

REGENTS GARDEN GROUP PTY LTD

ABN: 45 009 111 193

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**Financial Report For The Year Ended
30 June 2022**

REGENTS GARDEN GROUP PTY LTD

ABN: 45 009 111 193

Financial Report For The Year Ended 30 June 2022

CONTENTS	Page
Directors' Report	1
Auditor's Independence Declaration	3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Directors' Declaration	21
Independent Auditor's Report	22

REGENTS GARDEN GROUP PTY LTD
ABN: 45 009 111 193
DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2022.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Salim SL Lee
Carol Althorpe
Michael G Collins
Meina Suiling Hiratsuka Lee (appointed 18 October 2021)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The profit of the company for the financial year after providing for income tax amounted to \$926,559 (2021: \$909,771).

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the company during the financial year were the provision of aged care services. No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

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.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company 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 company.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

Dividends paid or declared since the start of the financial year are as follows:

— A fully franked dividend of \$1,000,000 was declared and provided for during the year.

Shares under Option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares Issued on the Exercise of Options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

Indemnification of Officers

No indemnities have 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 company.

Proceedings on Behalf of the Company

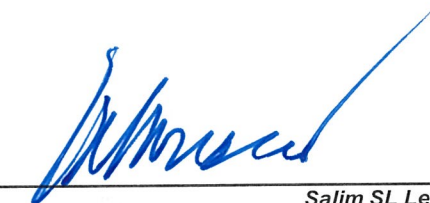
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

REGENTS GARDEN GROUP PTY LTD
ABN: 45 009 111 193
DIRECTORS' REPORT

Auditor's Independence Declaration

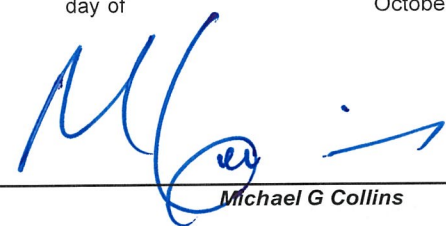
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director 

Salim SL Lee

Dated this *20th* day of October 2022

Director 

Michael G Collins

Dated this *20th* day of October 2022

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF REGENTS GARDEN GROUP PTY LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

Amar Nathwani

Amar Nathwani
Director

Dated this 28th day of October 2022

REGENTS GARDEN GROUP PTY LTD
ABN: 45 009 111 193
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
Services revenue	2	10,956,935	10,739,976
Other income	2	4,311,562	3,378,445
Total revenue and other income		15,268,497	14,118,421
Expenses			
Fair value loss on financial assets	10	(32,400)	-
Employee benefits expense	3	(10,034,709)	(9,227,861)
Auditor's remuneration	6	(11,223)	(11,719)
Depreciation and amortisation expense	11	(368,585)	(331,966)
Electricity and gas		(82,523)	(103,968)
Food and stores		(341,001)	(309,172)
Gardener/handyman		(39,553)	(16,804)
Insurance		(150,182)	(131,204)
Management fees		(720,000)	(579,273)
Payroll tax		(573,233)	(508,332)
Repair and maintenance		(175,047)	(259,182)
Resident welfare		(179,540)	(163,321)
Staff training and welfare		(118,712)	(141,971)
Other expenses		(1,115,074)	(1,033,974)
Total expenses		(13,941,782)	(12,818,747)
Profit before income tax		1,326,715	1,299,674
Income tax expense	4	(400,156)	(389,903)
Profit for the year		926,559	909,771
Other comprehensive income for the year		-	-
Total comprehensive income for the year		926,559	909,771

The accompanying notes form part of these financial statements.

