Autumn Care Pty Ltd

ABN: 69 126 271 558

Financial Statements

For the year ended 30 June 2023

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For the year ended 30 June 2023

The director of Autumn Care Pty Ltd, as Trustee for MERFAC Unit Trust (the "Company"), present their report of the Company for the financial year ended 30 June 2023.

Information on directors

The names of each person who has been a director during the year and to date of the report are:

Ross A Ferris

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

Principal activities

The principal activity of Autumn Care Pty Ltd 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, Benton's Lodge in Mornington and Skye Lodge in Frankston.

No significant changes in the nature of the Company's activity occurred during the financial year.

Operating results

The profit of the Company after providing for income tax amounted to $5,097,964 (2022: $6,108,629)

Distributions

Distributions paid during or since the end of the financial year amounted to $5,357,964.

Review of operations

The Company's operations during the year performed as expected in the opinion of the director.

Significant changes in state of affairs

The following significant changes in the state of affairs of the Company occurred during the financial year:

- Skye Lodge in Frankston was opened in August 2022.
- Hampton Lodge in Hampton Park is still under construction, expected to open in 2024.
- Operating costs of aged care homes have been brought in-house in the current year (prior year operating costs were charged via management fees).

Events after the reporting date

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

Future developments and results

Information on likely developments in the operations of the Company have not been included in this report because the director believes it would be likely to result in unreasonable prejudice to the Company .

Environmental issues

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

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company .

Proceedings on behalf of the Company

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

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

Auditor's Independence Declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2023 has been received and can be found on the following page.

Signed in accordance with a resolution of the Board of directors.

R A Ferris

Ross A Ferris
Director

Dated: 13/10/2023

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 2023, 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

Wayne Durdin

WAYNE C. DURDIN
Partner

13 October 2023
Melbourne

E F McPhail and Partners · ABN 18 011 282 557
PO Box 4500, Ringwood VIC 3134 Australia · Suite 12, 602 Whitehorse Road, Mitcham VIC 3132 Australia
tel **+61 3 9898 9221** · fax **+61 3 9898 0584** · email **office@mcphail.com.au**
www.mcphail.com.au
Partners · Wayne Durdin CPA · Matthew Drew CA· Stephen Howard CPA · David Eva CA

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	2023 $	2022 $
Government funding	5	29,573,949	25,282,933
Residents' fees	5	9,889,771	8,519,676
Interest income		2,124,762	1,166,508
Other income		633,640	130,217
Total income		42,222,122	35,099,334
Depreciation and amortisation		(430,413)	(305,590)
Employee benefit expenses	6	(23,258,455)	(375,508)
Interest expense		(154,436)	(123,128)
Management fees		(1,570,285)	(27,528,904)
Operating expenses	7	(11,450,569)	(657,575)
Total expenses		(36,864,158)	(28,990,705)
Profit (loss) before income taxes		5,357,964	6,108,629
Income tax		-	-
Profit (loss) available for distribution		5,357,964	6,108,629
Impairment of bed licenses	11	(260,000)	-
Profit (loss) for the year		5,097,964	6,108,629

The accompanying notes form part of these financial statements.

Autumn Care Pty Ltd

Statement of financial position

As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	8	20,190,260	23,990,194
Trade and other receivables	9	224,683	267,810
Other assets	12	1,337,249	390,620
Total current assets		21,752,192	24,648,624
Non-current assets			
Trade and other receivables	9	39,980,499	27,784,704
Property, plant and equipment	10	2,648,662	2,349,276
Intangible assets	11	6,645,361	6,905,361
Total non-current assets		49,274,522	37,039,341
Total assets		71,026,714	61,687,965
Liabilities			
Current liabilities			
Trade and other payables	13	62,776,910	53,772,420
Borrowings	14	4,665,893	4,771,855
Employee benefits	16	1,579,756	1,562,965
Income in advance		778,220	58,179
Other liabilities	15	37,520	45,319
Total current liabilities		69,838,299	60,210,738
Non-current liabilities			
Employee benefits	16	714,819	666,793
Other liabilities	15	158,921	235,759
Total non-current liabilities		873,740	902,552
Total liabilities		70,712,039	61,113,290
Net assets		314,675	574,675
Equity			
Settlement sum		10	10
Ordinary units		574,665	574,665
Retained earnings (bed license impairment)	11	(260,000)	-
Total equity		314,675	574,675

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2023

2022	Settlement sum	Ordinary units	Retained earnings	Total equity
	$	$	$	$
Opening balance	10	753,415	-	753,425
Profit for the year	-	-	6,108,629	6,108,629
Cancellation of Units in the year	-	(178,750)	-	(178,750)
Less distributions to Unit Holders	-	-	(6,108,629)	(6,108,629)
Closing balance	10	574,665	-	574,675

2023	Settlement sum	Ordinary units	Retained earnings	Total equity
	$	$	$	$
Opening balance	10	574,665	-	574,675
Profit for the year	-	-	5,097,964	5,097,964
Less distributions to Unit Holders	-	-	(5,357,964)	(5,357,964)
Closing balance	10	574,665	(260,000)	314,675

Statement of cash flows

For the year ended 30 June 2023

	2023 $	2022 $
Cash flows from operating activities:		
Receipts from government and customers	40,860,528	33,619,235
Payments to suppliers and employees	(37,320,149)	(28,136,486)
Interest paid	(154,436)	(74,321)
Net cash flows from/(used in) operating activities	3,385,943	5,408,428
Cash flows from investing activities:		
Purchase of property, plant and equipment	(773,396)	(714,479)
Proceeds from sale of property, plant and equipment	48,000	85,946
Interest received	2,124,762	59,196
Purchase of bed licenses	-	(505,000)
Net cash provided by/(used in) investing activities	1,399,366	(1,074,337)
Cash flows from financing activities:		
(Decrease) / Increase in accommodation bonds	9,074,478	6,857,236
(Decrease) / Increase in for long term loans to related party	(12,195,795)	(543,198)
Repayment of borrowings	(105,962)	(128,501)
Trust distributions paid	(5,357,964)	(6,108,629)
Net cash provided by/(used in) financing activities	(8,585,243)	76,908
Net increase/(decrease) in cash and cash equivalents	(3,799,934)	4,410,999
Cash and cash equivalents at beginning of year	23,990,194	19,579,195
Cash and cash equivalents at end of financial year	20,190,260	23,990,194

The accompanying notes form part of these financial statements.

