

**AUTUMN CARE PTY LTD
AS TRUSTEE FOR
MERFAC UNIT TRUST**

ABN: 69 126 271 558

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED**

30 JUNE 2022

AUTUMN CARE PTY LTD
AS TRUSTEE FOR MERFAC UNIT TRUST
ABN: 69 126 271 558
Director's Report

The Director of Autumn Care Pty Ltd, as Trustee for MERFAC Unit Trust ('the Trust') submit herewith the annual financial report of the Trust for the financial year ended 30 June 2022. In order to comply with the provisions of the *Corporations Act 2001*, the Director reports as follows:

Director

The following persons held office of Director at 30 June 2022:

Mr Ross A Ferris

No other person held the office of Director during the year. Mr Ross A Ferris has been in office for the entire year.

Information on Director

With significant healthcare experience in strategic, managerial and operational roles spanning the last 15 years, predominantly in residential aged care and the private hospital system, Ross founded Autumn Aged Care in 2005. He has developed it into one of Melbourne's leading aged care providers, with an exemplary reputation for excellence and customer service. Prior to establishing Autumn Aged Care Ross worked in business development with Healthscope Limited, working mostly on business acquisition (including some 30 hospital acquisitions), integration, operational management and business improvement. Ross has learnt that culture and leadership are critical to delivering outstanding healthcare services. By working full time within the service he is able to lead from the front and better understand the changing needs of the customer and the workforce to ensure that Autumn Aged Care can continue to adapt and thus maintain its status as a leading industry service provider.

Principal Activities

The principal activities during the financial year were the provision of residential aged care services throughout the South-Eastern area of Melbourne. These services were provided at Clovelly Cottage in Boronia and Benton's Lodge in Morningside.

Review of Operations

A review of the Trust operations during the financial year and the results of those operations are as follows:

The Trust's operations during the year performed as expected in the opinion of the Director.

Occupancy has increased slightly across the two homes during the year. This has resulted in a small increase in Net Profit Before Tax from \$5,916,296 in 2021 to \$6,108,629. The Covid 19 pandemic has had minimal influence on admission rates in 2022.

Unit holdings

One Class B Unitholder left during the year and those units were cancelled. The value of the cancelled units was \$178,750.

Significant Events

The construction of Skye Lodge in Frankston was almost complete as at 30 June 2022. Skye Lodge opened and admitted its first residents in August 2022. Skye Lodge has a capacity of 140 beds.

Events after the reporting period

From 1 July 2022, Autumn Care Pty Ltd ATF Merfac Unit Trust, re-structured and no longer contracts the running of its aged care homes, to related entities. All staff are now directly employed by Autumn Care Pty Ltd ATF Merfac Unit Trust and all aged care services are directly provided by Autumn Care Pty Ltd ATF Merfac Unit Trust. There have been no other known matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect the Trust, its operations, results of operations or state of affairs in future financial years.

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The impact of the Coronavirus (COVID19) pandemic is ongoing, and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Future Developments

Construction is expected to begin in Hampton Park for a 210-bed facility, before December 2022. Commencement of construction was delayed, due to Covid-19. There are no other significant developments expected in respect of the Trust.

Distributions

The following distributions were made during the financial year:
Distributions paid to beneficiaries were \$6,108,629.

Signed in accordance with a resolution of the Director:



.....
Mr. Ross A Ferris

Dated this 26th day of October 2022


LEAD AUDITOR'S INDEPENDENCE DECLARATION

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Autumn Care Pty Ltd.

As lead audit partner for the audit of the financial statements of Autumn Care Pty Ltd for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- i) the auditor independence requirements as set out in section 307C of the *Corporations Act 2001* in relation to the audit; and
- ii) any applicable code of professional conduct in relation to the audit.