REGENTS GARDEN GROUP PTY LTD
ABN: 45 009 111 193
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	9,122,682	8,628,364
Trade and other receivables	9	3,631,154	2,802,134
Financial assets	10	1,000,000	-
Prepayments		67,630	44,977
TOTAL CURRENT ASSETS		<u>13,821,466</u>	<u>11,475,475</u>
NON-CURRENT ASSETS			
Trade and other receivables	9	21,800,754	23,255,553
Financial assets	10	723,600	756,000
Property, plant and equipment	11	11,166,015	11,225,919
Deferred tax assets	14	498,551	524,220
TOTAL NON-CURRENT ASSETS		<u>34,188,920</u>	<u>35,761,692</u>
TOTAL ASSETS		<u>48,010,386</u>	<u>47,237,167</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	1,242,400	906,145
Accommodation bonds	13	44,711,217	44,289,502
Current tax liabilities	14	167,468	108,404
Provisions	15	1,595,823	1,529,308
TOTAL CURRENT LIABILITIES		<u>47,716,908</u>	<u>46,833,359</u>
NON-CURRENT LIABILITIES			
Provisions	15	68,685	105,574
TOTAL NON-CURRENT LIABILITIES		<u>68,685</u>	<u>105,574</u>
TOTAL LIABILITIES		<u>47,785,593</u>	<u>46,938,933</u>
NET ASSETS		<u>224,793</u>	<u>298,234</u>
EQUITY			
Issued capital	16	10	10
Retained earnings		224,783	298,224
TOTAL EQUITY		<u>224,793</u>	<u>298,234</u>

The accompanying notes form part of these financial statements.

REGENTS GARDEN GROUP PTY LTD
ABN: 45 009 111 193
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Note	Share Capital Ordinary	Retained Earnings	Total
		\$	\$	\$
Balance at 1 July 2020		10	68,453	68,463
Profit attributable to equity holders		-	909,771	909,771
Dividends paid or provided for	7	-	(680,000)	(680,000)
Balance at 30 June 2021		10	298,224	298,234
Balance at 1 July 2021		10	298,224	298,234
Profit attributable to equity holders		-	926,559	926,559
Dividends paid or provided for	7	-	(1,000,000)	(1,000,000)
Balance at 30 June 2022		10	224,783	224,793

The accompanying notes form part of these financial statements.

REGENTS GARDEN GROUP PTY LTD
ABN: 45 009 111 193
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		14,628,792	13,710,783
Payments to suppliers and employees		(13,447,099)	(12,303,761)
Interest received		332,158	313,357
COVID-19 cash flow boost received		-	50,000
Income tax paid		(315,423)	(300,673)
Net cash provided by operating activities	20	<u>1,198,428</u>	<u>1,469,706</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	(309,108)	(74,423)
Net loan repayments to related parties		183,283	(344,081)
Investment in financial assets	10	(1,000,000)	(720,000)
Net cash used in investing activities		<u>(1,125,825)</u>	<u>(1,138,504)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Accommodation bonds		421,715	2,884,873
Net cash provided by financing activities		<u>421,715</u>	<u>2,884,873</u>
Net increase in cash held		494,318	3,216,075
Cash and cash equivalents at beginning of financial year		8,628,364	5,412,289
Cash and cash equivalents at end of financial year	8	<u>9,122,682</u>	<u>8,628,364</u>

The accompanying notes form part of these financial statements.

REGENTS GARDEN GROUP PTY LTD
ABN: 45 009 111 193
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

These financial statements and notes represent those of Regents Garden Group Pty Ltd. Regents Garden Group Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The general purpose financial statements – simplified disclosures have been prepared in accordance with *Part 4 of the Accountability Principles 2014*, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board ("AASB"), and comply with other requirements of the law. The financial statements comprised Regents Garden Group Pty Ltd ("the company") as an individual for-profit entity.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and cash flow information.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1(m).

Statement of compliance

The company does not have 'public accountability' as defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards.

The financial statements comply with the disclosure, recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

Registered office:
Level 2, 179 St Georges Terrace, Perth WA 6000

Principal place of business:
495 Marmion Street, Booragoon WA 6154

Financial Position

The company reported a profit after tax of \$926,559 for the financial year ended 30 June 2022 (2021: \$909,771) and an excess of current liabilities over current assets of \$33,895,442 as at that date (2021: \$35,357,884). Working capital included \$9,122,682 of cash and cash equivalents and \$44,711,217 of Refundable Accommodation Bonds ("RADs"). The RADs have been classified as current liabilities as they are repayable within 14 days of a resident's departure. The company monitors the trend in RAD receipts and payments and expects one third of RADs to be repaid in the next 12 months which will be funded through RADs from new residents and the company's cash holdings.

