

TriCare (Kawana Waters) Pty. Ltd.

ABN 14 050 406 927

Annual Report - 30 June 2023

TriCare (Kawana Waters) Pty. Ltd.
Directors' report
30 June 2023

The Directors present their report, together with the financial statements, on the Company for the year ended 30 June 2023.

Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Peter Joseph O'Shea
Margaret Mary Priestley (as alternate for Peter Joseph O'Shea)

The Directors have many years of experience within the aged care industry and the Verthun Group of companies. The Directors also acts in an executive capacity within the Verthun Group of companies.

The Directors hold meetings throughout the year in an executive capacity.

Principal activities

During the financial year the principal continuing activities of the Company consisted of:

- Aged care licensee and operator.

No significant other change in the nature of these activities occurred during the year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The profit for the Company after providing for income tax amounted to \$474,549 (30 June 2022: \$1,088,047).

The net assets of the Company have increased by \$474,549 from 30 June 2022 to 30 June 2023, which was attributable to the an increase in refundable accommodation deposits during the financial year.

A review of operations showed that refundable accommodation deposits decreased by \$4,526,831 (2022: \$994,700 increase) during the year and proceeds from related party loans were \$3,805,683 (2022 : \$3,030,878 proceeds of loans).

Significant changes in the state of affairs

In the current year, provisions for employee benefits are reported as nil due to all employees moving to a new employer from 30 June 2023. The provisions for leave are payable by the new employer.

There were no other significant changes in the state of affairs of the Company during the financial year.

Matters subsequent to the end of the financial year

Allegiance Care Pty Ltd became the parent entity subsequent to year end with 100% of shares transferring to it from 30 June 2023, Allegiance Care Pty Ltd only obtained control of the entity subsequent to year end on 1 July 2023.

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

Likely developments and expected results of operations

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

Environmental regulation

The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

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 2023 and up to the date of this report.

TriCare (Kawana Waters) Pty. Ltd.
Directors' report
30 June 2023

Indemnity and insurance 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 of the Company with the exception of the following matters.

The Company has paid premiums to insure all the Directors if the Verthun Group of companies against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was \$40,324 (2022: \$40,324).

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

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.

The Company was not a party to any such proceedings during the year.

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 immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

J. Allen

Peter Joseph O'Shea
Director

27 October 2023

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF TRICARE (KAWANA WATERS) PTY LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.



PKF BRISBANE AUDIT



CAMERON BRADLEY
PARTNER

BRISBANE
27 OCTOBER 2023

TriCare (Kawana Waters) Pty. Ltd.
Contents
30 June 2023

Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	23
Independent auditor's report to the members of TriCare (Kawana Waters) Pty. Ltd.	24

General information

The financial statements cover TriCare (Kawana Waters) Pty. Ltd. as an individual entity. The financial statements are presented in Australian dollars, which is TriCare (Kawana Waters) Pty. Ltd.'s functional and presentation currency.

TriCare (Kawana Waters) Pty. Ltd. is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

250 Newnham Road,
Mt Gravatt, Qld 4122.

Principal place of business

TriCare (Kawana Waters) Pty
Riveraine Avenue,
Kawana Waters, Qld 4575.

A description of the nature of the Company's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 October 2023. The Directors have the power to amend and reissue the financial statements.

TriCare (Kawana Waters) Pty. Ltd.
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Total revenue	3	17,690,077	17,338,358
Other income	4	5,426,226	4,133,513
Expenses			
Employee benefits expense		(11,606,638)	(10,353,753)
Depreciation and amortisation expense		(2,939,208)	(2,173,946)
Residents expenses		(1,226,542)	(1,112,615)
Occupancy expenses		(1,924,531)	(1,715,311)
Other expenses		(436,933)	(377,714)
Administration fee		(704,000)	(699,600)
Finance costs	5	(3,612,690)	(3,470,054)
Profit before income tax expense		665,761	1,568,878
Income tax expense	6	(191,212)	(480,831)
Profit after income tax expense for the year attributable to the members of TriCare (Kawana Waters) Pty. Ltd.	16	474,549	1,088,047
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of TriCare (Kawana Waters) Pty. Ltd.		474,549	1,088,047

