

Luson Aged Care Pty Ltd

ABN: 34 169 209 750

Financial Statements

For the Year Ended 30 June 2023

Luson Aged Care Pty Ltd

ABN: 34 169 209 750

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For the Year Ended 30 June 2023

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Luson Aged Care Pty Ltd

ABN: 34 169 209 750

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2023

		2023	2022
	Note	\$	\$
Revenue	4	16,433,785	11,805,800
Finance income	5	5,308,502	2,403,387
Other income		491,093	116,811
Depreciation and amortisation expense		(2,102,030)	(1,611,480)
Residential care expenses	6	(7,121,722)	(7,792,951)
Residential accommodation expenses	6	(1,065,775)	(882,061)
Residential hotel services expenses	6	(1,878,909)	(1,646,729)
Administration expenses	6	(1,066,550)	(960,104)
Management charge		(4,885,089)	-
Finance expenses	5	(4,070,359)	(1,452,685)
Profit before income tax		42,946	(20,012)
Income tax expense	7	(139,831)	(3,522)
Profit from continuing operations		(96,885)	(23,534)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(96,885)	(23,534)

The accompanying notes form part of these financial statements.

Luson Aged Care Pty Ltd

ABN: 34 169 209 750

Statement of Financial Position As At 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	3,837,230	2,396,136
Trade and other receivables	9	995,538	333,796
Current tax receivable	19	15,217	188,486
Prepayments	13	23,639	80,152
TOTAL CURRENT ASSETS		4,871,624	2,998,570
NON-CURRENT ASSETS			
Loans and advances	10	42,664,020	28,191,097
Property, plant and equipment	11	1,126,153	1,195,124
Deferred tax assets	19	172,339	270,305
Intangible assets	12	15,600,000	-
Right-of-use assets		17,129,925	9,272,927
TOTAL NON-CURRENT ASSETS		76,692,437	38,929,453
TOTAL ASSETS		81,564,061	41,928,023
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	62,122,789	30,389,824
Lease liabilities	14	2,855,221	1,206,433
Employee benefits	16	-	416,784
TOTAL CURRENT LIABILITIES		64,978,010	32,013,041
NON-CURRENT LIABILITIES			
Borrowings		903,446	-
Lease liabilities	14	15,295,613	8,814,724
Employee benefits	16	-	113,967
TOTAL NON-CURRENT LIABILITIES		16,199,059	8,928,691
TOTAL LIABILITIES		81,177,069	40,941,732
NET ASSETS		386,992	986,291
EQUITY			
Issued capital	17	100	100
Retained earnings		386,892	986,191
TOTAL EQUITY		386,992	986,291

The accompanying notes form part of these financial statements.

Luson Aged Care Pty Ltd

ABN: 34 169 209 750

Statement of Changes in Equity For the Year Ended 30 June 2023

	Issued Capital \$	Retained Earnings \$	Total \$
2023			
Balance at 1 July 2022	100	986,191	986,291
Profit attributable to members of the entity	-	(96,885)	(96,885)
Dividends paid or provided for	-	(502,414)	(502,414)
Balance at 30 June 2023	100	386,892	386,992
2022			
Balance at 1 July 2021	100	1,329,725	1,329,825
Profit attributable to members of the entity	-	(23,534)	(23,534)
Dividends paid or provided for	-	(320,000)	(320,000)
Balance at 30 June 2022	100	986,191	986,291

The accompanying notes form part of these financial statements.