The company also has a liquidity management strategy to ensure that the company has sufficient liquid funds to enable it to refund RADs expected to fall due in the next 12 months. As part of determining the liquidity management strategy, the company has set a minimum balance of liquid funds the company needs to maintain. The cash balance at 30 June 2022 exceeded the minimum balance stipulated by the liquidity management strategy.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while there has not been a significant negative impact for the company up to 30 June 2022, it is not practicable to estimate the potential impact, after the reporting date. The situation is still ongoing and is dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Based on the matters above, management believe it is appropriate to prepare the financial report on a going concern basis which contemplates the realisation of its assets and the extinguishment of its liabilities in the normal course of business and at the amounts stated in the financial report.

(a) Income Tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

REGENTS GARDEN GROUP PTY LTD
ABN: 45 009 111 193
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 1 Summary of Significant Accounting Policies (continued)

(a) Income Tax (continued)

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) 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 losses.

Property

Freehold land and buildings are shown at cost less accumulated depreciation and any impairment losses.

Plant and equipment

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

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis or a reducing balance basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5% - 30%
Plant and equipment	7.5% - 75%
Software licence	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised.

(c) Accommodation bonds

Accommodation bonds are measured at the principal amount less retention amounts. They are classified as current liabilities because the company does not have an unconditional right to defer settlements for greater than 12 months.

(d) Financial Instruments

Initial recognition and measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

REGENTS GARDEN GROUP PTY LTD
ABN: 45 009 111 193
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 1 **Summary of Significant Accounting Policies (continued)**

(d) Financial Instruments (continued)

Classification and subsequent measurement

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

On the basis of the two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income when it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

Financial liabilities

Financial liabilities are subsequently measured at:

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

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3 applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

A financial liability cannot be reclassified.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the company's accounting policy.

REGENTS GARDEN GROUP PTY LTD
ABN: 45 009 111 193
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 1 Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

Derecognition

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the company no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(e) Impairment

(i) Impairment of Non-Financial Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external and internal sources of information. If such an indication exists, an impairment test is carried out on the cash generating assets which the assets belong to by comparing the recoverable amount of the cash generating unit ("CGU") to which that asset belongs (the group of assets that generating cash which are independent from other assets), being the higher of the CGU's fair value less costs to sell and value in use to the CGU's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

(ii) Impairment of Financial Assets

The company uses forward-looking information to recognise expected credit losses – the expected credit loss (ECL) model.

Recognition of credit losses is no longer dependent on the company first identifying a credit loss event. Instead the company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Trade and other receivables

The company makes use of the simplified approach in accounting for trade and other receivables and records a loss allowance for lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

(f) 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 settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that approximate the expected timing of cash flows.

(g) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(h) Cash and Cash Equivalents

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

REGENTS GARDEN GROUP PTY LTD
ABN: 45 009 111 193
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 1 Summary of Significant Accounting Policies (continued)

(i) Revenue and Other Income

Revenue from the provision of Aged Care services including fees from residents and related income from the Government and management fee is measured at the transaction price received or receivable (which excludes estimates of variable consideration) allocated to the performance obligation satisfied and represents amounts receivable for services provided in the normal course of business, net of discounts and GST.

Government revenue comprises basic subsidy amounts calculated in accordance with the Aged Care Funding Instrument (ACFI), accommodation supplements, funding for short-term 'respite' residents and other Government income. Revenue from the Government, in the form of subsidies for the provision of aged care services, is recognised over the period services are provided.

Interest revenue is recognised on an amortised cost basis.

Accommodation bond retentions are recognised on a straight-line basis over the resident's period of stay, for a maximum of five years, at the amounts as prescribed by the Department of Health and Ageing.

