

REGENTS GARDEN UNIT TRUST

ABN: 32 310 558 963

NAPS ID: 1193

RACS ID: 7262

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

REGENTS GARDEN UNIT TRUST

ABN: 32 310 558 963

Financial Report For The Year Ended 30 June 2022

CONTENTS	Page
Statement of Profit or Loss and Other Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Directors' Declaration	15
Independent Auditor's Report	16

REGENTS GARDEN UNIT TRUST
ABN: 32 310 558 963
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
Revenue			
Services income	2	8,953,512	8,629,185
Interest income	2	192,029	224,092
Other income	2	214,174	18,196
Total revenue and other income		9,359,715	8,871,473
Expenses			
Agency costs		165,880	138,316
Auditor's remuneration	4	11,193	11,684
Bed licences written off	8	280,931	-
Depreciation expense	7, 8	227,518	236,957
Electricity and gas		61,073	53,358
Employee benefits expense	3	5,641,844	5,420,613
Food and stores		277,080	268,094
Incontinence pads		66,002	68,046
Insurance		125,104	108,921
Management fees	17(b)	604,800	487,345
Payroll tax		320,393	307,873
Rates, taxes and other outgoings		83,721	77,660
Repairs and maintenance		67,800	86,053
Staff training and welfare		72,850	88,989
Other expenses		529,843	514,661
Total expenses		8,536,032	7,868,570
Profit attributable to unitholders		823,683	1,002,903
Other comprehensive income		-	-
Total other comprehensive income		-	-
Total comprehensive income attributable to unitholders		823,683	1,002,903

The accompanying notes form part of these financial statements.

REGENTS GARDEN UNIT TRUST
ABN: 32 310 558 963
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	5,594,280	4,357,989
Trade and other receivables	6	3,376,077	3,324,846
TOTAL CURRENT ASSETS		<u>8,970,357</u>	<u>7,682,835</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	12,506,737	9,450,027
Intangible assets	8	11,766	297,401
TOTAL NON-CURRENT ASSETS		<u>12,518,503</u>	<u>9,747,428</u>
TOTAL ASSETS		<u>21,488,860</u>	<u>17,430,263</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	5,992,085	786,356
Accommodation bonds	10	14,382,300	15,567,447
Provisions	11	1,066,012	1,029,616
TOTAL CURRENT LIABILITIES		<u>21,440,397</u>	<u>17,383,419</u>
NON-CURRENT LIABILITIES			
Provisions	11	48,363	46,744
TOTAL NON-CURRENT LIABILITIES		<u>48,363</u>	<u>46,744</u>
TOTAL LIABILITIES		<u>21,488,760</u>	<u>17,430,163</u>
NET ASSETS		<u>100</u>	<u>100</u>
EQUITY			
Issued units	12	100	100
TOTAL EQUITY		<u>100</u>	<u>100</u>

The accompanying notes form part of these financial statements.

REGENTS GARDEN UNIT TRUST
ABN: 32 310 558 963
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Issued Units	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2020	100	-	100
Profit for the year	-	1,002,903	1,002,903
Total comprehensive income for the year	-	1,002,903	1,002,903
Distribution to unitholders	-	(1,002,903)	(1,002,903)
Balance at 30 June 2021	100	-	100
Balance at 1 July 2021	100	-	100
Profit for the year	-	823,683	823,683
Total comprehensive income for the year	-	823,683	823,683
Distribution to unitholders	-	(823,683)	(823,683)
Balance at 30 June 2022	100	-	100

The accompanying notes form part of these financial statements.

REGENTS GARDEN UNIT TRUST
ABN: 32 310 558 963
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		8,924,465	8,619,888
Payments to suppliers and employees		(6,569,619)	(7,474,634)
Interest received		192,029	224,092
COVID-19 cash flow boost received		-	50,000
Net cash provided by operating activities	15	2,546,875	1,419,346
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,279,524)	(56,190)
Net cash used in investing activities		(3,279,524)	(56,190)
CASH FLOWS FROM FINANCING ACTIVITIES			
Accommodation bonds		(1,185,147)	736,408
Net loan repayments to related parties		3,154,087	(1,284,762)
Net cash provided by/(used in) financing activities		1,968,940	(548,354)
Net increase in cash held		1,236,291	814,802
Cash and cash equivalents at beginning of financial year		4,357,989	3,543,187
Cash and cash equivalents at end of financial year	5	5,594,280	4,357,989

The accompanying notes form part of these financial statements.