Luson Aged Care Pty Ltd

ABN: 34 169 209 750

Statement of Cash Flows For the Year Ended 30 June 2023

	2023	2022
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	18,507,070	12,996,949
Payments to suppliers and employees	(17,871,486)	(12,447,003)
Interest received	1,634,304	1,262,138
Finance costs	(396,161)	(311,436)
Income taxes (paid)/received	131,404	(328,245)
Net cash provided by/(used in) operating activities	<u>2,005,131</u>	<u>1,172,403</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	<u>(199,250)</u>	<u>(263,134)</u>
Net cash provided by/(used in) investing activities	<u>(199,250)</u>	<u>(263,134)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net receipt/(payment) of related party loans	(1,824,138)	(267,680)
Net receipt/(payment) of resident bonds	3,522,893	1,499,967
Payment of dividends	(502,414)	(320,000)
Payment of lease liabilities	<u>(1,561,128)</u>	<u>(1,139,105)</u>
Net cash provided by/(used in) financing activities	<u>(364,787)</u>	<u>(226,818)</u>
Net increase/(decrease) in cash and cash equivalents held	1,441,094	682,451
Cash and cash equivalents at beginning of year	<u>2,396,136</u>	<u>1,713,685</u>
Cash and cash equivalents at end of financial year	8 <u><u>3,837,230</u></u>	<u><u>2,396,136</u></u>

The accompanying notes form part of these financial statements.

Luson Aged Care Pty Ltd

ABN: 34 169 209 750

Notes to the Financial Statements For the Year Ended 30 June 2023

The financial report covers Luson Aged Care Pty Ltd as an individual entity. Luson Aged Care Pty Ltd is a for-profit proprietary Company, incorporated and domiciled in Australia.

The principal activities of the Company for the year ended 30 June 2023 were the provision of residential aged care services.

The functional and presentation currency of Luson Aged Care Pty Ltd is Australian dollars.

The financial report was authorised for issue by the Directors on 27 October 2023.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures .

2 Summary of Significant Accounting Policies

(a) Revenue and other income

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

Revenue is recognised in accordance with AASB 15. Income is recognised as revenue to the extent it is earned. Unearned income at reporting date is reported as income received in advance.

Government subsidies are recognised at fair value when there is reasonable assurance that the subsidy income will be received, and all funding conditions will be met.

Resident fees are received in advance and income is recognised on an accruals basis in reference to the stage of completion on their contract.

Interest is recognised using the effective interest method.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(b) Income Tax

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

Current 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 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 Group is able to control the timing of the reversal of the temporary differences and it is probable 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 to the period when the asset is realised or the liability is settled, 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.

(c) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(d) 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.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

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

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

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

Fixed asset class	Depreciation rate
Plant and Equipment	2-5 years
Furniture, Fixtures and Fittings	2-10 years
Motor Vehicles	6-8 years
Leasehold improvements	The period of the lease

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

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(e) Financial instruments

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

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

Financial assets

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

Classification

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

- amortised cost
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

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

Amortised cost

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

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

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

Financial assets through profit or loss

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

Impairment of financial assets

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

- financial assets measured at amortised cost

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

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

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

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

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

Trade receivables and contract assets

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

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

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

Other financial assets measured at amortised cost

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

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial liabilities

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

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

(f) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an 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 cash-generating unit.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(g) Intangibles

Goodwill

Goodwill is carried at cost less accumulated impairment losses.

Goodwill has been recognised on the purchase of the aged care trade of Luson Health Pty Ltd during the year.

Goodwill is not amortised but is tested for impairment annually and is allocated to the Company's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Other intangibles

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(h) Cash and cash equivalents

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

(i) Leases

At inception of a contract, the Company assesses whether a lease exists.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(i) Leases

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Contractual arrangements relating to the provision of aged care accommodation

The Company has evaluated its contractual arrangements relating to the provision of aged care accommodation and has determined that such arrangements are an operating lease pursuant to AASB 16 Leases.

The accounting treatment for residential aged care accommodation arrangements where residents have elected to pay a Daily Accommodation Payment (DAP) is not expected to change upon adopting AASB 16, except for classification of related revenue as lease income.

For residential aged care accommodation arrangements where the resident has elected to pay a Refundable Accommodation Deposit (RAD) or Bond, the Company received a financing benefit in the form of an interest free loan. Adoption of AASB 16 required recognition of interest expense (to impute an interest charge on RADs and Bonds) and, correspondingly, lease revenue (to reflect the interest free loan financing benefit received) with no net impact on profit or loss. The interest expense has been calculated daily based on the prevailing MPIR rate.