COVID-19 support grant revenue from the Government is recognised when it is received or when the right to receive payment is established.

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

(j) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(k) Goods and Services Tax (GST)

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

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

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

(l) Comparative Figures

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

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

(m) Critical Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgement, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

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

REGENTS GARDEN GROUP PTY LTD
 ABN: 45 009 111 193
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 1 Summary of Significant Accounting Policies (continued)

(m) Critical Accounting Estimates and Judgements (Continued)

(i) Estimation of Useful Lives of Assets

Useful lives and residual value of property, plant and equipment are reviewed annually. Judgement is applied in determining the useful lives of property, plant and equipment. Any reassessment of useful lives and residual value in a particular year will affect depreciation and amortisation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future years.

Useful lives of intangible assets with finite lives are reviewed annually. Any reassessment of useful lives in a particular year will affect the amortisation expense (either increasing or decreasing) through to the end of the reassessed useful life for both the current and future years.

(ii) Long Service Leave

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at reporting date:

- future increase in salaries and wages;
- future on cost rates; and
- experience of employee departures and period of service.

(n) Application of New and Amended Accounting Standards and Interpretations Adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period, including AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2 Revenue and Other Income

	2022	2021
	\$	\$
Services revenue:		
— government income	6,656,783	6,417,651
— contracts with customer	4,300,152	4,322,325
Total services revenue	10,956,935	10,739,976
Other income:		
— dividend 7A interest income	376,136	242,088
— bond interest received	292,492	269,912
— bank interest received	40,806	43,445
Total interest income	709,434	555,445
— management fees received	3,535,200	2,781,927
— fair value gain on financial assets	-	36,000
— rent received	69	3,565
— COVID-19 support grant income	62,700	-
— sundry income	4,159	1,508
Total other income	4,311,562	3,378,445
Total services revenue and other income	15,268,497	14,118,421

Note 3 Employee Benefits Expense

	2022	2021
	\$	\$
Employee benefits expense		
— wages and salary	9,094,264	8,224,229
— contribution to superannuation	910,819	831,142
— increase in liability for provisions for employee entitlements	29,626	172,490
Total employee benefits expense	10,034,709	9,227,861

REGENTS GARDEN GROUP PTY LTD
ABN: 45 009 111 193
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 4 Tax Expense

	2022	2021
	\$	\$
(a) The components of tax expense comprise:		
— Current tax	374,487	397,127
— Deferred tax	25,669	(7,224)
	<u>400,156</u>	<u>389,903</u>
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2021: 30%)	398,016	389,903
Add:		
Tax effect of:		
— other non-allowable items	2,140	-
Income tax attributable to company	<u>400,156</u>	<u>389,903</u>
The weighted average effective tax rates are as follows:	30.2%	30.0%

Note 5 Key Management Personnel Compensation

No remuneration was paid by the company to the Key Management Personnel.

Note 6 Auditor's Remuneration

	2022	2021
	\$	\$
Remuneration of the auditor for:		
— auditing the financial statements	11,223	11,719
	<u>11,223</u>	<u>11,719</u>

Note 7 Dividends

	2022	2021
	\$	\$
Dividend declared	1,000,000	680,000
	<u>1,000,000</u>	<u>680,000</u>
Declared fully franked ordinary dividend at the tax rate of 30% (2021: 30%).		
Balance of franking account at 30 June	443,855	557,004
	<u>443,855</u>	<u>557,004</u>

Note 8 Cash and Cash Equivalents

	2022	2021
	\$	\$
CURRENT		
Cash on hand	1,210	1,210
Short-term bank deposits	9,121,472	8,627,154
	<u>9,122,682</u>	<u>8,628,364</u>

REGENTS GARDEN GROUP PTY LTD
ABN: 45 009 111 193
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 9 Trade and Other Receivables