REGENTS GARDEN UNIT TRUST
ABN: 32 310 558 963
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The financial statements cover the economic entity of Regents Garden Unit Trust. Regents Garden Unit Trust is a unit trust, established 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 Unit Trust (“the trust”) 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, financial assets at fair value through other comprehensive income, 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(b).

Statement of compliance

The trust 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:
2 Amur Place Bateman WA 6150

Financial Position

The trust reported a net profit of \$823,683 for the financial year ended 30 June 2022 (2021: \$1,002,903) and an excess of current liabilities over current assets of \$12,470,040 as at that date (2021: \$9,700,584). Working capital included \$5,594,280 of cash and cash equivalents and \$14,382,300 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 trust 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 trust's cash holdings.

The trust also has a liquidity management strategy to ensure that the trust 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 trust has set a minimum balance of liquid funds the trust 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 trust 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) Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as disclosed. Certain comparative amounts have been reclassified to conform with the current year's presentation.

(b) Critical Accounting Estimates and Judgements

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

REGENTS GARDEN UNIT TRUST
ABN: 32 310 558 963
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 1 Summary of Significant Accounting Policies (continued)

(b) Critical Accounting Estimates and Judgements (continued)

Key estimates and judgements

(i) Bed Licences

The current Government has stated its intention to abolish bed licence restrictions and the Aged Care Approvals Round (ACAR) from 1 July 2024. This proposal has the potential to impact the accounting value of bed licences. As a result, the trust has decided to write off the carrying value of all its bed licences in the current financial year.

(ii) Provisions for Employee Benefits

Provision for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience and history of employee departures and periods of service. The amount of these provisions would change should any of these factors change in the next 12 months.

(iii) 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.

(c) Accommodation Bonds

Recognition

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

(d) Property, Plant and Equipment

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

Property and Buildings

Freehold land and buildings are measured using the cost basis, less where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

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

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a reducing balance basis or straight-line basis over the asset's useful life to the trust commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

Class of fixed asset	Depreciation rate
Buildings	2.5%
Plant and equipment	15%
Computer equipment	37.5%
Motor vehicles	25%
Other assets	7.5% - 37.5%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income.

REGENTS GARDEN UNIT TRUST
ABN: 32 310 558 963
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 1 Summary of Significant Accounting Policies (continued)

(e) Impairment

(i) Impairment of Non-Financial Assets

At the end of each reporting period, the trust assesses whether there is any indication that an asset may be impaired. The assessment will include considering external and internal sources of information. If such an indication exists, an impairment test is carried out on the cash generating assets which the assets belong to by comparing the recoverable amount of the asset through CGU (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 trust 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 entity first identifying a credit loss event. Instead the entity 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 trust 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) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the trust becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the trust 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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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.

Classification and subsequent measurement

Financial assets

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.

REGENTS GARDEN UNIT TRUST
ABN: 32 310 558 963
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 1 Summary of Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

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.

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

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

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 trust 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.

(g) Intangibles

Bed licences are measured and reported at initial cost less impairment. In the current financial year, bed licences have been written off due to the Government's intention to abolish the bed licence restrictions from 1 July 2024.

REGENTS GARDEN UNIT TRUST
ABN: 32 310 558 963
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 1 Summary of Significant Accounting Policies (continued)

(h) Employee Benefits

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

(i) Provisions

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

(j) Cash and Cash Equivalents

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

(k) Revenue and Other Income

Revenue from the provision of Aged Care services including fees from residents and related income from the Government 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 the services are provided. COVID-19 support grant revenue from the Government is recognised when the right to receive payment is established.

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

(l) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the trust 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.

(m) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) 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.

(o) Comparative Figures

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

(p) Application of New and Revised Accounting Standards

The trust 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.

