IC (Padstow) Pty Ltd as Approved Provider (NAPS ID 7106) Conducting Casa Mia Aged Care Centre

ABN 42 608 030 440

Financial Statements - 30 June 2023

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Directors' report
30 June 2023

The directors of IC (Padstow) Pty Ltd present their Financial Report as Approved Provider (NAPS ID 7106) conducting Casa Mia Aged Care Centre (‘the Approved Provider’) for the financial year ended 30 June 2023.

1. General Information

Directors

The names of the directors in office at any time during the year and as at the date of this report are:

Names:
Anthony Edward Partridge
Christopher Huon Stride
Luke Benjamin Greive – appointed as director effective 13 July 2023

2. Principal activities

The Approved Provider conducting the service delivers only residential aged care services and these general-purpose financial statements (GPFS) therefore relate to such operations during the year ended 30 June 2023.

No significant changes in the nature of the Approved Provider’s activity occurred during the financial year.

3. Operating results

The operating loss of the Approved Provider for the year, after providing for income tax, amounted to $2,221,353 (loss 2022: $15,668).

Dividend paid or recommended

No dividends were paid or declared since the end of the financial year. No recommendation for payment of dividends has been made.

Review of operations

During the year, the Approved Provider continued operating the Casa Mia Aged Care Centre facility in New South Wales.

Regulatory environment, reform and the aged care Royal Commission

The residential aged care sector in which the Approved Provider operates is highly regulated within the provisions of the Aged Care Act 1997. The Government approves providers, monitors the quality of care and services delivered, and governs the fees and services which are delivered and funded. As such Government policy settings have a major impact on the financial performance of providers.

The Royal Commission into Aged Care Quality and Safety (Royal Commission) was called by the Prime Minister in September 2018 amid growing community concern about the quality of care in the sector. The Royal Commission was established on 8 October 2018 and delivered its final report on 26 February 2021 making 148 recommendation covering quality, funding and sustainability reforms.

The government's response to the Royal Commission's findings has led to numerous critical reforms in the Residential Aged Care sector, most of which have now been legislated. These reforms encompass various aspects of aged care, including funding models, regulatory authorities, bed licenses, care standards, transparency, reporting, and governance. Here is an overview of these legislative reforms:

· **Funding Models:** Changes to the funding models have been introduced to improve the sustainability and quality of aged care services. This includes the replacement of the ACFI model with the AN-ACC model.

· **Independent Health and Aged Care Pricing Authority (IHACPA):** The introduction of IHACPA is a significant step towards independent oversight and regulation of pricing within the aged care sector. This authority plays a crucial role in ensuring fair and transparent pricing for aged care services.

· **Bed License Constraints Removed:** Capacity constraints on bed licenses have been removed. This change enhances flexibility and accessibility for providers and consumers. Bed Licences are amortised over their remaining useful lives to 30 June 2024.

· **Mandated Minimum Care Minutes:** A crucial reform is the mandate for minimum care minutes, which establishes a baseline standard for the time and attention provided to each resident. This initiative aims to ensure that residents receive an average of 200 minutes per resident per day from 1 October 2023, escalating to 215 minutes in subsequent years, including 40 minutes of registered nurse time, and a Registered Nurse on duty 24/7.

· **Increased Transparency:** To enhance transparency in the sector, a Star Rating system has been introduced, allowing consumers to make more informed decisions regarding the quality of aged care services.

· **Enhanced Reporting:** Providers are now required to take formal undertakings to report on the adequacy of their daily living services to residents. This initiative promotes accountability and ensures that residents' needs are met effectively. Furthermore, Providers are required to report quarterly on financial operations to the Department via Quarterly Financial Reports (QFR).

· **Governance Reforms:** Significant governance reforms include the requirement for approved providers to have a majority of independent non-executive directors on their boards, from 1 December 2023 for existing approved providers. Additionally, at least one director experienced in clinical care is required to provide a well-rounded and expert perspective on the care provided.

These legislative reforms are instrumental in reshaping the Residential Aged Care sector to better meet the needs of elderly Australians and provide high-quality care. They reflect a commitment to improving the overall standard of aged care services, promoting transparency, and ensuring that the sector operates efficiently and effectively. As these reforms are implemented and integrated into the sector, it is essential for all stakeholders, including providers, to adapt and comply with these new regulations to continue offering the best possible care and support to our elderly population.