(j) Employee benefits

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(k) Refundable accommodation deposits

Accommodation bonds (Refundable Accommodation Deposits) received from incoming residents and are held for each individual resident and are recognised as a current liability.

Monthly retention amounts are deducted from each pre-1 July 2014 bond account according to the statutory requirements and are recognised as revenue.

Interest is payable on accommodation bonds due to be refunded. Interest expense is calculated using the interest rate determined by the government and is recognised as a finance cost in the profit or loss.

3 Critical Accounting Estimates and Judgements

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

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

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

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

No impairment has been recognised for the year ended 30 June 2023.

Key estimates - impairment of goodwill

In accordance with AASB 136 Impairment of Assets, the Company is required to estimate the recoverable amount of goodwill at each reporting period.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate and using a terminal value to incorporate expectations of growth thereafter.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in EBITDA, calculated as adjusted operating profit before depreciation and amortisation;
- timing and quantum of future capital expenditure;
- long-term growth rates; and
- the selection of discount rates to reflect the risks involved.

The Company prepares and approves formal five year management plans for its operations, which are used in the value in use calculations.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Company's impairment evaluation and hence results.

Notes to the Financial Statements

For the Year Ended 30 June 2023

3 Critical Accounting Estimates and Judgements

Key estimates - receivables

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

Key judgments - Going concern

The financial report has been prepared on a going concern basis which assumes that the Company will be able to meet its obligations as and when they fall due. The Company's current liabilities exceed current assets by \$60,106,386 as at 30 June 2023 (2022: \$29,014,471). This mainly arises because of the requirement to classify Refundable Accommodation Deposits (RAD) of \$61,330,603 (2022: \$29,862,216) as current liabilities and the inclusion of a current lease liability of \$2,855,221 (2022: \$1,206,433) due to the application of AASB 16.

RADs are classified as a current liability as the entity does not have an unconditional right to defer settlement of any specific RAD for at least twelve months after the reporting date. The total RAD liability represents the sum of separate payments from individual residents with differing circumstances and frequently a departing RAD paying resident is replaced shortly afterwards with a new RAD paying resident. The repayment of individual balances that make up the total current balance will be dependent upon the actual tenure of individual residents, which can be more than ten years but averages approximately 2 - 2.5 years.

Part of the requirements of the Aged Care Act is for the entity to establish a Liquidity Management Strategy and to comply with the minimum liquidity requirement. The Company maintained liquidity above the minimum required at all times during the financial year.

The Company has a loan receivable from its parent entity of \$42,664,020 (2022: \$nil) which has been classified as non-current due to the intention of the Company to not recall this loan during the coming year. If necessary, some of this loan could be called subject to liquidity and funding arrangements with external bodies.

Notes to the Financial Statements

For the Year Ended 30 June 2023

4 Revenue

	2023	2022
	\$	\$
Residential Care Income		
- Residential care	12,521,854	8,981,551
- Resident fees - Basic daily fee	3,424,595	2,457,212
- Resident fees - Income tested fees reduction	(562,047)	(450,137)
Total Residential Care Income	15,384,402	10,988,626
Residential Accommodation Income		
- Resident fees	714,427	456,003
- Accommodation supplements	334,956	361,171
Total Residential Accommodation Income	1,049,383	817,174
Total Revenue	16,433,785	11,805,800

5 Finance Income and Expenses

Finance income		
Interest on group loans	1,634,304	1,262,138
Interest income on RAD	3,674,198	1,141,249
Total finance income	5,308,502	2,403,387
Finance expenses		
Other interest expense	97,907	60,330
Interest expense on lease liability	298,254	251,106
Interest on RAD	3,674,198	1,141,249
Total finance expenses	4,070,359	1,452,685