E. F. McPHAIL & PARTNERS PTY. LTD.



WAYNE C. DURDIN
Director

25 October 2022
Melbourne

**AUTUMN CARE PTY LTD
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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 \$	2021 \$
Revenue			
Government Funding		25,282,933	22,568,615
Residents' Fees		8,519,676	7,536,113
Interest Income		1,166,508	1,279,780
Other Income		130,217	16,084
Total Revenue		35,099,334	31,400,592
Expenses			
Administrative Expenses	3	291,010	236,778
Computer & IT Expense		230,995	184,284
Management Fees	4	27,528,904	24,360,579
Property & Service Company Expenses	5	135,570	126,667
Wages & Salaries		375,508	-
Depreciation and Amortisation		305,590	375,717
Interest Expenses	6	123,128	200,271
Total Expenses		28,990,705	25,484,296
Profit before income tax	7	6,108,629	5,916,296
Income tax expense		-	-
Profit for the year		6,108,629	5,916,296
Total comprehensive income attributable to beneficiaries of the trust		6,108,629	5,916,296

The accompanying notes form part of these financial statements.

**AUTUMN CARE PTY LTD
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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2022	2021
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents		23,990,194	19,579,195
Other Current Assets	8	629,927	360,561
TOTAL CURRENT ASSETS		24,620,121	19,939,756
NON-CURRENT ASSETS			
Intangibles	9	6,905,361	6,385,361
Fixed Assets	10	2,349,276	1,586,434
Long Term Loan	11	27,784,704	30,412,494
TOTAL NON-CURRENT ASSETS		37,039,341	38,384,289
TOTAL ASSETS		61,659,462	58,324,045
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	12	53,830,599	46,669,366
Interest bearing liabilities – Hire Purchases		45,319	33,141
Employee Entitlements	14	1,562,965	1,203,438
TOTAL CURRENT LIABILITIES		55,438,883	47,905,945
NON-CURRENT LIABILITIES			
Borrowings	13	4,743,352	8,990,280
Interest bearing liabilities - Hire Purchases		235,759	60,520
Employee Entitlements	14	666,793	613,876
TOTAL NON- CURRENT LIABILITIES		5,645,904	9,664,676
TOTAL LIABILITIES		61,084,787	57,570,621
NET ASSETS		574,675	753,424
EQUITY			
Retained Earnings		574,675	753,424
TOTAL EQUITY		574,675	753,424

The accompanying notes form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Retained Surplus \$
Balance at 1 July 2020	753,424
Comprehensive income	
Profit for the year attributable to members of the entity	5,916,296
Total comprehensive income attributable to members of the entity	6,669,720
Less Unit Holder Distributions	(5,916,296)
Balance at 1 July 2021	753,424
Cancellation of Units during the year	(178,750)
Comprehensive income	
Profit for the year attributable to members of the entity	6,108,629
Total comprehensive income attributable to members of the entity	6,683,303
Less Unit Holder Distributions	(6,108,629)
Balance at 30 June 2022	574,674

The accompanying notes form part of these financial statements.

**AUTUMN CARE PTY LTD
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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from government and customers		33,619,235	30,299,972
Payments to suppliers		(28,136,486)	(24,395,409)
Interest and other costs of finance paid		(74,321)	(33,563)
Net cash provided by operating activities		<u>5,408,430</u>	<u>5,871,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(714,479)	(116,364)
Payment for bed licenses		(505,000)	-
Receipt on sale of motor vehicles		85,946	-
Interest Received		59,196	6,420
Net cash used in investing activities		<u>(1,074,337)</u>	<u>(109,944)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from Accommodation Bonds/RADs		6,857,236	10,719,464
Repayment of borrowings		(128,501)	(43,972)
Advances for long term loans to related party		(6,651,827)	(8,174,199)
Net cash provided by financing activities		<u>333,910</u>	<u>2,501,293</u>
Net increase in cash held		4,410,999	8,262,349
Cash on hand at the beginning of the financial year		<u>19,579,195</u>	<u>11,316,846</u>
Cash on hand at the end of the financial year		<u><u>23,990,194</u></u>	<u><u>19,579,195</u></u>

The accompanying notes form part of these financial statements.