COVID-19

The Approved Provider's business operations have continued amidst the ongoing challenges presented by the COVID-19 pandemic, which has had a profound impact on the aged care sector. The committee established in March 2020 to oversee and monitor the Approved Providers COVID-19 response continues to work closely with staff at our facilities. Our efforts are focused on aligning our response with the Federal and State Directives to ensure the safety and well-being of our residents and employees.

Our response to the pandemic includes a range of measures to mitigate risks and maintain a safe environment within our aged care facilities. These measures include:

· **Pre-entry Health Screening:** All visitors and staff undergo pre-entry health screening to minimize the risk of COVID-19 transmission.
· **Use of Personal Protective Equipment (PPE):** The use of appropriate PPE is enforced to protect both residents and staff.
· **Monitoring for COVID-19 Symptoms:** Regular monitoring of residents for any signs of COVID-19 is conducted to enable prompt response and isolation if necessary.
· **Enhanced Cleaning Protocols:** Additional cleaning of high touch points and common areas is in place to maintain a hygienic environment.

Throughout this challenging period, our primary focus has been the safeguarding of the health and well-being of our residents and employees.

In light of the unprecedented economic impact of COVID-19 on Australia's outlook, the Approved Provider has conducted a comprehensive assessment of its solvency and the anticipated impact of COVID-19 on its operations in the future. The Board of Directors has considered both past and anticipated future effects, including the impact on occupancy in our Residential Aged Care facility, which has been supplemented with additional Government funding.

Based on these careful considerations, the Approved Provider is satisfied that the most significant impact of COVID-19 is now behind us. The procedures and safeguards incorporated into our operations are deemed to be efficient and effective in minimizing potential future risks to an appropriate level.

The Approved Provider remains dedicated to delivering high-quality care to our residents while ensuring the ongoing safety and well-being of both our residents and employees in this challenging environment. We will continue to adapt to the evolving circumstances and adhere to all necessary health and safety protocols to navigate through these unprecedented times.

Government Support

· In July 2021 the COVID-19 Aged Care Support Program Extension Grant commenced which reimburses aged care providers for additional costs associated with managing direct impacts of COVID-19. The total amount of $149,651 has been awarded to the Approved Provider for the year ended 30 June 2023.

· The Aged Care Registered Nurses' payment to reward clinical skills and leadership was announced and open for submissions in November 2022. This grant offers payments to registered nurses who work for the same aged care employer for 6 or 12 months. The total Aged Care Registered Nurses' Grant Income received and paid to eligible employees of the Approved Provider amounted to $38,900 for the year ended 30 June 2023.

Other Sector Challenges

Other sector challenges that have impacted the Approved Provider throughout the year and present ongoing challenges to the sector include:

· **Workforce Shortages and Talent Attraction:** There is a shortage of qualified and experienced staff in the aged care sector, including Registered Nurses, Personal Care Workers, and Allied Health Professionals.

· **Infrastructure and Aging Facilities:** Some residential aged care facilities in Australia are outdated and not designed to meet the needs of modern aged care. Upgrading infrastructure to create more comfortable and liveable environments and incorporating technology to enhance care delivery can be a challenge due to funding constraints.

· **Dementia Care:** With the ageing population, the number of residents with dementia is increasing. Providing specialised care for individuals with dementia, including managing challenging behaviours and promoting their well-being, is complex and resource intensive.

· **Cultural and Linguistic Diversity:** Australia's population is diverse, with people from various cultural and linguistic backgrounds. Residential aged care facilities need to provide culturally appropriate care, including language support, culturally specific food, and activities that respect and celebrate diverse traditions and customs.

4. Other items

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Approved Provider during the financial year.

Future developments & results

Likely developments in the operations of the Approved Provider and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Approved Provider.

Environmental issues

The Approved Provider's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or a state or territory of Australia.

Indemnity and insurance of officers and auditors

The Approved Provider has taken out Directors and Officeholders insurance and entered into Deeds of Access, insurance and indemnity with each of the Directors subject to the provisions of the Corporations Act 2001.

No indemnities have otherwise been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Approved Provider.

Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the Approved Provider, or to intervene in any proceedings to which the Approved Provider is a party, for the purpose of taking responsibility on behalf of the Approved Provider for all or part of those proceedings.

Auditor's independence declaration

The lead auditor’s independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the period ended 30 June 2023, has been received and is included in this report.

Events after the reporting date

There has not been any matter or circumstances occurring subsequent to the end of the financial year that has significantly affected or may significantly affect, the operations of the Approved Provider, the results of those operations, or the state of affairs of the Approved Provider in future financial years.

