN: 32 390 268 817

NAPS ID: 21659

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 11 SEGMENT INFORMATION

The approved provider delivers only residential aged care services and these general purpose financial statements therefore relate only to such operations.

NOTE 12 EVENTS AFTER THE REPORTING PERIOD

A major issue facing aged care providers is that the spread of the COVID-19 Omicron variant has placed additional strain on a workforce that had already been experiencing significant pressure. The ongoing presence of the COVID-19 virus has led to additional staffing disruption and financial pressures. The facility has in place in-house specialist infection control expertise, robust operational controls and detailed business continuity plans. The facility continues to review the progress of the COVID-19 pandemic and take necessary steps to protect the health, well-being and safety of residents, clients and employees.

The facility anticipates ongoing additional COVID-19 costs associated with staff expenses and infection prevention and control including the use of personal protective equipment (PPE) and rapid antigen test kits. Depending on the on-going spread of the virus, it also has the potential to continue to significantly disrupt the financial position of the facility including a decline in occupancy levels and significantly increased costs to continue to protect residents, clients and staff. The facility continues to work closely with health and regulatory authorities.

ADVANTAGED CARE 2 PTY LTD AS TRUSTEE FOR THE PRESTONS LODGE TRUST

ABN: 32 390 268 817

NAPS ID: 21659

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**NOTE 13 RELATED PARTY TRANSACTIONS****Transactions with Related Parties**

Transactions between the related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2022	2021
	\$	\$
Transactions with related parties:		
(a) Interest income on loans to Melaleuca Ventures Pty Ltd ATF Melaleuca Trust	531,881	585,413
(b) Interest income on loans to Melaleuca Ventures Pty Ltd ATF Edensor Lands Trust	68,243	75,111
(c) Interest income on loans to Advantaged Care Pty Ltd ATF Head Office Trust	329,299	-
(d) Management fees to H.O. Trust	681,000	648,000
(e) Interest paid to LJMMMD Pty Ltd	19,840	31,508
(f) Interest paid to MLMM Investments Pty Ltd	11,669	-
(g) Rent to Melaleuca Ventures Pty Ltd for the reporting period in respect of the property at 18 Melaleuca Place, Prestons, 2170, NSW in which the trust operates the Prestons Lodge residential aged care facility	2,499,996	2,499,996
(h) Interest paid on unpaid rent to Melaleuca Ventures Pty Ltd ATF Melaleuca Ventures trust	800,000	-
(i) Unsecured interest-bearing loans receivable from related entities:		
- Melaleuca Ventures Pty Ltd ATF Melaleuca Trust - permitted use	15,189,635	11,490,442
- Melaleuca Ventures Pty Ltd ATF Edensor Lands Trust -permitted use	3,016,609	2,942,180
- Advantaged Care Pty Ltd ATF H.O. Trust - permitted use	9,258,574	11,120,380
(j) Unsecured interest-free loans receivable from related entities:		
- Advantaged Care Pty Ltd ATF H.O. Trust -non permitted use	6,592,520	3,436,840
- Advantaged Care Pty Ltd ATF Georges Manor Trust	614,331	434,331
- LJMMMD Investments Pty Ltd	-	161,073
- Advantaged Care 4 Pty Ltd ATF Edensor Garden Trust	120,000	120,000
- Deedon Holdings Pty Ltd	-	1,600,000
- Melaleuca Ventures Pty Ltd ATF Melaleuca Trust -non permitted use	311,612	3,485,178
(k) Distribution receivable		
-Distribution receivable Advantaged Care Pty Ltd ATF Georges Manor Trust	1,972,078	1,972,078
-Distribution receivable Advantaged Care Pty Ltd ATF Bondi Waters Trust	351,972	351,972
(h) Unsecured interest-free loans payable to related entities		
- Advantaged Care Pty Ltd ATF Bondi Waters Trust	22,588	22,588
(l) Unpaid Present Entitlements		
- Unpaid Present Entitlement - LJMMMD Investments Pty Ltd	438,927	-
- Unpaid Present Entitlement - Melaleuca Ventures Pty Ltd ATF Edensor Lands Trust	356,032	356,032
-Unpaid Present Entitlement - Advantaged Care 4 Pty Ltd ATF Edensor Gardens Trust	876,713	876,713
-Unpaid Present Entitlement - MLMM Investments Pty Limited	626,716	258,154