**AUTUMN CARE PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The principal activities of Autumn Care Pty Ltd as trustee for Merfac Unit Trust ("the Trust") include: the provision of residential aged care services throughout the South-Eastern area of Melbourne. These services are provided at Clovelly Cottage in Boronia and Benton's Lodge in Mornington.

New Accounting Standards Adopted

Conceptual Framework for Financial Reporting (Conceptual Framework)

Autumn Care has adopted the revised Conceptual framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on Autumn Care's financial statements.

AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

Autumn Care has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. There has been no new disclosures as a result of this adoption, however some disclosures from the previous year have been condensed or removed.

Basis of Preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board – Simplified Disclosures issued by the Australian Accounting Standards Board.

Autumn Care Pty Ltd as trustee for Merfac Unit Trust is a for-profit entity for the purpose of preparing the financial statements. Autumn Care Pty Ltd as trustee for Merfac Unit Trust is incorporated and domiciled in Australia. The financial statements for the year ended 30 June 2021 were approved and authorised for issue by the Director on 21 October 2022.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. **Property, Plant and Equipment**

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

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment.

In the event the carrying value of plant and equipment is greater than the estimated recoverable amount, the carrying value is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present.

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciation method and useful life used for items of property, plant and equipment (excluding freehold land) reflects the pattern in which their future economic benefits are expected to be consumed by the trust. Depreciation commences from the time the asset is held ready for use. Leasehold improvements are depreciated on a straight-line basis over a period of 40 years. The depreciation method and useful life of assets is reviewed annually to ensure they are still appropriate.

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

Class of Fixed Asset	Depreciation Rate
Plant & Equipment	15%
Motor Vehicles	25%
Office Equipment	15%
Furniture & Fittings	15%
Leasehold Improvements	2.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

b. Financial Instruments

Initial recognition and measurement

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

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

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15: *Revenue from Contracts with Customers*.

Classification and subsequent measurement

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 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 or loss if the financial liability is 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. A financial liability cannot be reclassified.

Financial Assets

Financial assets are subsequently measured at fair value through profit and loss or amortised cost. Measurement is on the basis of two primary criteria:

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

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

- 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.

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.

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). 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. 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 the 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 Entity 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.

Impairment

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income. Loss allowance is not recognised for financial assets measured at fair value through profit or loss. The entity uses the simplified approach to impairment, as applicable under AASB 9.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to trade receivables.

Recognition of expected credit losses in financial statements

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income. The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

c. Impairment of assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair amount less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon on the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

d. Employee Provisions

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.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of accounts payable and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' 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. Any remeasurements of obligations for other long-term employee benefits for changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

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 reporting period, in which case the obligations are presented as current provisions.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

e. **Cash on Hand**

Cash on hand equivalents includes 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.

f. **Accounts Receivable and Other Debtors**

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Accounts receivable are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Refer to Note 1(c) for further discussion on the determination of impairment losses.

g. **Goods and Services Tax (GST)**

Revenues, expenses and assets 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.

h. **Provisions**

Provisions are recognised when the entity 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 recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

i. **Comparative Figures**

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

j. **Accounts Payable and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

k. **Revenue**

Revenue from contracts with customers

Revenue comprises income received from ongoing business operations. The entity has applied AASB 15: *Revenue from Contracts with Customers* using the cumulative effective method. The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Generally, the timing of the payment for rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Interest on refundable accommodation deposits is paid by residents from the date of entry as a daily accommodation payment. This payment forms part of resident fees.