The directors’ report is signed in accordance with a resolution of the Board of Directors:

Anthony Edward Partridge Director	Christopher Huon Stride Director

31 October 2023

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DECLARATION OF INDEPENDENCE BY L G MYLONAS TO THE DIRECTORS OF IC (PADSTOW) PTY LTD AS APPROVED PROVIDER (NAPS ID 7106) CONDUCTING CASA MIA AGED CARE CENTRE

As lead auditor of IC (Padstow) Pty Ltd as Approved Provider (NAPS ID 7106) Conducting Casa Mia Aged Care Centre for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

L G Mylonas
Director

BDO Audit Pty Ltd

Brisbane, 31 October 2023

IC (Padstow) Pty Ltd as Approved Provider (NAPS ID 7106) Conducting Casa Mia Aged Care Centre
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue	3	7,584,119	16,533
Expenses			
Direct Care	4	(1,698,798)	-
Direct residency costs	4	(398,403)	-
Employee benefits expense	4	(5,413,304)	(9,457)
Rental outgoings	4	(1,175)	-
Depreciation and amortisation expense	4	(247,135)	(5,269)
Consulting & professional fees	4	(135,669)	(12,500)
Management Fees	4	(1,160,379)	-
Other expenses	4	(189,546)	(4,975)
Finance costs	4	(561,063)	-
Loss before income tax expense		(2,221,353)	(15,668)
Income tax expense	5	-	-
Loss after income tax expense for the year		(2,221,353)	(15,668)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(2,221,353)	(15,668)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

IC (Padstow) Pty Ltd as Approved Provider (NAPS ID 7106) Conducting Casa Mia Aged Care Centre
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	6	4,201,260	6,100,012
Trade and other receivables	7	308,007	16,532
Other Assets	9	182,003	-
Total current assets		4,691,270	6,116,544
Non-current assets			
Property, plant and equipment	10	496,002	514,135
Right-of-use assets	8	6,038,925	6,423,673
Intangibles	11	5,425,036	5,435,889
Other Assets	9	247,500	-
Total non-current assets		12,207,463	12,373,697
Total assets		16,898,733	18,490,241
Liabilities			
Current liabilities			
Trade and other payables	12	5,696,027	5,873,104
Lease liabilities	13	5,842	-
Refundable Accommodation Deposits	14	6,292,287	5,557,883
Total current liabilities		11,994,156	11,430,987
Non-current liabilities			
Lease liabilities	13	7,142,849	7,076,173
Total non-current liabilities		7,142,849	7,076,173
Total liabilities		19,137,005	18,507,160
Net liabilities		(2,238,272)	(16,919)
Equity			
Issued capital	15	1	1
Accumulated losses		(2,238,273)	(16,920)
Total deficiency in equity		(2,238,272)	(16,919)

The above statement of financial position should be read in conjunction with the accompanying notes

IC (Padstow) Pty Ltd as Approved Provider (NAPS ID 7106) Conducting Casa Mia Aged Care Centre
Statement of changes in equity
For the year ended 30 June 2023

	Issued capital $	Reserves $	Retained profits $	Total deficiency in equity $
Balance at 1 July 2021	1	-	(1,252)	(1,251)
Loss after income tax expense for the year	-	-	(15,668)	(15,668)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(15,668)	(15,668)
Balance at 30 June 2022	1	-	(16,920)	(16,919)

	Issued capital $	Reserves $	Retained profits $	Total deficiency in equity $
Balance at 1 July 2022	1	-	(16,920)	(16,919)
Loss after income tax expense for the year	-	-	(2,221,353)	(2,221,353)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(2,221,353)	(2,221,353)
Balance at 30 June 2023	1	-	(2,238,273)	(2,238,272)

The above statement of changes in equity should be read in conjunction with the accompanying notes