	2022	2021
	\$	\$
CURRENT		
Trade receivables	389,768	500,124
Related party loans - current	3,028,903	2,161,425
COVID-19 support grant receivable	62,700	-
GST receivable	148,643	140,585
Accrued income	1,140	-
Total current trade and other receivables	<u>3,631,154</u>	<u>2,802,134</u>
NON-CURRENT		
Related party loans - non-current	<u>21,800,754</u>	<u>23,255,553</u>
Total non-current trade and other receivables	<u>21,800,754</u>	<u>23,255,553</u>

The related party loans are in accordance with Division 7A of the 1997 Income Tax Assessment Act (ITAA). These loans are unsecured and repayable over 7 years. The current portion is the minimum loan repayments as legislated in the ITAA. For the year ended 30 June 2022 the prescribed interest rate is 4.52% (2021: 4.52%).

Note 10 Financial Assets

	2022	2021
	\$	\$
CURRENT		
Money market term deposit	<u>1,000,000</u>	-
NON-CURRENT		
Capital Notes Investment - at face value	756,000	720,000
Fair value (loss)/gain recognised in the profit or loss	<u>(32,400)</u>	<u>36,000</u>
	<u>723,600</u>	<u>756,000</u>

The money market term deposit is a financial asset which bears interest of 2.6% p.a. and has a maturity date of 14 December 2022.

The Capital Notes Investment are financial assets listed on the Australian Securities Exchange (ASX) and are measured at fair value through profit or loss in accordance with AASB 9 *Financial Instruments*. The fair value at reporting date is based on the quoted market price of the Capital Notes on the ASX at reporting date.

Note 11 Property, Plant and Equipment

	2022	2021
	\$	\$
LAND AND BUILDINGS		
Freehold land - at cost	5,182,822	5,182,822
Buildings - at cost	11,982,645	11,982,645
Kelmscott construction costs	57,906	57,906
Buildings - accumulated depreciation	(6,673,123)	(6,468,131)
Property improvements - at cost	168,877	18,830
Property improvements - accumulated depreciation	<u>(32,261)</u>	<u>(5,521)</u>
Total buildings	<u>5,504,044</u>	<u>5,585,729</u>
Total land and buildings	<u>10,686,866</u>	<u>10,768,551</u>
PLANT AND EQUIPMENT		
Plant and equipment - at cost	906,824	846,846
Plant and equipment - accumulated depreciation	<u>(730,416)</u>	<u>(669,822)</u>
	<u>176,408</u>	<u>177,024</u>
Motor vehicles - at cost	616,553	537,481
Motor vehicles - accumulated depreciation	<u>(327,820)</u>	<u>(276,745)</u>
	<u>288,733</u>	<u>260,736</u>
Total plant and equipment	<u>465,141</u>	<u>437,760</u>
Software licence - at cost	28,000	28,000
Software licence - accumulated depreciation	<u>(13,992)</u>	<u>(8,392)</u>
Total software	<u>14,008</u>	<u>19,608</u>
Total property, plant and equipment	<u>11,166,015</u>	<u>11,225,919</u>

REGENTS GARDEN GROUP PTY LTD
ABN: 45 009 111 193
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 11 Property, Plant and Equipment (continued)

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.

	Freehold Land	Buildings	Plant and Equipment	Motor vehicles	Software	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	5,182,822	5,797,387	175,440	302,605	25,208	11,483,462
Additions	-	-	56,267	18,156	-	74,423
Depreciation expense	-	(211,658)	(54,683)	(60,025)	(5,600)	(331,966)
Carrying amount at 30 June 2021	<u>5,182,822</u>	<u>5,585,729</u>	<u>177,024</u>	<u>260,736</u>	<u>19,608</u>	<u>11,225,919</u>
Additions	-	150,047	59,978	99,083	-	309,108
Disposals	-	-	-	(427)	-	(427)
Depreciation expense	-	(231,732)	(60,594)	(70,659)	(5,600)	(368,585)
Carrying amount at 30 June 2022	<u>5,182,822</u>	<u>5,504,044</u>	<u>176,408</u>	<u>288,733</u>	<u>14,008</u>	<u>11,166,015</u>