	2022	2021
Revenue by timing		
Transferred at a point in time	35,099,334	31,400,592
Transferred over time	-	-
Total	<u>35,099,334</u>	<u>31,400,592</u>

Information about revenue sources

The entity recognises revenue from the following major sources:

Operating Grants and Subsidies– Department of Health

A large portion of income comes from the receipt of residential care subsidies for each resident under permanent care. Government subsidies are recognised at fair value where there is reasonable assurance that the funding will be received, and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Interest Income

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

l. Borrowings

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

m. Income Tax

Under current income tax legislation, the Trust is not liable to pay income tax, provided its taxable income is fully distributed to Unit Holders.

n. Critical Accounting Estimates and Judgments

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

Key estimates

Key estimates – Useful lives of Property, Plant & Equipment

The trustee estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Key judgements - Provisions for employee benefits

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The trustee has determined that it expects most employee benefits to be taken within 24 months of the reporting period in which they were earned and that this change does not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

o. New Accounting Standards for Application in future Periods

The entity has adopted all 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Trust.

	2022	2021
NOTE 2: REMUNERATION OF AUDITORS	\$	\$
Auditing the Financial Report	11,000	8,000
Preparation of the Financial Statements	1,500	1,500
	12,500	9,500

The auditors of Autumn Care Pty Ltd, as Trustee for MERFAC Unit Trust are McPhail & Partners.

NOTE 3: ADMINISTRATIVE EXPENSES

Accreditation Fees and Compliance	3,062	546
Consulting Fees	94,296	88,858
Loss on sale of assets	16,463	-
Motor vehicle expenses	39,226	36,968
Telephone expenses	35,653	45,245
Office & Staff Expenses	38,137	42,731
Legal, Accounting & Finance	64,173	22,430
	291,010	236,778

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
NOTE 4: MANAGEMENT FEES		
CVPNH	13,694,952	13,006,679
BLRAS	13,833,952	11,353,900
	27,528,904	24,360,579
	27,528,904	24,360,579

The above are the two operating entities that operate the two homes. They charge a management fee for expenses relating to running the home at the service company level which includes wages, rent, food for residents, medical supplies and repairs. Every month they aim to break-even, and all additional costs are charged to management fee. As part of the management fee agreement Autumn Care have agreed to take up the provision for employee entitlements of annual and long service leave, even though the employees are employed by the above two entities.

NOTE 5: PROPERTY/EQUIPMENT & SERVICE COMPANY EXPENSES

Service Company Direct Expenses	135,570	126,667
	135,570	126,667
	135,570	126,667

NOTE 6: INTEREST EXPENSES

Other Parties	121,612	65,466
Directors & Related Parties	1,516	134,805
	123,128	200,271
	123,128	200,271

NOTE 7: UNIT HOLDER DISTRIBUTIONS

The 2022 profits have been distributed to eligible beneficiaries as per the trust deed

Net profit attributable to Company for the year	6,108,629	5,916,296
Distributable Income	6,108,629	5,916,296
	6,108,629	5,916,296

NOTE 8: OTHER CURRENT ASSETS

GST Receivable	229,174	233,702
Accounts Receivable	347,728	81,383
Deposits Paid	-	15,000
Prepaid Expenses	53,025	30,476
	629,927	360,561
	629,927	360,561

**AUTUMN CARE PTY LTD
AS TRUSTEE FOR MERFAC UNIT TRUST
ABN: 69 126 271 558**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2022 2021
\$ \$

Credit Risk

The company has no significant concentration of credit risk with respect to any single counterparty or trust of counterparties. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

Impairment of financial assets

The Company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

Collateral Held as Security

No collateral is held as security for any of the trade and other receivable balances.

Collateral Pledged

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

Fair Value

Trade receivable income is expected to be recovered within a short term and fair value is therefore equivalent to carrying amount.

NOTE 9: INTANGIBLES

SLPNH (Goodwill)	2,837,850	2,837,850
CVPNH (Goodwill)	3,547,511	3,547,511
Bed licenses	520,000	-
	6,905,361	6,385,361

Intangible Assets Additional Disclosure

Resident places are issued by the Federal Government to Approved Providers and can also be purchased and transferred from third party Approved Providers with approval from the Department of Health. In previous periods the bed licences were assessed as having an indefinite useful life as they are issued for an unlimited period.