IC (Padstow) Pty Ltd as Approved Provider (NAPS ID 7106) Conducting Casa Mia Aged Care Centre
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from residents		1,584,940	-
Receipts from the Government		5,268,263	-
RADs/Bonds Received		2,050,000	-
Payments to suppliers and employees		(8,685,649)	-
Reduction in RADs - Repayments		(1,289,089)	-
		(1,071,535)	-
Interest received		102,054	-
Borrowing Costs		(561,063)	-
Net cash used in operating activities		(1,530,544)	-
Cash flows from investing activities			
Payments for property, plant and equipment	10	(92,187)	-
Payments for intangibles		10,854	-
Loan to related parties - Loan advances		(2,855)	-
Net cash used in investing activities		(84,188)	-
Cash flows from financing activities			
Proceeds from related loans		-	6,100,012
Payment of Loans to related parties		(284,020)	-
Net cash from/(used in) financing activities		(284,020)	6,100,012
Net increase/(decrease) in cash and cash equivalents		(1,898,752)	6,100,012
Cash and cash equivalents at the beginning of the financial year		6,100,012	-
Cash and cash equivalents at the end of the financial year	6	4,201,260	6,100,012

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Summary of significant accounting policies

The financial report covers IC (Padstow) Pty Ltd as Approved Provider (NAPS ID 7106) Conducting Casa Mia Aged Care Centre as an individual entity. IC (Padstow) Pty Ltd as Approved Provider (NAPS ID 7106) Conducting Casa Mia Aged Care Centre is a for-profit proprietary company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency of IC (Padstow) Pty Ltd as Approved Provider (NAPS ID 7106) Conducting Casa Mia Aged Care Centre is Australian dollars.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures. This includes compliance with the recognition and measurement requirements of all Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the disclosure requirements *of AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit Entities* and the Corporations Act 2001.

The financial report was approved by the directors on the 31st of October 2023.

Fair value measurement

For financial reporting purposes, 'fair value" is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. When estimating the fair value of an asset or liability, the group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorized into three levels according to the extent to which the inputs are observable:

· Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that that group can access at the measurement date.
· Level 2 input are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
· Level 3 inputs are unobservable inputs for the asset or liability.

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Going Concern

The financial statements have been prepared on a going concern basis. The Approved Provider has a net current asset deficiency. As at the reporting date, current liabilities exceed current assets by $7,055,386 (2022: $5,314,443).

The working capital deficiency partially arises because of the requirement under Australian Accounting Standards to classify Refundable Accommodation Deposits (RADs) received totalling $6,292,287 (2022: $5,557,883) as current liabilities, whereas the assets to which they relate, Property, Plant & Equipment, long term related party receivables and right-to-use assets are required to be classified as non-current assets.

In addition, included in current liabilities is $5,584,713 (2022: $5,851,146) of related party payables

Note 1. Summary of significant accounting policies (continued)

Notwithstanding this, the Directors have determined the financial report should be prepared on the going concern basis for the following reasons:

· Based on current and expected occupancy levels at the residential aged care facilities, adequate cash flows will be generated in the next 12 months to meet current commitments.

· The timing of the obligation of refundable accommodation deposits will not practically all fall due within the next twelve months. Refundable accommodation deposits become payable upon the departure of aged care residents. It is unlikely that all residents will depart in the next twelve months thereby requiring a pay out of the full amount of the liability. Historically, the turnover of the aged care residents has been approximating 6.4%-38.1% and in the current financial year resident turnover sat at 32%. During the 2023 financial year the total net cash inflows for accommodation bonds and refundable accommodation deposits were $760,911.

· The Approved Provider continues to receive the support of subsidiaries of their ultimate parent company, Infinite Australia Aged Care Holdings Pty Ltd as and when required.

After considering all available current information, the directors have concluded that there are reasonable grounds to believe that the Approved Provider will be able to pay its debts as and when they fall due and payable and preparation of financial statements on a going concern basis is appropriate.

Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current income tax
Current income tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax
Deferred tax is not provided for the following:

· The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
· Taxable temporary differences arising on the initial recognition of goodwill.
· Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Approved Provider is able to control the timing of the reversal of the temporary differences and it is probably that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Note 1. Summary of significant accounting policies (continued)

Goods and services tax (GST)

Revenue, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except:

i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

Revenue recognition

AASB 15 Revenue from Contracts with Customers ("AASB 15") applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The Standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Approved Provider has disaggregated revenue based on the funding source and nature of the revenue stream.

<u>Government revenue</u>

The Federal Government assesses the Approved Provider's entitlement to revenue in accordance with the provisions of the Aged Care Act 1997. The subsidy received is based on the Aged Care Funding Instrument ("ACFI") assessment and recognised on an ongoing daily basis. The Federal Government also calculates certain accommodation supplements and other supplements on a per resident per day basis. The amount of Government revenue received is determined by Federal Government regulation rather than a contract with a customer. The funding is determined by a range of factors, including the resident's care needs; whether the facility has been significantly refurbished; levels of supported resident ratios at the facility; and the financial means of the resident.