Note 12 Trade and Other Payables

	2022	2021
	\$	\$
CURRENT		
Trade payables	423,191	348,732
Payroll liabilities	279,423	265,896
Accrued expenses	297,887	291,517
Loans from related parties	219,826	-
Income in advance	22,073	-
	<u>1,242,400</u>	<u>906,145</u>

Note 13 Accommodation bonds

	2022	2021
	\$	\$
CURRENT		
Accommodation bonds	44,711,217	44,289,502
Total accommodation bonds	<u>44,711,217</u>	<u>44,289,502</u>

Accommodation bonds are classified as current liabilities because the company does not have an unconditional right to defer settlements for greater than 12 months. History shows that on average a resident in the facility will stay 3 years. The company expects to repay \$14.9 million of bonds in the next 12 months which is expected to be funded by bonds paid by incoming residents and cash reserves.

Note 14 Tax (Liabilities)/Assets

	2022	2021	
	\$	\$	
CURRENT			
Income tax payable	(167,468)	(108,404)	
Total	<u>(167,468)</u>	<u>(108,404)</u>	
NON-CURRENT			
Deferred tax assets	498,551	524,220	
Total	<u>498,551</u>	<u>524,220</u>	
	Opening	Temporary	Closing
	Balance	Differences	Balance
	\$	\$	\$
Deferred tax assets			
Provisions - employee benefits	438,718	51,747	490,465
Other	78,278	(44,523)	33,755
Balance as at 30 June 2021	<u>516,996</u>	<u>7,224</u>	<u>524,220</u>
Provisions - employee benefits	490,465	8,887	499,352
Other	33,755	(34,556)	(801)
Balance as at 30 June 2022	<u>524,220</u>	<u>(25,669)</u>	<u>498,551</u>

REGENTS GARDEN GROUP PTY LTD
ABN: 45 009 111 193
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 15 Provisions

	2022	2021
	\$	\$
CURRENT		
Provision for annual leave	1,136,647	1,107,031
Provision for long service leave - current	459,176	422,277
Total current employee benefits	<u>1,595,823</u>	<u>1,529,308</u>
NON-CURRENT		
Provision for long service leave - non-current	68,685	105,574
Total non-current employee benefits	<u>68,685</u>	<u>105,574</u>

Analysis of Provisions

CURRENT		
Employee Benefits		
Opening balance at 1 July	1,529,308	1,370,506
Additional provisions raised during year	66,515	158,802
Balance at 30 June	<u>1,595,823</u>	<u>1,529,308</u>
NON-CURRENT		
Employee Benefits		
Opening balance at 1 July	105,574	91,886
Additional provisions (taken)/raised during year	(36,889)	13,688
Balance at 30 June	<u>68,685</u>	<u>105,574</u>

Note 16 Issued Capital

	2022	2021
	\$	\$
10 (2021:10) fully paid ordinary shares	10	10
	<u>10</u>	<u>10</u>

Ordinary Shares

	2022	2021
	No	No
At the beginning of the year	10	10
At the end of the year	<u>10</u>	<u>10</u>

Note 17 Capital and Leasing Commitments

No capital or leasing commitments existed at 30 June 2022 or at 30 June 2021.

Note 18 Contingent Liabilities and Contingent Assets

No contingent liabilities or contingent assets existed at 30 June 2022 or at 30 June 2021.

REGENTS GARDEN GROUP PTY LTD
ABN: 45 009 111 193
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 19 Segment Reporting

The company operates three business segments or functions:

- Management Facility: Revenue is charged to the Regents facilities.
- Residential Aged Care Facility: Revenue is statutory based and regulated fees are charged for occupancy.
- Kelmscott: Rent is charged to an outside party.