However, the former Government has announced providers will be able to apply directly to the Department of Health for an allocation of places, ending the bed licence system from 1 July 2024. The licences will be made obsolete on 30 June 2024. Management will commence amortising on a straight-line basis from 1 July 2022 the value of the bed licences contained within the goodwill for SLPNH and CVPNH as well as the bed licences purchased for Hampton Lodge.

AUTUMN CARE PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
NOTE 10: PROPERTY PLANT AND EQUIPMENTS		
Leasehold Improvements		
At Cost	26,767	-
Accumulated Depreciation	(2,629)	-
	24,138	-
Plant and Equipment		
At Cost	2,390,837	2,281,427
Accumulated Depreciation	(1,855,344)	(1,772,099)
	535,493	509,328
Office Equipment		
At Cost	604,579	612,661
Accumulated Depreciation	(409,074)	(341,544)
	195,505	271,117
Motor Vehicles		
At Cost	706,235	348,670
Accumulated Depreciation	(396,075)	(195,126)
	310,160	153,544
Furnitures & Fittings		
At Cost	1,191,223	1,189,793
Accumulated Depreciation	(635,377)	(537,348)
	555,846	652,445
SLRAS -Capital Work in Progress	728,134	-
Total Property, Plant & Equipment	2,349,276	1,586,434

AUTUMN CARE PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 10: PROPERTY PLANT AND EQUIPMENTS CONTINUED

Movements in Carrying Amounts

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

	Leasehold Improvements	Plant and Equipmen t	Office Equipment	Motor Vehicles	Furniture & Fittings	Work-in- progress	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	-	509,328	271,117	153,544	652,445	-	1,586,434
Additions	26,767	109,409	7,687	294,785	1,430	728,134	1,168,212
Disposals	-	-	-	102,409	-	-	102,409
Depreciation expense	2,629	83,245	83,299	35,760	98,028	-	302,961
Carrying amount at 30 June 2022	24,138	535,493	195,505	310,160	555,847	728,134	2,349,276

	2022	2021
	\$	\$
NOTE 11: LONG TERM LOAN TO RELATED PARTY		
Loan to MERFAP Unit Trust	23,184,704	30,412,494
Loan to Ferris Discretionary Trust	4,600,000	-
16	27,784,704	30,412,494

The loan is provided for the further development of the Aged Care facilities. While the loan is unsecured, there are specific lending conditions for which the loan can be used.

Loans and receivables from related parties are deemed to be at call and repayable on demand. Their carrying amounts are equivalent to fair value.

NOTE 12: ACCOUNTS PAYABLE AND OTHER PAYABLES

CURRENT

Trade Creditors	1,369,408	1,603,984
Accommodation Bonds	51,812,665	44,955,429
Contract Liability - Income Received in Advance	58,179	109,953
Other creditors	590,347	-
Financial Liabilities as Accounts Payable and Other Payables	53,830,599	46,669,366

**AUTUMN CARE PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
Financial liabilities at amortised cost classified as Trade and other payables.		
Accounts Payable and Other Payables:		
- Total Current	53,830,599	46,669,366
Less Contract Liability - Income Received in Advance	(58,179)	(109,953)
Financial Liabilities as Accounts Payable and Other Payables 16	53,772,420	46,559,413

Contract liabilities represent the Company's obligation to transfer services to a customer and are recognised when a customer pays consideration, or when the Company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Company has transferred the services to the customer.

The average credit period on sundry payables is 1 month. No interest is payable on outstanding sundry payables. The fair value of financial liabilities (including trade and other payables) is equivalent to their carrying amount.

NOTE 13: BORROWINGS

Loan from external party	4,600,000	-
Subordinated Debt	143,352	8,990,280
16	4,743,352	8,990,280

The total subordinated debt comprises a loan from an associated entity of the Director and other unitholders. Distributions are made annually to these associated entities and loaned back to MERFAC Unit Trust. They attract interest at a rate of 4.52% (4.52% last year). Interest is payable annually in arrears.