<u>Other resident fees</u>

These include fees recognised by the Approved Provider for the provision of accommodation and additional services to residents, charged to residents under mutually agreed terms and conditions, depending upon the agreed room price and additional services requested.

<u>Government grants</u>

Government grants, including non-monetary grants, are recognised when all conditions attached to the grant have been met and the grant will be received. The grant is recognised at an amount equivalent to what will be received, and non-monetary grants are recognised at fair value and as Other income.

<u>Other income</u>

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

Finance Costs

Finance cost includes all interest-related expenses, other than those arising from financial assets at fair value through profit or loss.

Note 1. Summary of significant accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready 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 recognised in profit or loss in the period in which they are incurred.

Leases

The Approved Provider as lessor

Under AASB 16 Leases ("AASB 16"), resident accommodation agreements are considered a lease due to the resident's right to occupy a room at the Approved Provider's aged care facility.

The Approved Provider has concluded that the lease term for these arrangements is 7 days (being the notice period required from a resident upon departure), and therefore the application of AASB 16 to these agreements does not have a material impact on the recognition or measurement of revenue. The Approved Provider now discloses accommodation income separately from other resident fees.

For residents who have chosen a lump sum RAD arrangement, the Approved Provider has determined that under the definitions within AASB 16, it is a lessor under these arrangements and has as a result where material will recognise a non-cash accommodation charge representing the resident's right to occupy a room at the Approved Provider's aged care facility.

The repayment of the RAD is ultimately guaranteed by the Federal Government under the Accommodation Payment Guarantee Scheme, in the event that a provider is unable to refund the amounts such that there is no credit risk to include in the discount rate which results in the appropriate rate being the risk-free overnight cash rate. The difference between the fair value of the RAD determined based upon AASB 9 Financial Instruments and the nominal amount of the RAD would be negligible.

The Approved Provider as lessee

From 1 July 2021, the Approved Provider applied a single recognition and measurement approach for all leases of which it is the lessee, except for short-term and low-value assets. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Approved Provider

In accordance with AASB 16, the Approved Provider assesses whether a contract is or contains a lease, at inception of the contract. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Approved Provider recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low value assets.

Right-of-use assets

The Approved Provider recognises a right-of-use asset at the commencement of the lease (that is, the date the underlying asset is available for use).

Note 1. Summary of significant accounting policies (continued)

Right-of-use assets are initially measured at cost comprising the following:

• The amount of the initial measurement of lease liability;
• Any lease payments made at or before the commencement date less any lease incentives received;
• Any initial direct costs; and
• Restoration costs

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Unless the Approved Provider 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 period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Right-of-use assets are presented as a separate line in the Statement of Financial Position and subject to impairment.

Lease liabilities

Assets and liabilities arising from a lease are initially measured on a present value basis of the lease payments that are not made at commencement date. Lease liabilities include the net present value of the following lease payments.

· Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
· Variable lease payments that are based on an index or a rate;
· The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
· Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the lessee’s incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Each lease payment is allocated between liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “Other expenses” in profit or loss.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Approved Provider has not used this practical expedient.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the incremental borrowing rate) and by reducing the carrying amount to reflect the lease payments made.

The Approved Provider re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate;
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Note 1. Summary of significant accounting policies (continued)

Short term leases and leases of low value assets

The Approved Provider applies the short-term lease recognition exemption to its short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value-assets (such as tablets and personal computers, small items of office furniture and telephones). Lease payments on short-term leases and leases of low value assets are recognised as an operating expense in profit and loss by the Approved Provider on a straight-line basis over the lease term.

Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Approved Provider becomes a party to the contractual provisions to 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 expenses as incurred).

<u>Financial Assets</u>

Financial assets are divided into the following categories which are described in detail below:

· loans and receivables; and
· financial assets at fair value through profit or loss.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Approved Provider's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Approved Provider renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Approved Provider does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Note 1. Summary of significant accounting policies (continued)

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

· acquired principally for the purpose of selling in the near future;
· designated by the entity to be carried at fair value through profit or loss upon initial recognition; or
· which are derivatives not qualifying for hedge accounting.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

(iii) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. The Approved Provider's financial liabilities include borrowings, trade and other payables (including bond liabilities and finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

(iv) Impairment of financial assets

At the end of each reporting period, the Approved Provider assesses whether there is objective evidence that a financial asset or group of financial assets is impaired.