Notes to the Financial Statements

For the Year Ended 30 June 2023

6 Expenses

	2023	2022
	\$	\$
Residential care expenses		
Labour costs	6,067,979	7,013,270
Other care expenses	1,053,743	779,681
Total residential care expenses	7,121,722	7,792,951
Residential accommodation expenses		
Labour costs	475,880	530,671
Property repairs, maintenance and replacement	233,133	122,402
Rent	4,084	-
Other accommodation expenses	352,678	228,988
Total residential accommodation expenses	1,065,775	882,061
Residential hotel expenses		
Labour costs	852,931	918,155
Other catering, cleaning & laundry expenses	1,025,978	728,574
Total residential hotel expenses	1,878,909	1,646,729
Administration expenses		
Labour costs	406,852	410,455
Other administration expenses	659,698	549,649
Total administration expenses	1,066,550	960,104

Notes to the Financial Statements

For the Year Ended 30 June 2023

7 Income Tax Expense

(a) The major components of tax expense (income) comprise:

	2023	2022
	\$	\$
Current tax expense		
Local income tax - current period	41,865	17,840
Deferred tax expense		
Origination and reversal of temporary differences	97,966	(14,318)
Total income tax expense	139,831	3,522

(b) Reconciliation of income tax to accounting profit:

Prima facie tax payable on profit from ordinary activities before income tax at 25% (2022: 25%)	10,737	(5,003)
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Add:

Tax effect of:

- other non-allowable items	449,488	331,186
- timing differences	(418,360)	(307,022)
- non-assessable income	-	(1,321)

Income tax expense	41,865	17,840
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8 Cash and Cash Equivalents

Cash on hand	-	100
Bank balances	3,837,230	2,396,036
Total cash and cash equivalents	3,837,230	2,396,136

9 Trade and Other Receivables

Trade receivables	258,742	158,473
Other receivables	736,796	175,323
Total trade and other receivables	995,538	333,796

10 Loans and Advances

NON-CURRENT

Loans to group companies	42,664,020	28,191,097
Total loans and advances	42,664,020	28,191,097

The Directors have considered the recoverability of these loans, including the net asset position of the and the current market value of the properties owned by the group companies. Based on this assessment the Directors are of the view that the loans are recoverable.

Notes to the Financial Statements

For the Year Ended 30 June 2023

11 Property, Plant and Equipment

	2023	2022
	\$	\$
Plant and equipment		
At cost	2,262,291	2,063,040
Accumulated depreciation	(1,210,420)	(960,769)
Total plant and equipment	1,051,871	1,102,271
Leasehold improvements		
At cost	173,654	173,654
Accumulated amortisation	(99,372)	(80,801)
Total leasehold improvements	74,282	92,853
Total property, plant and equipment	1,126,153	1,195,124

Movements in Carrying Amounts

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

	Plant and Equipment	Leasehold Improvements	Total
	\$	\$	\$
Year ended 30 June 2023			
Balance at the beginning of year	1,102,271	92,853	1,195,124
Additions	199,250	-	199,250
Depreciation expense	(249,650)	(18,571)	(268,221)
Balance at the end of the year	1,051,871	74,282	1,126,153

Luson Aged Care Pty Ltd

ABN: 34 169 209 750

Notes to the Financial Statements For the Year Ended 30 June 2023

12 Intangible Assets

	2023	2022
	\$	\$
Intangible assets		
Goodwill		
Cost	15,600,000	-
Net carrying value	15,600,000	-
Computer software		
Cost	19,800	19,800
Accumulated amortisation and impairment	(19,800)	(19,800)
Net carrying value	-	-
Total intangibles	15,600,000	-

During the year, the aged care business of Luson Health Pty Ltd was purchased. See Note 23.

Movements in carrying amounts of intangible assets

	Computer software	Goodwill	Total
	\$	\$	\$
Year ended 30 June 2023			
Balance at the beginning of the year	-	-	-
Additions	-	15,600,000	15,600,000
Closing value at 30 June 2023	-	15,600,000	15,600,000

13 Other assets

	2023	2022
	\$	\$
Prepayments	23,639	80,152
Total other assets	23,639	80,152

Notes to the Financial Statements

For the Year Ended 30 June 2023

14 Leases

Company as a lessee

The Company has leases in place for land and buildings.