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

TriCare (Kawana Waters) Pty. Ltd.
Statement of financial position
As at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	7	5,517,972	5,992,472
Trade and other receivables	8	3,177,166	3,017,746
Total current assets		<u>8,695,138</u>	<u>9,010,218</u>
Non-current assets			
Deferred tax assets	6	2,797	243,937
Financial assets	10	49,661,751	53,714,232
Right of use assets	11	5,878,417	6,521,836
Total non-current assets		<u>55,542,965</u>	<u>60,480,005</u>
Total assets		<u>64,238,103</u>	<u>69,490,223</u>
Liabilities			
Current liabilities			
Trade and other payables	12	56,750,897	61,053,035
Provisions	13	-	722,702
Lease liabilities	14	3,090,190	2,215,887
Total current liabilities		<u>59,841,087</u>	<u>63,991,624</u>
Non-current liabilities			
Provisions	13	-	28,829
Lease liabilities	14	3,262,877	4,810,180
Total non-current liabilities		<u>3,262,877</u>	<u>4,839,009</u>
Total liabilities		<u>63,103,964</u>	<u>68,830,633</u>
Net assets		<u>1,134,139</u>	<u>659,590</u>
Equity			
Issued capital	15	4	4
Equity Loan		-	-
Retained earnings	16	1,134,135	659,586
Total equity		<u>1,134,139</u>	<u>659,590</u>

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

TriCare (Kawana Waters) Pty. Ltd.
Statement of changes in equity
For the year ended 30 June 2023

	Issued capital \$	Equity loan \$	Retained earnings \$	Total equity \$
Balance at 1 July 2021	4	1,100,000	(428,461)	671,543
Profit after income tax expense for the year	-	-	1,088,047	1,088,047
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	1,088,047	1,088,047
<i>Transactions with members in their capacity as members:</i>				
Repayment of equity loan	-	(1,100,000)	-	(1,100,000)
Balance at 30 June 2022	<u>4</u>	<u>-</u>	<u>659,586</u>	<u>659,590</u>
	Issued capital \$	Equity loan \$	Retained earnings \$	Total equity \$
Balance at 1 July 2022	4	-	659,586	659,590
Profit after income tax expense for the year	-	-	474,549	474,549
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	474,549	474,549
Balance at 30 June 2023	<u>4</u>	<u>-</u>	<u>1,134,135</u>	<u>1,134,139</u>

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

TriCare (Kawana Waters) Pty. Ltd.
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		19,555,966	17,265,301
Payments to suppliers and employees (inclusive of GST)		(17,647,236)	(13,615,761)
		<u>1,908,730</u>	<u>3,649,540</u>
Interest received		2,439,733	1,212,296
Interest and other finance costs paid		(626,893)	(549,482)
Income taxes paid		(506,133)	(205,506)
		<u>3,215,437</u>	<u>4,106,848</u>
Net cash from operating activities			
Cash flows from investing activities			
Proceeds from/(payments for) investments		4,052,481	(17,156,506)
		<u>4,052,481</u>	<u>(17,156,506)</u>
Net cash from/(used in) investing activities			
Cash flows from financing activities			
Net repayment of related party loans		(246,798)	(477,646)
Payment of lease liabilities		(2,968,789)	(2,140,053)
Net (repayment of)/proceeds from resident refundable accommodation bonds		(4,526,831)	994,699
Net proceeds from investment loans to related parties		-	20,665,030
		<u>(7,742,418)</u>	<u>19,042,030</u>
Net cash from/(used in) financing activities			
Net increase/(decrease) in cash and cash equivalents		(474,500)	5,992,372
Cash and cash equivalents at the beginning of the financial year		5,992,472	100
		<u>5,517,972</u>	<u>5,992,472</u>
Cash and cash equivalents at the end of the financial year	7		

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

Note 1. Significant accounting policies

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

New or 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 ('AASB') that are mandatory for the current reporting period.