The Approved Provider applies the simplified approach for measuring expected credit losses, using the lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. A provision matrix is then determined based on historic credit loss rates for each group, adjusted for any material expected changes to the future credit risk of that group.

(v) Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Note 1. Summary of significant accounting policies (continued)

Impairment of non-financial assets

At the end of each reporting period the Approved Provider determined whether there is any evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use.

Value in use is the present value of the future cash flows expected to be derived from an asset or CGU.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents comprise 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.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

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.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

<u>Buildings</u>
Land and buildings are measured using the cost model.

<u>Property Improvements</u>
Buildings are measured using the cost model.

<u>Plant and equipment</u>
Plant and equipment are measured using the cost model.

Note 1. Summary of significant accounting policies (continued)

Depreciation

Property, plant and equipment, is depreciated on a straight-line basis over the assets useful life to the Approved Provider, commencing when the asset is ready for use.

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

Class	Rate
Buildings	2.5%
Leasehold improvements	5%
Plant and equipment	4.5% - 37.5%

At the end of each 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.

All other repairs and maintenance are recognised as expenses in the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Intangible assets

Bed Licences

Bed Licences are carried at cost less amortisation and accumulated impairment losses. Bed licences are initially recognised at fair value as identified as part of a business combination.

Prior to May 2021, bed licences were assessed as having an indefinite useful life as the licences were able to be traded. As a result of a change in the regulation of bed licences in the residential aged care sector resulting from the Federal Government adopting the recommendation from the Aged Care Royal Commission in May 2021 to allocate residential aged care places to consumers rather than Approved Providers, existing bed licences are deemed to have a useful life to 30 June 2024 and are amortised over the 38-month period.

As this constitutes an impairment indicator under *AASB 136 Impairment*, bed licences have been assessed for impairment by comparing their recoverable amount with the carrying amount.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Approved Provider's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 1. Summary of significant accounting policies (continued)

Employee benefits

Retirement benefit obligations

The Approved Provider makes superannuation contributions to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognized as an expense in the same period when the related employee services are received. The Approved Provider's obligation with respect to employees defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period.

Comparative figures

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

When the Approved Provider applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be presented.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Approved Provider assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Approved Provider's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Approved Provider remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 1. Summary of significant accounting policies (continued)

New, revised or amending Accounting Standards and Interpretations adopted

The Approved Provider has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the current reporting period. The adoption of new accounting standards did not have a material impact on the approved providers financial statements.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets
The Approved Provider determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Approved Provider assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Approved Provider and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Revenue

	2023 **$**	**2022** **$**
Care Income		
DHA Funding Care	5,095,798	10,388
Resident basic daily fees	1,185,984	2,642
DHA Funding - Accommodation	439,738	2,253
Resident Fee - Accommodation	380,582	822
Other resident fees	191,036	428
	7,293,138	16,533
Other Income		
Other Income	188,927	-
Interest received	102,054	-
	290,981	-
Revenue	7,584,119	16,533

Note 4. Results for the Year

	2023 $	2022 $
Loss before income tax includes the following specific expenses:		
Finance costs		
RAD Refund Interest	18,563	-
Finance Lease Interest	522,518	-
Bond Loan Interest	19,982	-
Finance costs expensed	561,063	-
Other Expenses:		
Employee benefits expense	5,413,304	9,457
Consulting & professional fees	135,669	12,500
Direct care	1,698,798	-
Direct residency costs	398,403	-
Management Fees	1,160,379	-
Other expense	189,547	4,975
Rental Outgoings	1,175	-
Depreciation and amortisation expenses	247,135	5,269
	9,244,410	32,201

Note 5. Income tax expense

	2023 $	2022 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(2,221,353)	(15,668)
Tax at the statutory tax rate of 30%	(666,406)	(4,700)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
- deferred tax asset not recognised	47,858	265,120
- derecognise current tax	618,548	(260,420)
Income tax expense	-	-

Note 6. Cash and cash equivalents

	2023 $	2022 $
Current assets		
Cash on hand	1,000	-
Cash at bank	4,200,260	6,100,012
	4,201,260	6,100,012

The cash at bank held by the Approved Provider at 30 June 2023 includes $734,404 (2022: $NIL) of Refundable Accommodation Deposits (“RADs”) which are only available for permitted use and cannot be used for working capital purposes.