REGENTS GARDEN UNIT TRUST
ABN: 32 310 558 963
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 2 Revenue and Other Income

	2022	2021
	\$	\$
Revenue		
Services income		
- government income	6,945,811	6,733,603
- contracts with customers	2,007,701	1,895,582
	8,953,512	8,629,185
Interest Income		
- interest received from financial institutions	5,450	8,200
- interest received from unpaid accommodation bonds	186,579	215,892
	192,029	224,092
Other income		
- rent received	24,228	18,000
- sundry income	1,946	196
- COVID-19 support grant	188,000	-
	214,174	18,196
Total revenue and other income	9,359,715	8,871,473

Note 3 Employee Benefits Expense

	2022	2021
	\$	\$
Employee benefits expenses:		
- Wages and salaries	5,124,820	4,821,279
- Contributions to superannuation	479,009	451,998
- Increase in provisions for employee entitlements	38,015	147,336
Total employee benefits expenses	5,641,844	5,420,613

Note 4 Auditor's Remuneration

	2022	2021
	\$	\$
Remuneration of the auditor of the trust for:		
- auditing the financial statements	11,193	11,684
	11,193	11,684

Note 5 Cash and Cash Equivalents

	2022	2021
	\$	\$
CURRENT		
Cash on hand	500	500
Short-term bank deposits	5,593,780	4,357,489
	5,594,280	4,357,989

Note 6 Trade and Other Receivables

	2022	2021
	\$	\$
CURRENT		
Trade receivables	97,213	46,862
Amount due from related parties	3,019,019	3,229,500
COVID-19 support grant receivable	188,000	-
GST receivable	16,201	9,260
Prepayments	55,644	39,224
	3,376,077	3,324,846

No trade and other receivables balances have been pledged as collateral.

REGENTS GARDEN UNIT TRUST
ABN: 32 310 558 963
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 7 Property, Plant and Equipment

	2022	2021
	\$	\$
LAND AND BUILDINGS		
Freehold land at cost	1,451,282	1,451,282
	<u>1,451,282</u>	<u>1,451,282</u>
Buildings at cost	13,072,372	9,828,995
Buildings - accumulated depreciation	(2,348,480)	(2,198,987)
Total buildings	<u>10,723,892</u>	<u>7,630,008</u>
Total land and buildings	<u>12,175,174</u>	<u>9,081,290</u>
PLANT AND EQUIPMENT		
Plant and equipment at cost	1,207,309	1,171,162
Plant and equipment - accumulated depreciation	(901,709)	(835,086)
Total plant and equipment	<u>305,600</u>	<u>336,076</u>
FURNITURE AND FITTINGS		
Furniture and fittings at cost	472,398	472,398
Furniture and fittings - accumulated depreciation	(446,435)	(439,737)
Total furniture and fittings	<u>25,963</u>	<u>32,661</u>
Total property, plant and equipment	<u>12,506,737</u>	<u>9,450,027</u>

Movements in Carrying Amounts

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

	Freehold	Buildings	Plant and equipment	Total
	Land	Buildings	equipment	Total
	\$	\$	\$	\$
Balance at 1 July 2020	1,451,282	7,731,439	423,369	9,606,090
Additions	-	49,815	26,375	76,190
Depreciation expense	-	(151,247)	(81,006)	(232,253)
Balance at 30 June 2021	<u>1,451,282</u>	<u>7,630,007</u>	<u>368,738</u>	<u>9,450,027</u>
Additions	-	3,243,378	36,146	3,279,524
Depreciation expense	-	(149,493)	(73,321)	(222,814)
Carrying amount at 30 June 2022	<u>1,451,282</u>	<u>10,723,892</u>	<u>331,563</u>	<u>12,506,737</u>

Note 8 Intangible Assets

	2022	2021
	\$	\$
Bed licences at cost	280,931	280,931
Bed licences written off	(280,931)	-
Total bed licences	<u>-</u>	<u>280,931</u>
Software licence at cost	23,520	23,520
Software licence - accumulated depreciation	(11,754)	(7,050)
Total software licence	<u>11,766</u>	<u>16,470</u>
Total Intangible Assets	<u>11,766</u>	<u>297,401</u>

The current Government has stated its intention to abolish bed licence restrictions and the Aged Care Approvals Round (ACAR) from 1 July 2024. This proposal has the potential to impact the accounting value of bed licences. As a result, the trust has decided to write off the carrying value of all its bed licences in the current financial year.