Terms and conditions of leases

The Company leases buildings for the Aged Care facilities, with a lease term of 10 years. There are no extension options available on this lease.

Right-of-use assets

	Buildings \$	Total \$
Year ended 30 June 2023		
Balance at beginning of year	9,272,927	9,272,927
Depreciation charge	(1,833,807)	(1,833,807)
Additions to right-of-use assets	9,690,805	9,690,805
Balance at end of year	17,129,925	17,129,925

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year \$	1 - 5 years \$	> 5 years \$	Total undiscounted lease liabilities \$	Lease liabilities included in this Statement Of Financial Position \$
2023					
Lease liabilities	3,316,495	14,819,899	1,709,775	19,846,169	18,150,834
2022					
Lease liabilities	1,431,909	6,170,292	3,369,750	10,971,951	10,021,157

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to interest expense on lease liabilities and short-term leases or leases of low value assets are shown below:

	2023 \$	2022 \$
Interest expense on lease liabilities	298,254	251,106
Depreciation on right-of-use assets	1,833,807	1,324,704
	2,132,061	1,575,810

Luson Aged Care Pty Ltd

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Notes to the Financial Statements For the Year Ended 30 June 2023

15 Trade and Other Payables

	2023	2022
	\$	\$
Trade payables	430,032	161,093
Sundry payables and accrued expenses	362,154	366,515
Resident refundable deposits and bonds	61,330,603	29,862,216
Total trade and other payables	62,122,789	30,389,824

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

The Company has access to a line of credit of \$8,000,000 of which \$8,000,000 remains undrawn as at 30 June 2023. This debt facility can be drawn down to re-pay RAD refunds should the group experience significant RAD net outflows. The maturity date of the facility is March 2024.

16 Employee Benefits

Current liabilities		
Annual leave	-	416,784
Total current employee benefits	-	416,784
Non-current liabilities		
Long service leave	-	113,967
Total non-current employee benefits	-	113,967

17 Issued Capital

100 (2022: 100) Ordinary shares	100	100
Total	100	100

18 Financial Risk Management

Financial assets

Held at amortised cost		
Cash and cash equivalents	3,837,230	2,396,136
Trade and other receivables	995,538	333,796
Loans and advances	42,664,020	28,191,097
Total financial assets	47,496,788	30,921,029

Financial liabilities

Financial liabilities at amortised cost	81,177,069	40,410,981
Total financial liabilities	81,177,069	40,410,981

Luson Aged Care Pty Ltd

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Notes to the Financial Statements For the Year Ended 30 June 2023

19 Tax assets and liabilities

	2023	2022
	\$	\$
Current tax	15,217	188,486
Current tax receivable	15,217	188,486

	Opening Balance	Charged to Income	Closing Balance
	\$	\$	\$
Deferred tax assets			
Provisions - employee benefits	144,161	2,906	147,067
Property, plant and equipment	(34,458)	(29,361)	(63,819)
Leases	146,284	40,773	187,057
Balance at 30 June 2022	255,987	14,318	270,305
Provisions - employee benefits	147,067	(147,067)	-
Property, plant and equipment	(63,819)	(19,768)	(83,587)
Leases	187,057	68,175	255,232
Other	-	694	694
Balance at 30 June 2023	270,305	(97,966)	172,339

20 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company is \$ 82,526 (2022: \$ 278,184).

As from 1 April 2023, Key Management Personnel was paid through a separate entity, and therefore remuneration for the final three months is disclosed within that entity.

21 Auditors' Remuneration

	2023	2022
	\$	\$
Remuneration of the auditor Davidsons Assurance Services Pty Ltd, for:		
- auditing the financial statements	16,000	11,700
- preparation of financial statements	1,700	1,500
Total	17,700	13,200

22 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2023 (30 June 2022: None).