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

Going concern

The balance sheet of the Company discloses total current assets of \$8,695,138 (2022: \$9,010,218) and total current liabilities of \$59,841,087 (2022: \$63,991,624), resulting in a deficit of current assets to current liabilities of \$51,145,949 (2022: \$54,981,406). This largely arises because refundable accommodation deposits are classified in full as a current liability as required by accounting standards, whereas the asset to which the loans relate, financial assets, are classified as a non-current asset. The significant majority of residents, including those that have made a refundable accommodation deposit, reside at the aged care facility for greater than 12 months, meaning that even though the classification of refundable accommodation deposit liabilities are current, the Company believes that it is unlikely that the entire amount would require repayment within 12 months, and grossly overstates the current liability amount. After excluding refundable accommodation deposits of \$55,179,721 from current liabilities, current assets exceed current liabilities by \$4,033,772 (2022: \$4,725,146). Considering available information, the Directors have concluded there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due and payable and the basis of preparation of the financial report on a going concern basis is appropriate.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

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 2.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when:

- It is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within 12 months after the reporting period; or
- The asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- It is either expected to be settled in the Company's normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Note 1. Significant accounting policies (continued)

Financial assets

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- (i) It is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- (ii) The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Critical accounting judgements, estimates and assumptions

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

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Lease imputed interest rate

Following the adoption of AASB 16 from 1 July 2019, the Company has determined the use of the Maximum Permissible Interest Rate ("MPIR") as the interest rate to be used in the calculation of the imputed revenue on RAD and bond balances. The MPIR is a rate set by the Government and is used to calculate the Daily Accommodation Payment to applicable residents.

Note 3. Revenue

	2023 \$	2022 \$
Revenue from contracts with customers		
<i>Government Revenue</i>		
Government subsidy income	12,078,905	12,519,601
Capital funding receipts	1,427,941	894,263
	<u>13,506,846</u>	<u>13,413,864</u>
Resident and respite fees	4,183,231	3,924,494
Total revenue	<u>17,690,077</u>	<u>17,338,358</u>
	2023 \$	2022 \$
<i>Timing of revenue recognition</i>		
At a point in time	-	-
Over time	17,690,077	17,338,358
	<u>17,690,077</u>	<u>17,338,358</u>

Accounting policy for revenue recognition

The Company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company:

- Identifies the contract with a customer; identifies the performance obligations in the contract;
- Determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- Allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- Recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Note 3. Revenue (continued)

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Government revenue

Government subsidy income

The Federal Government assesses the Company's entitlement to revenue in accordance with the provisions of the Aged Care Act 1997. The subsidy received was based on the Aged Care Funding Instrument (ACFI) assessment for the first 3 months of the year, this changed to be based on the Australian National Aged Care Classification (AN-ACC), this was the case for the remaining 9 months of the year, this subsidy is recognised on an ongoing daily basis. The Federal Government also calculates certain accommodation supplements and other supplements on a per resident per day basis. The amount of Government revenue received is determined by Federal Government regulation rather than a direct contract with a customer. The funding is determined by a range of factors, including the residents care needs; whether the home has been significantly refurbished; levels of supported resident ratios at the home; and the financial means of the resident.

Capital funding receipts

Capital funding subsidies include a capital component to assist the care provider in the maintenance and upgrading of facilities to meet accreditation standards.

Other Government funding

Payment for the provision of transitional care under the State Government's Transitional Care Program (TCP) . This is for the provision of time- limited, goal- oriented and therapy- focused packages of services to older people after a hospital stay.

Resident and respite fees

Resident respite fees and basic daily fees are a daily living expense paid as a contribution towards the provision of care and accommodation in accordance with the Aged Care Act 1997. These fees are calculated daily in accordance with the rates set by Federal Government and invoiced on a monthly basis. In addition to the basic daily fee, if the resident has been assessed by the Federal Government as having the financial means, an additional means tested care fee is payable by the resident as a contribution to their care fees. This is also calculated on a daily basis and invoiced monthly.

Note 4. Other income

	2023 \$	2022 \$
Interest income - related entities	2,439,733	1,212,296
Other trading income	696	645
Imputed income on RAD and bond balances	2,985,797	2,920,572
Other income	<u>5,426,226</u>	<u>4,133,513</u>

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Imputed income on RAD and Bond Balances under AASB 16

For residents who have chosen a RAD or Bond arrangement to receive residential aged care services, the Company has determined that following the adoption of AASB 16, these are lease arrangements for accounting purposes with the Company acting as the lessor. The Company has recognised as revenue an imputed non-cash income charge for accommodation revenue representing the resident's right to occupy a room under the arrangement. The accounting treatment required a noncash increase in revenue for accommodation and a non-cash increase in finance cost on the outstanding RAD and Bond balances, with no net impact on the result for the year.