The software licence is depreciated on a straight line basis over 5 years. Depreciation for the year was \$4,704 (2021: \$4,704).

REGENTS GARDEN UNIT TRUST
ABN: 32 310 558 963
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 8 Intangible Assets (continued)

Movements in carrying amounts for bed licences and software licence between the beginning and the end of the current financial year are as follows:

	Bed Licences \$	Software Licence \$	Total \$
Balance at 1 July 2020	280,931	21,174	302,105
Depreciation expense	-	(4,704)	(4,704)
Balance at 30 June 2021	<u>280,931</u>	<u>16,470</u>	<u>297,401</u>
Write off	(280,931)	-	(280,931)
Depreciation expense	-	(4,704)	(4,704)
Carrying amount at 30 June 2022	<u>-</u>	<u>11,766</u>	<u>11,766</u>

Note 9 Trade and Other Payables

	2022 \$	2021 \$
CURRENT		
Trade creditors	247,185	209,890
Accrued expenses	1,451,619	78,811
Payroll liabilities	143,699	110,492
Income in advance	37,692	42,562
Amount due to related parties	4,111,890	344,601
	<u>5,992,085</u>	<u>786,356</u>

Note 10 Accommodation Bonds

	2022 \$	2021 \$
CURRENT		
Accommodation bonds	14,382,300	15,567,447
	<u>14,382,300</u>	<u>15,567,447</u>

Accommodation bonds are classified as current liabilities because the trust does not have an unconditional right to defer settlement for greater than 12 months. History show that on average a resident in the facility will stay 3 years. The trust expects to repay \$4.8 million of bonds in the next 12 months which is expected to be funded by bonds paid by incoming residents and existing cash reserves.

Note 11 Provisions

	2022 \$	2021 \$
CURRENT		
Provision for annual leave	793,754	738,655
Provision for long service leave - current	271,765	289,842
Provision for sick leave	493	1,119
	<u>1,066,012</u>	<u>1,029,616</u>
NON-CURRENT		
Provision for long service leave - non-current	48,363	46,744
	<u>48,363</u>	<u>46,744</u>

REGENTS GARDEN UNIT TRUST
ABN: 32 310 558 963
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 11 Provisions (continued)

ANALYSIS OF TOTAL PROVISIONS	2022	2021
CURRENT	\$	\$
Employee Benefits		
Opening balance at 1 July	1,029,616	891,627
Additional provisions raised during year	36,396	137,989
Balance at 30 June	<u>1,066,012</u>	<u>1,029,616</u>
NON-CURRENT		
Employee Benefits		
Opening balance at 1 July	46,744	37,397
Additional provisions raised during year	1,619	9,347
Balance at 30 June	<u>48,363</u>	<u>46,744</u>

Provision for employee benefits

A provision has been recognised for employee entitlements relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(h).

Note 12 Issue of Units

The trust has 100 units on issue of \$1 each amounting to \$100 (2021: \$100).

	2022	2021	2022	2021
	No.	No.	\$	\$
Number of fully paid units				
Balance at 1 July	100	100	100	100
Issue of shares	-	-	-	-
Balance at 30 June	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Units are of equal value and unit holders are entitled to share in the income of Regents Garden Unit Trust in proportion to their unit holding. Upon liquidation each unit holder is entitled to a pro rata share of the trust's net assets.

Note 13 Contingent Liabilities

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

Note 14 Segment Reporting

This approved provider delivers only aged care services and this GPFR therefore relates only to such operations. The trust operates in one business and geographical segment, being a residential aged care facility in Bateman, Western Australia.