NOTE 14: PROVISIONS

Current

Provision for Annual Leave	1,282,460	955,795
Provision for Long Service Leave	280,505	247,643
	1,562,965	1,203,438

Non-Current

Long service leave provision	666,752	613,876
	666,752	613,876

Analysis of Employee Provisions

	2022	2022
	Annual Leave	Long Service Leave
Opening Balance at 1 July 2021	955,795	861,519
Additional Provisions recognised during the year	1,122,171	145,268
Amounts used	(795,506)	(59,530)
Closing balance at 30 June 2022	1,282,460	947,300

AUTUMN CARE PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 14: PROVISIONS CONTINUED

Employee provisions – annual leave and long service leave entitlements

The provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

NOTE 15: RELATED PARTY TRANSACTIONS

(a) Equity Interests in Related Entities

The Trust does not have any equity interests in related entities.

(b) Long-Term Loan

A long-term loan has been made to a related party of the Trust. This related party is Autumn Care Properties Pty Ltd as trustee for MERFAP Unit Trust. This loan is solely for the purposes of constructing aged care facilities for use by the Trust in its aged care operations.

(c) Rental Expenses

The related party (MERFAP Unit Trust) rents aged care premises to operating companies under the control of the Approved Provider.

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

NOTE 16: FINANCIAL RISK MANAGEMENT

The Trust's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable. The Trust does not have any derivative instruments as at 30 June 2022. The carrying amount for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements are as follows:

		2022	2021
		\$	\$
Financial Assets			
Cash and cash equivalents		23,990,194	19,579,195
Trade and other receivables	8	629,927	360,561
Long Term Loan	11	27,784,704	30,412,494
Total Financial Assets		<u>52,404,825</u>	<u>50,352,250</u>

AUTUMN CARE PTY LTD
AS TRUSTEE FOR MERFAC UNIT TRUST
ABN: 69 126 271 558

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 16: FINANCIAL RISK MANAGEMENT CONTINUED

		2022	2021
		\$	\$
Financial Liabilities			
Trade and other Payables	12	53,772,420	46,592,554
Borrowings	13	4,743,352	8,990,280
Interest bearing liabilities -Hire Purchase		281,078	93,661
Total Financial Liabilities		<u>58,796,850</u>	<u>55,676,495</u>

NOTE 17: OPERATING SEGMENTS

The Residential Aged Care Provider delivers only residential aged care services and this general purpose financial report therefore relates only to such operations.

NOTE 18: TRUST DETAILS

The registered office of the Company and principal place of business of the Company is:

7 Barry Street
Kew, VIC 3101

The principal activity of the Trust is: Provision of Residential Aged Care Services.

**AUTUMN CARE PTY LTD
AS TRUSTEE FOR MERFAC UNIT TRUST
ABN: 69 126 271 558**

DIRECTORS' DECLARATION

In the opinion of the Director of Autumn Care Pty Ltd:

1. The financial statements and notes of Autumn Care Pty Ltd are in accordance with the *Corporations Act 2001*, including:
 - i. Giving a true and fair view of its financial position as at 30 June 2022 and its performance for the financial year ended on that date: and
 - ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- b. There are reasonable grounds to believe that Autumn Care Pty Ltd will be able to pay its debts as and when they become due and payable.
2. The financial statements comply with International Financial Reporting Standards.

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



Mr. Ross A Ferris

Dated this 26th day of October 2022

Independent Auditor's Report To the Members of Autumn Care Pty Ltd

Opinion

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

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

- (a) 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
- (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 are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

The directors are responsible for overseeing the Company's financial reporting process.

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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

E F McPhail and Partners · ABN 18 011 282 557

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

E. F. McPHAIL & PARTNERS PTY. LTD.



WAYNE C. DURDIN
Director

25 October 2022
Melbourne