Note 5. Expenses

	2023 \$	2022 \$
Profit before income tax includes the following specific expenses:		
<i>Finance costs:</i>		
RAD/accommodation bond settlement interest expense	235,685	145,535
Imputed interest expense on RAD and bond balances under AASB 16	2,985,794	2,920,572
Lease liability interest	391,211	403,947
Total finance costs	3,612,690	3,470,054

Note 6. Income tax

	2023 \$	2022 \$
<i>Income tax expense:</i>		
Current tax	(49,928)	506,132
Deferred tax	241,140	(25,301)
Aggregate income tax expense	191,212	480,831
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	241,140	(25,301)
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	665,761	1,568,878
Tax at the statutory tax rate of 30%	199,728	470,663
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non-allowable items	(8,516)	10,168
Income tax expense	191,212	480,831
	2023 \$	2022 \$
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Employee benefits	-	225,459
Other	2,797	18,478
Deferred tax asset	2,797	243,937
Movements:		
Opening balance	243,937	218,636
Credited/(charged) to profit or loss	(241,140)	25,301
Closing balance	2,797	243,937

Note 6. Income tax (continued)

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Verthun Pty Limited and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2003. The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

TriCare (Kawana Waters) Pty. Ltd. joined the tax consolidated group on 1 July 2003.

Note 7. Cash and cash equivalents

	2023 \$	2022 \$
<i>Current assets</i>		
Cash at bank	-	150
Cash equivalents	5,517,972	5,992,322
	<u>5,517,972</u>	<u>5,992,472</u>

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents accrue interest at a rate of 4.10% (2022: 0.60%).

Note 8. Trade and other receivables

	2023 \$	2022 \$
<i>Current assets</i>		
<i>At amortised costs:</i>		
Trade receivables	45,689	132,708
Other receivables	7,033	7,392
Receivable from related entities *	3,124,444	2,877,646
	<u>3,177,166</u>	<u>3,017,746</u>

* Unsecured interest free at call loans.

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

There are no expected credit losses in the Company's financial assets.

Note 9. Investments

Investment loan to related entity - unsecured

There is no formal contractual terms relating to intergroup transfers of loan funds to related entities. Such transactions are in the nature of Investment Loans as no interest is payable and repayment of funds is dependent on sufficient cash resources and working capital. AASB 9: *Financial Instruments* is not applicable to these financial assets.

Note 10. Financial assets

	2023 \$	2022 \$
<i>Non-current assets</i>		
<i>At amortised cost:</i>		
Loans and receivables	49,661,749	53,714,230
Unlisted investments in equity instruments of a subsidiary	2	2
	<u>49,661,751</u>	<u>53,714,232</u>

Loans and receivables

These unsecured loans are made to related entities and receive interest at 5.19% (2022: 2.19%). These loans are subject to annual review in August and were reviewed in June 2023 and will again be reviewed before 31 August 2024.

Note 11. Right of use assets

The Company's lease portfolio includes buildings. These leases have an average of 10 years as their lease term.

TriCare (Kawana Waters) Pty. Ltd.
Notes to the financial statements
30 June 2023

Note 11. Right of use assets (continued)

AASB 16 related amounts recognised in the balance sheet

	2023 \$	2022 \$
<i>Non-current assets</i>		
Leased buildings	15,404,823	13,109,034
Less: Accumulated depreciation	<u>(9,526,406)</u>	<u>(6,587,198)</u>
Total right of use asset	<u><u>5,878,417</u></u>	<u><u>6,521,836</u></u>

Reconciliations

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

	Buildings \$	Total \$
Balance at 1 July 2022	6,521,836	6,521,836
Additions	2,295,789	2,295,789
Depreciation expense	<u>(2,939,208)</u>	<u>(2,939,208)</u>
Balance at 30 June 2023	<u><u>5,878,417</u></u>	<u><u>5,878,417</u></u>