ADVANTAGED CARE 2 PTY LTD AS TRUSTEE FOR THE PRESTONS LODGE TRUST

ABN: 32 390 268 817

NAPS ID: 21659

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 14 CASH FLOW INFORMATION	2022	2021
	\$	\$
Reconciliation of cash flows from operations with operating profit		
Profit before income tax	368,562	876,713
Non-cash flows in profit		
Depreciation	141,180	169,723
<i>Changes in assets and liabilities</i>		
Increase in trade and distribution receivables	(209,357)	(92,435)
Decrease in other receivables	(298,002)	(138,551)
Decrease in payables	(1,384,559)	(1,071,580)
Increase in employee entitlements	128,642	102,215
Increase in prepayments	(25,503)	(24,850)
Net cash (used in) operating activities	(1,279,037)	(178,765)

NOTE 15 FINANCIAL RISK MANAGEMENT

The Trust's financial instruments consist mainly of accounts receivable and payable and refundable accommodation deposits.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets

Cash and cash equivalents	3	51,738	105,458
Trade and other receivables	4	38,408,931	37,588,715
Total Financial Assets		38,460,669	37,694,173

Financial Liabilities

Trade and other payables	6	6,400,926	7,785,485
Borrowings	7	2,320,976	1,513,487
Total Financial Liabilities		8,721,902	9,298,972

NOTE 16 TRUST DETAILS

The registered office of the trust is:

Advantaged Care 2 Pty Limited
As Trustee of the Prestons Lodge Trust (RACS ID 1038)
1/167 Edgecliff Road
Woollahra NSW 2025.

The principal place of business of the trust is:

Advantaged Care 2 Pty Limited
As Trustee of the Prestons Lodge Trust (RACS ID 1038)
18 Melaleuca Place
Prestons NSW 2170.

ADVANTAGED CARE 2 PTY LTD AS TRUSTEE FOR THE PRESTONS LODGE TRUST

ABN: 32 390 268 817

NAPS ID: 21659

DIRECTORS' DECLARATION

The directors of the trustee company declare that:

1. The financial statements and notes are in accordance with the financial reporting requirements of the *Accountability Principles 2014* and
 - (a) comply with Australian Accounting Standards, including other authoritative pronouncements of the Australian Accounting Standards Board; and
 - (b) give a true and fair view of the financial position as at 30 June 2022 and of the performance of the trust for the period ended on that date.
2. In the director's opinion there are reasonable grounds to believe that the trust 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 of the trustee company.

Director



Mr Laurence John Kresner

Dated this 31s day of October 2022

Director



Mr Michael Kresner

Dated this 31st day of October 2022

INDEPENDENT AUDIT REPORT TO ADVANTAGED CARE 2 PTY LIMITED AS TRUSTEE FOR THE PRESTONS LODGE TRUST

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Advantaged Care 2 Pty Limited as Trustee for the Prestons Lodge Trust which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the director's declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects the financial position of Advantaged Care 2 Pty Limited as Trustee for the Prestons Lodge Trust as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.

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 Statement section of our report. We are independent of the Company in accordance with the ethical 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, and we have 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 audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards 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 Entity'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 intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

**INDEPENDENT AUDIT REPORT TO
ADVANTAGED CARE 2 PTY LIMITED AS TRUSTEE FOR THE
PRESTONS LODGE TRUST**

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 the financial report.

As part of an audit in accordance with 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 entity's internal control.
- Conclude on the appropriateness of 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 entity'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 entity to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- 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 those charged with governance 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.



GOODWINCHIVAS & CO
CHARTERED ACCOUNTANTS

**INDEPENDENT AUDIT REPORT TO
ADVANTAGED CARE 2 PTY LIMITED AS TRUSTEE FOR THE
PRESTONS LODGE TRUST**

Name of Firm:

Goodwin Chivas + Co

Goodwin Chivas & Co
Chartered Accountants

Name of Partner:

Wayne Pobje (Registered Company Auditor 319517)

Address:

Suite 401, 29-31 Solent Circuit, Norwest NSW 2153

Dated this 31st day of October 2022