	Management 2022 \$	Aged Care 2022 \$	Kelmscott 2022 \$	Total 2022 \$
Management fees	3,535,200	-	-	3,535,200
Resident fees	-	4,300,152	-	4,300,152
Department fees	-	6,656,783	-	6,656,783
Interest received	-	709,434	-	709,434
Other	-	66,859	69	66,928
Total Revenue and Other Income	3,535,200	11,733,228	69	15,268,497
Employee benefits expenses	3,231,497	6,803,212	-	10,034,709
Depreciation	100,388	268,197	-	368,585
Other	369,464	3,075,563	93,461	3,538,488
Total Expenses	3,701,349	10,146,972	93,461	13,941,782
Profit before income tax	(166,149)	1,586,256	(93,392)	1,326,715
Income tax expense	-	(400,156)	-	(400,156)
Net Profit/(Loss) after tax	(166,149)	1,186,100	(93,392)	926,559
Total Current Assets	372,434	13,446,337	2,695	13,821,466
Total Non-current Assets	(813,263)	32,955,182	2,047,001	34,188,920
Total Assets	(440,829)	46,401,519	2,049,696	48,010,386
Total Current Liabilities	1,956,886	45,477,273	282,749	47,716,908
Total Non-current Liabilities	11,076	57,609	-	68,685
Total Liabilities	1,967,962	45,534,882	282,749	47,785,593
Total Net Assets/(Liabilities)	(2,408,791)	866,637	1,766,947	224,793
	2021	2021	2021	2021
	\$	\$	\$	\$
Management fees	2,781,927	-	-	2,781,927
Resident fees	-	4,322,325	-	4,322,325
Department fees	-	6,417,651	-	6,417,651
Bond retentions	-	-	-	-
Interest received	1,508	555,445	-	556,953
Other	-	36,000	3,565	39,565
Total Revenue and Other Income	2,783,435	11,331,421	3,565	14,118,421
Employee benefits expenses	2,738,575	6,489,286	-	9,227,861
Depreciation	84,186	247,780	-	331,966
Other	349,673	2,888,682	20,565	3,258,920
Total Expenses	3,172,434	9,625,748	20,565	12,818,747
Profit before income tax	(388,999)	1,705,673	(17,000)	1,299,674
Income tax expense	-	(389,903)	-	(389,903)
Net Profit/(Loss) after tax	(388,999)	1,315,770	(17,000)	909,771
Total Current Assets	408,571	11,066,577	327	11,475,475
Total Non-current Assets	(2,106,189)	36,008,118	1,859,763	35,761,692
Total Assets	(1,697,618)	47,074,695	1,860,090	47,237,167
Total Current Liabilities	532,117	46,301,488	(246)	46,833,359
Total Non-current Liabilities	22,805	82,769	-	105,574
Total Liabilities	554,922	46,384,257	(246)	46,938,933
Total Net Assets/(Liabilities)	(2,252,540)	690,438	1,860,336	298,234

REGENTS GARDEN GROUP PTY LTD
ABN: 45 009 111 193
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 20 Cash Flow Information

	2022	2021
	\$	\$
Reconciliation of cash flows from operating activities with profit after income tax		
Net profit	926,559	909,771
Non-cash flows in profit		
— depreciation	368,585	331,966
— loss on disposal of motor vehicle	427	-
— related party loan interests including division 7A interest	(376,136)	(242,088)
— fair value gain/(loss) on financial asset	32,400	(36,000)
Changes in assets and liabilities		
— decrease in trade and other receivables	38,458	242,891
— (increase)/decrease in other assets	(22,653)	1,982
— decrease/(increase) in deferred tax assets	25,669	(7,224)
— increase/(decrease) in trade and other payables	116,429	(536)
— increase in income tax payable	59,064	96,454
— increase in provisions	29,626	172,490
Net cash provided by operating activities	<u>1,198,428</u>	<u>1,469,706</u>

Note 21 Events After the Reporting Period

There have not been any matters or circumstances that have arisen since the end of the reporting date, that have significantly affected, or may significantly affect, the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

Note 22 Related Party Transactions

The ultimate controlling entity is the Limo Family Trust.