Note 7. Trade and other receivables

	2023 $	2022 $
Current assets		
Trade receivables	152,900	3,892
Government fees receivables	155,107	12,640
	308,007	16,532

Note 8. Right-of-use assets

The carrying amounts of the Approved Provider's right of use assets and lease liabilities and the movement during the period are represented below.

	2023 $	2022 $
Non-current assets		
Property lease - right-of-use	6,176,173	6,423,673
Less: Accumulated amortisation	(137,248)	-
	6,038,925	6,423,673

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Property lease $	Total $
Balance at 1 July 2022	6,423,673	6,423,673
Modification: Lease incentive	(247,500)	(247,500)
Amortisation expense	(137,248)	(137,248)
Balance at 30 June 2023	6,038,925	6,038,925

Note 9. Other Assets

	2023 $	2022 $
Current assets		
Accrued revenue	124,806	-
Prepayments	57,197	-
	182,003	-
Non-current assets		
Rental Bond	247,500	-
	429,503	-

Note 10. Property, plant and equipment

Movement in the carrying amounts for each class between the beginning and the end of the current financial year are shown below.

Note 10. Property, plant and equipment (continued)

	2023 $	2022 $
Low Value Pool		
Balance at the beginning of the year	110,486	-
Additions	28,855	113,902
Disposals	(434)	-
Less: Depreciation	(46,698)	(3,416)
	92,209	110,486
Leasehold improvements		
Balance at the beginning of the year	122,519	122,520
Less: Depreciation	(6,109)	(1)
	116,410	122,519
Plant & Equipment		
Balance at the beginning of the year	268,748	-
Additions	63,332	270,593
Less: Depreciation	(53,991)	(1,845)
	278,089	268,748
Motor vehicles		
Balance at the beginning of the year	12,382	12,388
Less: Accumulated depreciation	(3,088)	(6)
	9,294	12,382
	496,002	514,135

Note 11. Intangibles

	2023 $	2022 $
Non-current assets		
Other intangible assets - at cost	5,425,036	5,435,889

Movements in carrying amounts of intangible assets

	Goodwill $	Bed Licences $	Other Intangible Assets $	Total $
Balance at 1 July 2022	5,338,480	-	97,409	5,435,889
Write off of assets*	-	-	(97,409)	(97,409)
Adjustment**	86,556	-	-	86,556
Balance at 30 June 2023	5,425,036	-	-	5,425,036

* The capitalised costs were fully written off during the 2023 financial year.
**Adjustment on provisional accounting for business combination. Refer to note 19 for more information.

Note 12. Trade and other payables

	2023 $	2022 $
Current liabilities		
Sundry payables and accrued expenses	128,901	21,958
Loan - Infinite Aged Care (Operations) Pty Ltd (1)	5,567,126	5,851,146
	5,696,027	5,873,104

All amounts classified as current are short term and the carrying values are considered to be a reasonable approximation of fair value.

All current amounts owing to related parties are interest free, unsecured and at call. The counterparties have confirmed that the loans will not be called upon unless the entity has sufficient cash reserves to repay without adversely impacting its ability to continue as a going concern.

(1) Amounts owing by Infinite Aged Care (Operations) Pty Ltd are interest free, unsecured and at call. The amounts are not expected to be called within 12 months.

Note 13. Lease liabilities

The below shows the split between current and non-current lease liabilities as at 30 June 2023:

	2023 $	2022 $
Current liabilities		
Lease liability	5,842	-
Non-current liabilities		
Lease liability	7,142,849	7,076,173
	7,148,691	7,076,173
The below sets out the maturity analysis of lease liabilities:		
Less than one year	1,113,600	450,000
Between 1 year and 5 years	5,823,628	2,353,298
Later than 5 years	63,907,975	25,824,882
Total undiscounted lease liabilities as at 30 June 2023	70,845,203	28,628,180

Note 14. Refundable Accommodation Deposits

	2023 $	2022 $
Current liabilities		
Refundable Accommodation Deposits	6,292,287	5,557,883

Note 15. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	1	1	1	1

Note 15. Issued capital (continued)

Ordinary shares

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Approved Provider. On a show of hands at meetings of the Approved Provider, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Approved Provider does not have authorised capital or par value in respect of its shares.

Note 16. Key management personnel disclosures

The totals of remuneration paid to the key management personnel of IC (Padstow) Pty Ltd as Approved Provider (NAPS ID 7106) Conducting Casa Mia Aged Care Centre during the year are as follows:

	2023	**2022**
	$	**$**
Short term benefits	116,485	-

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 17: Related Party Transactions.