Note 15 Cash Flow Information

	2022	2021
	\$	\$
Reconciliation of profit attributable to unitholders to net		
Profit for the year	823,683	1,002,903
Non-cash flows in profit for the year:		
- Depreciation	227,518	236,957
- Bed licences written off	280,931	-
Changes in assets and liabilities		
- (Decrease)/increase in trade and other receivables	(261,712)	22,137
- Increase in trade and other payables	1,438,440	10,013
- Increase in provisions	38,015	147,336
Net cash provided by operating activities	<u>2,546,875</u>	<u>1,419,346</u>

Note 16 Events After the Reporting Period

No events after the balance sheet date have been identified as post balance date events for the purpose of disclosure.

REGENTS GARDEN UNIT TRUST
ABN: 32 310 558 963
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 17 Related Party Transactions

The ultimate controlling entity is the Limo Family Trust.

Transactions with related parties

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

	2022	2021
	\$	\$
a. Loans (from)/to Related Parties		
Unsecured loans provided to/(received from):		
- Regents Garden Group Pty Ltd*	219,826	(332,993)
- Regents Garden Aubin Grove Unit Trust**	404,194	369,832
- Regents Garden Scarborough Pty Ltd*	-	7,993
- Regents Garden Lake Joondalup Pty Ltd***	(4,111,890)	(11,608)
- Limo Family Trust*	2,394,999	2,851,675

* Interest-free and may subject to future Facility Loan agreements.

** Subject to Facility Loan agreements, with interest applicable.

*** Subject to Division 7A with interest applicable.

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

b. Management Fees Paid to a Related Party		
Management fees paid to Regents Garden Group Pty Ltd	604,800	487,345

Key management personnel are not remunerated directly by the trust. They receive remuneration from Regents Garden Group Pty Ltd, which then charges a management fee to the trust to recover the salary cost and other services as noted above.

c. Distributions		
Distributions to unit holders are identified in the statement of changes in equity.		

	2022	2021
	\$	\$
d. Accounting Fees		
Accounting fees paid to Flinders Accountants, a company where Michael G Collins is also a director	6,398	10,830
e. Consulting Fees Paid to a Related Party		
Consulting fees paid to Salim Lee Architects	70,807	95,927
f. Rent Paid to a Related Party		
Rent paid to Limo Family Trust	10,000	10,000

Note 18 COVID-19 Costs

	2022	2021
	\$	\$
Additional COVID-19 spending		
General medical - Hand sanitizers, gowns, wipes, vinyl gloves, face masks, etc	25,111	11,944
Additional labour and agency costs	170,573	4,574
Other costs	3,799	-
	199,483	16,518

Note 19 Capital Commitment

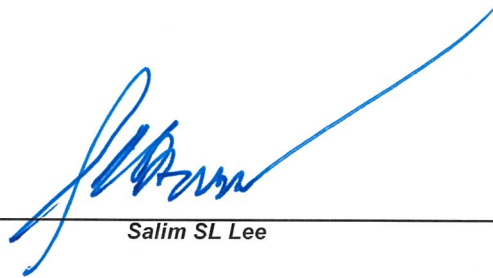
There were no capital commitments at 30 June 2022 and 30 June 2021.

REGENTS GARDEN UNIT TRUST
ABN: 32 310 558 963
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of the trustee company of Regents Garden Unit Trust, the directors of the trustee company declare that:

1. The financial statements and notes, as set out on pages 1 to 14:
 - (a) comply with Australian Accounting Standards - Simplified Disclosures and other mandatory professional reporting requirements; and
 - (b) present fairly the trust's financial position as at 30 June 2022 and its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

Director



Salim SL Lee

Dated this

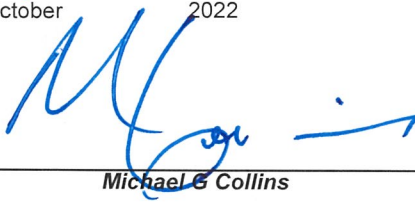
28th

day of

October

2022

Director



Michael G Collins

Dated this

28th

day of

October

2022

Independent Auditor's Report to the Unitholders of Regents Garden Unit Trust and the Secretary, Department of Health

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Regents Garden Unit Trust (the Trust), 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 Trust, is in accordance with *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 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 Trust in accordance with 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 Trustee 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 *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 Trust 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 Trust 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