Transactions with related parties:

	2022	2021
	\$	\$
(a) The company receives management fees from Regents Garden Lake Joondalup, a related entity.	720,000	579,273
(b) The company receives management fees from Regents Garden Unit Trust, a related entity.	604,800	487,345
(c) The company receives management fees from Regents Garden Aubin Grove Unit Trust, a related entity.	734,400	590,763
(d) The company receives management fees from Regents Garden Scarborough Pty Ltd, a related entity.	756,000	545,273
(e) The company receives management fees from Regents Garden Four Seasons, an internal entity.	720,000	579,273
(f) The company receives interest from the Limo Family Trust. The interest received is in accordance with Division 7A of the 1997 ITAA.	322,381	242,088
(g) The company receives interest from Regents Garden Lake Joondalup, a related entity.	53,755	-
(h) Accounting fees paid to Flinders Accountants, a company where Michael G Collins is also a director.	19,728	7,278
(i) Regents Garden Aubin Grove Unit Trust received loans from/(made loans to) the company. These loans are in accordance with Division 7A of the 1997 ITAA.	13,928	(12,653)
(j) Regents Garden Lake Joondalup Pty Ltd received loans from the company. These loans are unsecured and subject to the Facility Loan agreements, with interest applicable.	11,920,982	15,358,669
(k) Limo Family Trust as shareholder received loans from the company. These loans are in accordance with Division 7A of the 1997 ITAA.	12,892,337	9,698,575

REGENTS GARDEN GROUP PTY LTD
ABN: 45 009 111 193
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 22 Related Party Transactions (continued)

Transactions with related parties (continued):

	2022	2021
	\$	\$
(l) Regents Garden Unit Trust (made loans to)/received loans from the company. The loan is interest free, unsecured and may be subject to future Facility Loan agreements.	(219,825)	332,993
(m) Regents Scarborough Pty Ltd received loans from the company. The loan is interest free, unsecured and current in nature.	2,409	39,394

The company applies the AASB 9 simplified model of recognising lifetime expected credit losses for all amounts due from related parties as these items do not have a significant financing component.

The company considers that all the loans to related parties are not impaired for each of the reporting dates. None of the company's loans to related parties are secured by collateral.

Note 23 COVID-19 Costs

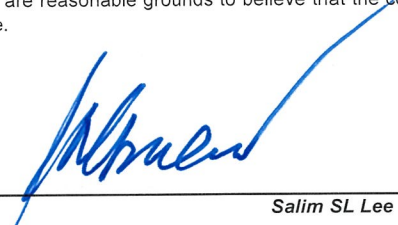
	2022	2021
	\$	\$
Additional COVID-19 spending		
General medical - Hand sanitizers, gowns, wipes, vinyl gloves, face masks, etc	21,124	16,634
Additional labour and agency costs	41,212	9,094
Other costs	7,024	-
	69,360	25,728

REGENTS GARDEN GROUP PTY LTD
ABN: 45 009 111 193
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Regents Garden Group Pty Ltd, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 20, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards - comply with Australian Accounting Standards - Simplified Disclosures and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director

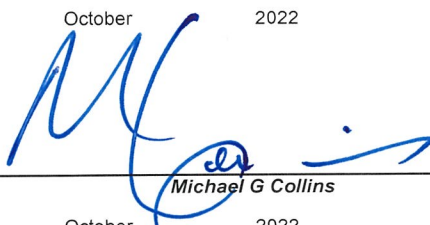


Salim SL Lee

Dated this

28th day of October 2022

Director



Michael G Collins

Dated this

28th day of October 2022

Independent Auditor's Report to the Members of the Regents Garden Group Pty Ltd trading as Regents Garden Four Seasons Residential Care Booragoon and the Secretary, Department of Health

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Regents Garden Group Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Company, is in accordance with the *Corporations Act 2001* and *Part 4 of the Accountability Principles 2014*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities, the *Corporations Regulations 2001* and *Part 4 of the Accountability Principles 2014*.

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 auditor independence requirements of 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 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 that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities and the *Corporations Act 200, Part 4 of the Accountability Principles 2014* 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 ability of the Company 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 these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf

This description forms part of our independent auditor's report.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

Amar Nathwani

Amar Nathwani
Director

Dated this 28th day of October 2022