AASB 16 related amounts recognised in the statement of profit or loss

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2023 \$	2022 \$
Interest expense on lease liabilities	391,211	403,947
Depreciation of right-of-use assets	<u>2,939,208</u>	<u>2,173,946</u>
	<u><u>3,330,419</u></u>	<u><u>2,577,893</u></u>

AASB 16 related amounts recognised in the statement of cash flows

	2023 \$	2022 \$
Lease principal payments	3,360,000	2,140,053
Interest expense on lease liabilities	<u>391,211</u>	<u>403,947</u>
Total cash outflow for leases	<u><u>3,751,211</u></u>	<u><u>2,544,000</u></u>

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

TriCare (Kawana Waters) Pty. Ltd.
Notes to the financial statements
30 June 2023

Note 12. Trade and other payables

	2023 \$	2022 \$
<i>Current liabilities</i>		
<i>Unsecured - At amortised cost:</i>		
Trade payables	161,463	441,281
Head entity tax loan account (b), (c)	(49,929)	506,132
Amounts payable to others (a)	55,179,721	59,706,552
Other payables (d)	1,459,642	399,070
	<u>56,750,897</u>	<u>61,053,035</u>

(a):

This amount represents resident aged care refundable accommodation deposits held by the Company. Even though these deposits are not all expected to be repaid within the next 12 months, the Company does not have an unconditional right to defer settlement and therefore has classified these liabilities as current.

(b):

Unsecured at call interest free loans are made from related entities. These loans are subject to annual review in August and were reviewed in June 2023 and will be reviewed again by 31 August 2024.

(c):

The balance represents the amount owing to the head tax entity, Verthun Pty Limited arising from tax consolidation.

(d):

This amount includes provisions for employee benefits that are payable to a new employer from 30 June 2023. Provisions for employee benefits are reported as nil in note 13 and the provisions for leave are payable to the new employer. In addition, after the Company instigated a review of salaries and wages paid in previous years, it was determined that some employees were not paid their full entitlements in relation to 2017 to 2023.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 13. Provisions

	2023 \$	2022 \$
<i>Current liabilities</i>		
Annual leave	-	501,600
Long service leave	-	221,102
	<u>-</u>	<u>722,702</u>
<i>Non-current liabilities</i>		
Long service leave	-	28,829
	<u>-</u>	<u>751,531</u>

Note 13. Provisions (continued)

Contributions to defined contribution plans recognised as an expense in profit and loss in 2023 were \$729,971 (2022: \$722,308).

Accounting policy for employee benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Note 14. Lease liabilities

	2023 \$	2022 \$
<i>Current liabilities</i>		
<i>At amortised cost:</i>		
Lease liability	3,090,190	2,215,887
<i>Non-current liabilities</i>		
<i>At amortised cost:</i>		
Lease liability	3,262,877	4,810,180
	<u>6,353,067</u>	<u>7,026,067</u>
<i>Future lease payments</i>		
Future lease payments are due as follows:		
Within one year	3,751,211	2,544,000
One to five years	3,751,211	5,088,000
More than five years	-	-
	<u>7,502,422</u>	<u>7,632,000</u>

Lease liability

The property lease which commenced in 1 July 2015 is a non-cancellable lease with a 10 year term, with rent payable monthly in advance. There are no contingent rental provisions within the lease agreement that require lease payments to be increased. No option exists to renew the lease at the end of the 10 year term.

Note 14. Lease liabilities (continued)

Accounting policy for lease liabilities

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

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

Note 15. Issued capital

	2023 Shares	2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	4	4	4	4

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 16. Retained earnings

	2023 \$	2022 \$
Retained profits/(accumulated losses) at the beginning of the financial year	659,586	(428,461)
Profit after income tax expense for the year	474,549	1,088,047
Retained earnings at the end of the financial year	1,134,135	659,586

Note 17. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 18. Key management personnel disclosures

The total remuneration paid to key management personnel of the Company is \$nil (2022 \$nil). Key management personnel are remunerated by TriCare Limited.

TriCare (Kawana Waters) Pty. Ltd.
Notes to the financial statements
30 June 2023

Note 19. Remuneration of auditors

All audit fees are paid by TriCare Limited, a related entity.