Note 17. Related Parties

a) The Approved Provider's main related parties are as follows:

i) Entities exercising control over the Approved Provider:
The ultimate parent entity which exercises control over the Approved Provider, is Infinite Australia Aged Care Holdings Pty Ltd which is incorporated in Australia and owns 100% of IC (Padstow) Pty Ltd as Approved Provider (NAPS ID 7106) Conducting Casa Mia Aged Care Centre.

ii) Key management personnel:
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 16: Key Management Personnel Disclosures.

Other transactions with KMP and their related entities are shown below.

iii) Other related parties include close family members of key management personnel and entities that are controlled.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

a) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.
Key management personnel
Disclosures relating to key management personnel are set out in note 16.

Note 17. Related Parties (continued)

b) Transactions with related parties

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

The following transactions occurred with related parties:

		Balance outstanding	
	Purchases $	**Owed to the company** $	**Owed by the company** $
2023			
Associates			
Management Fees–Infinite Aged Care (Administration) P/L	1,160,379	-	-
Loan – Infinite Aged Care (Operations) Pty Ltd	-	-	5,584,713
	1,160,379	-	5,584,713

		Balance outstanding	
	Purchases $	**Owed to the company** $	**Owed by the company** $
2022			
Associates			
Loan - Infinite Aged Care (Operations) Pty Ltd	-	-	105,151
Loan – Infinite Care Holdings No.12 Pty Ltd	-	-	5,745,995
	-	-	5,851,146

Note 18. Contingencies

In the opinion of the Directors of the Approved Provider, there are no contingencies on 30 June 2023 (2022: $NIL).

Note 19. Business combinations

On 30 June 2022 IC (Padstow) Pty Ltd acquired the business operations of Casa Mia Aged Care Centre from Christadelphian Homes Limited.

Details of the acquisition are as follows:

	Fair value $
Property, Plant and equipment	519,403
Other Financial liabilities*	(5,644,439)
Net liabilities acquired	(5,125,036)
Goodwill	5,425,036
Acquisition-date fair value of the total consideration transferred	300,000
Representing:	
Cash consideration	300,000

Note 19. Business combinations (continued)

* Due to new information obtained about facts and circumstances that existed at acquisition date, other financial liabilities have been adjusted to reflect a change in the provisional accounting for business combinations.

This has resulted in a cost adjustment in Goodwill. Refer to note 11 for more information.

Note 20. Events occurring after the reporting date

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Approved Provider's operations, the results of those operations, or the Approved Provider's state of affairs in future financial years.

Note 21. Company Details

The registered office of and principal place of business of the Approved Provider is:

Level 3 128 Bundall Road Bundall QLD 4217

IC (Padstow) Pty Ltd as Approved Provider (NAPS ID 7106)
Conducting Casa Mia Aged Care Centre
28 Alma Rd
PADSTOW NSW 2211

IC (Padstow) Pty Ltd as Approved Provider (NAPS ID 7106) Conducting Casa Mia Aged Care Centre
Directors' declaration
30 June 2023

The directors of the Approved Provider declare that:

1. In the opinion of the directors of IC (Padstow) Pty Ltd as Approved Provider (NAPS ID 7106) Conducting Casa Mia Aged Care Centre ('the Company'):

(a) the Company is not publicly accountable;

(b) the financial statements and notes that are set out on pages 7 to 28 are in accordance with the Aged Care Act 1997, including:

- presenting fairly the Company's financial position as at 30 June 2023 and of its performance, for the financial year ended on that date; and

- complying with Australian Accounting Standards – *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Entities* and the Corporations Regulations 2001; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Anthony Edward Partridge	Christopher Huon Stride
Director	Director

31 October 2023

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INDEPENDENT AUDITOR'S REPORT

To the members of IC (Padstow) Pty Ltd as Approved Provider (NAPS ID 7106) Conducting Casa Mia Aged Care Centre

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of IC (Padstow) Pty Ltd as Approved Provider (NAPS ID 7106) Conducting Casa Mia Aged Care Centre (the Company), which comprises the statement of financial position as at 30 June 2023, 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 report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report IC (Padstow) Pty Ltd as Approved Provider (NAPS ID 7106) Conducting Casa Mia Aged Care Centre, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*.

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 Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 the 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

L G Mylonas

Director

Brisbane, 31 October 2023