Notes to the Financial Statements

For the Year Ended 30 June 2023

23 Related Parties

(a) The Company's main related parties are as follows:

Key management personnel - refer to Note 20.

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.

The Company's main related parties are:

- Luson Properties Pty Ltd ATF Luson Property Trust to 31 March 2023
- Luson Holdings Pty Ltd ATF Luson Investments Unit Trust to 31 March 2023
- Luson Health Pty Ltd ATF Sterling Unit Trust to 31 March 2023
- FP Aged Care Australia Ltd from 31 March 2023

(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:

	2023	2022
	\$	\$
Expenditure		
Luson Health Pty Ltd ATF Sterling Unit Trust		
Employee expenses	672,591	776,095
Luson Properties Pty Ltd ATF Luson Property Unit Trust		
Rent	1,073,932	1,390,203
FP Aged Care Australia Ltd		
Management charge	4,885,089	-
Rent	785,355	-
Trade and other receivables		
Loans to other related parties:		
FP Aged Care Australia Ltd	42,664,020	-
Luson Properties Pty Ltd ATF Luson Property Trust	-	26,013,050
Luson Health Pty Ltd ATF Sterling Unit Trust	-	2,178,047
Total related party receivables	42,664,020	28,191,097

Luson Aged Care Pty Ltd

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Notes to the Financial Statements For the Year Ended 30 June 2023

23 Related Parties

(c) Business Acquisition

On 31 March 2023, the Company purchased the aged care business and specific assets and liabilities of a related entity, Luson Health Pty Ltd ATF Sterling Unit Trust. The only trade of this entity related to the provision of aged care services through two facilities.

As at that date, the following assets and liabilities were purchased for a consideration of \$15,600,000:

Right of Use assets	9,690,805
Lease liabilities	(9,690,805)
Refundable accommodation deposits	<u>(27,945,494)</u>
Total	<u>(27,945,494)</u>

(d) Purchase of Luson Aged Care Pty Ltd

On 31 March 2023, the share capital of Luson Aged Care Pty Ltd was purchased by FP Aged Care Limited. At that point, Luson Aged Care Pty Ltd became its 100% subsidiary.

As the same date, all employees were transferred to FP Aged Care Ltd, including the following employee provisions:

Annual leave	459,908
Long service leave	<u>140,247</u>
Total	<u>600,155</u>

From 1 April 2023, FP Aged Care Limited charged a management charge to Luson Aged Care Pty Ltd in relation to the provision of employee services. This management charge is directly related to the underlying employee costs incurred.

24 Events Occurring After the Reporting Date

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

Luson Aged Care Pty Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2023

25 Statutory Information

The registered office of the company is:
Luson Aged Care Pty Ltd
24/477 Collins Street
Melbourne VIC 3000

The principal place of business is:
15 Reserve Road
Grovedale VIC 3216

26 Segment Reporting

The approved provider delivers only residential aged care services and this GPFR therefore relates only to such operations.

Luson Aged Care Pty Ltd

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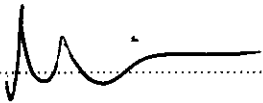
Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 1 to 25, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Simplified Disclosure Standard; and
 - b. give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director



M. FILOCAMO

Dated

27.10.23

INDEPENDENT AUDITOR'S REPORT**TO THE DIRECTORS OF LUSON AGED CARE PTY LTD****Opinion**

We have audited the financial report of Luson Aged Care Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the director's declaration.

The accompanying financial report of Luson Aged Care Pty Ltd is in accordance with the Aged Care Act 1997 including:

- (a) 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 then ended; and
- (b) complying with Australian Accounting Standards – Simplified Disclosure Standard.

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 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. We have also fulfilled our other responsibilities in accordance with the Code.

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report in accordance with the Aged Care Act 1997, 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, 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 management either intends 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 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.

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A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Stephen Wight
Director

Dated this 27th day of October, 2023

Davidsons Assurance Services Pty Ltd
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