Note 20. Contingent income tax liability

Under the tax consolidation system, the head entity of the tax consolidated group, Verthun Pty Limited, is liable for income tax arising in relation to the transactions and other events of a wholly owned subsidiary subsequent to the adoption of tax consolidations.

However, a potential contingent liability exists for each entity in the tax consolidated group as they are jointly and severally liable for the income tax liability of the group should the head entity default on its obligation under the legislation.

Note 21. Related party transactions

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

Parent entity and Ultimate controlling entity

TriCare Limited is the Parent entity. The Ultimate controlling entity is Verthun Pty Limited.

Key management personnel

Disclosures relating to key management personnel are set out in note 18.

Transactions with related parties

The following transactions occurred with related parties:

	2023 \$	2022 \$
<i>Other Transactions</i>		
Interest received - TriCare (Finance) Pty Ltd	168,043	35,954
Interest received - TriCare (Victoria) Pty Ltd	829,165	462,107
Interest received - TriCare (Warana) Pty Ltd	1,442,526	714,235
Workers compensation paid to TriCare (Management) Pty Ltd	201,964	529,769
Administration service fees paid to TriCare Limited	704,000	699,600
Lease rental payment made to TriCare (Warana) Pty Ltd	3,360,000	2,544,000
Hire of Plant and Equipment fees paid to TriCare Limited	700,000	700,000
Income tax expense related to tax funding agreement with the Head entity	49,011	506,132
Total	7,454,709	6,191,797

TriCare (Kawana Waters) Pty. Ltd.
Notes to the financial statements
30 June 2023

Note 21. Related party transactions (continued)

Related party loans

During the financial year the Company engaged in unsecured, loan fund transactions with related entities. The aggregate amounts recognised are as follows:

	2023 \$	2022 \$
Cash equivalents		
Current		
TriCare (Finance) Pty Ltd***	5,517,972	5,992,322
Total	5,517,972	5,992,322
Trade and other receivables #		
Current		
Amount receivable from:		
TriCare (Homes) Pty Ltd *	3,124,444	2,877,646
Total	3,124,444	2,877,646
Financial Assets		
Non-current		
Amount receivable from:		
Loans:		
TriCare (Warana) Pty Ltd**	32,613,459	32,613,459
TriCare (Victoria) Pty Ltd*	17,048,290	21,100,771
Total	49,661,749	53,714,230
Trade and other payables #		
Current		
Amounts payable to:		
TriCare Limited - Head entity tax loan account *	(49,929)	506,132
Total	49,011	506,132
Investment in related parties:		
At Cost		
TriCare (Warana) Pty Ltd	2	2
Total	2	2

* Unsecured at call interest free loans.

All loan account and borrowings movements were in relation to amounts received/(paid). There were no other loan movements or interest received/(paid) on these loans during the year.

** These loans receive/(incur) interest of 5.19% (2022: 2.19%). Refer to note 21 for interest received/(paid) loan movement, the remaining balance of the loan movement represents amounts received/(paid) on these loans during the year.

***These balances receive interest of 4.10% (2022: 0.60%). Refer other transactions in note 21 for interest accrued during the year.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 22. Events after the reporting period

Allegiance Care Pty Ltd became the parent entity subsequent to year end with 100% of shares transferring to it from 30 June 2023, Allegiance Care Pty Ltd only obtained control of the entity subsequent to year end on 1 July 2023.

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

Note 23. Segment information

The approved provider delivers only residential aged care services and this general purpose financial report relates only to such operations.

TriCare (Kawana Waters) Pty. Ltd.
Directors' declaration
30 June 2023

In the Directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors

P. B. Baker

Peter Joseph O'Shea
Director

27 October 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRICARE (KAWANA WATERS) PTY LTD

Report on the Financial Report

Opinion

We have audited the accompanying financial report of TriCare (Kawana Waters) Pty Ltd ("the Company"), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a) Giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

Independence

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.

Other Matters

The financial report of TriCare (Kawana Waters) Pty Ltd for the year ended 30 June 2022 was audited by another auditor who expressed an unmodified opinion on that financial report on 21 October 2022.

Other Information

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

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

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

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

Directors' Responsibilities for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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



PKF BRISBANE AUDIT



CAMERON BRADLEY
PARTNER

27 OCTOBER 2023
BRISBANE