1. Introduction

The financial report covers Autumn Care Pty Ltd as an individual entity. Autumn Care Pty Ltd as Trustee for MERFAC Unit Trust is a for-profit company, incorporated and domiciled in Australia.

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

The principal activities of the Company for the year ended 30 June 2023 were the provision of residential aged care services throughout the South-Eastern area of Melbourne.

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

2. Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Australian Accounting Standards - Simplified Disclosures and the *Corporations Act 2001*.

The financial statements have been prepared on an accruals 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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

3. Summary of significant accounting policies

a. Revenue

i. Revenue from contracts with customers

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.

Generally, the timing of the payment for sale of goods and 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.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

ii. Specific revenue streams

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

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.

Residents' Fees

The performance obligations relating to residents' fees are based on the delivery of services. Revenue is recognised as the services are delivered.

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.

iii. Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

b. Income tax

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

c. Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

d. Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

e. Cash and cash equivalents

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

f. Property, plant and equipment

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

Property, plant and equipment, excluding freehold land, is depreciated on a reducing balance basis over the asset's useful life to the Company, commencing when the asset is ready for use.

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

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Office Equipment (non aged care homes)	15% - 50%
Motor Vehicles	25%
Residential aged care homes	
Leasehold Improvements	15%
Plant & Equipment	15%
Office Equipment	15%
Furniture	15%

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

When an asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

g. Intangible assets

i. Goodwill

Goodwill is carried at cost less accumulated impairment losses.

ii. Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

h. Impairment of non-financial assets

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

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

i. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

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

j. Employee benefits

Provision is made for the Company's liability for employee benefits, those benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

k. Financial instruments

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

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

i. Financial assets

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

Classification

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

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

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

The Company does not have financial assets measured at fair value through profit or loss and fair value through other comprehensive income.

Amortised cost

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

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

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

Impairment of financial assets

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

- financial assets measured at amortised cost
- debt investments measured at FVOCI.

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

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

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

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

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

Trade receivables

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

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

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

Other financial assets measured at amortised cost

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

ii. Financial liabilities

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

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

l. Ordinary Units

Ordinary units are classified as equity.

m. Foreign currency transactions and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

n. Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2023. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

o. New accounting standards and interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards.

The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Standard name	Effective date for entity	Requirements	Input
Classification of liabilities as current or non-current (AASB 2020-1, AASB 2020-6)	1 July 2024	The IASB made further amendments to IAS 1 Presentation of Financial Statements to clarify that covenants of loan arrangements will not affect the classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. Entities will need to make additional disclosures if they have a non-current liability that is subject to covenants which the entity must comply with within 12 months of the reporting date. We expect the AASB to make equivalent amendments shortly.	No material impact expected
Disclosure of accounting policies and definition of accounting estimates (AASB 2021-2, AASB 2021-6)	1 July 2023	AASB 2021-2 amends a number of accounting standards to improve accounting policy disclosures and clarify the distinction between changes in accounting policies and accounting estimates. AASB 2021-6 makes consequential amendments to a number of Australian-specific standards.	No material impact expected

4. Critical accounting estimates and judgements

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

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

The significant estimates and judgements made have been described below.

a. Key estimates - useful lives of property, plant and equipment

The Company 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.

b. Key estimates - impairment of goodwill

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

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

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

5. Revenue

Description	2023 $	2022 $
Revenue by timing		
Recognised at a point in time	39,463,720	33,802,609
Recognised over time	-	-
Total	39,463,720	33,802,609

6. Employee benefits expenses

	2023 $	2022 $
Employee benefit expenses		
Salaries and wages	19,703,100	364,166
Superannuation contributions	1,873,148	6,332
Other employee benefit expenses	1,682,207	5,010
Total	23,258,455	375,508

7. Operating expenses

The result for the year includes the following specific expenses:

Description	2023 $	2022 $
Operating expenses		
Accreditation fees and compliance	51,381	3,062
Allied Health expenses	361,431	-
Chemical, cleaning and sanitary supplies	407,864	-
Computer & IT expense	406,465	230,995
Consulting fees	241,914	94,296
Food expenses	1,457,118	-
Legal, accounting & finance	50,735	64,173
Loss on sale of assets	2,477	16,463
Medical expenses	545,694	-
Motor vehicle expenses	48,679	39,226
Office, insurance & staff expenses	1,823,587	41,650
Property & service company expenses	113	132,057
Rent, rates & outgoings	4,529,350	-
Repairs & maintenance	903,636	-
Telephone expenses	36,515	35,653
Utilities	395,840	-
Other expenses	187,770	-
Total Operating expenses	11,450,569	657,575

Auditor remuneration		
Audit of the financial report	11,500	11,000
Assistance with financial statements compilation	1,500	1,500
Total	13,000	12,500

8. Cash and cash equivalents

	2023 $	2022 $
Cash at bank	190,250	23,990,184
Cash on hand	10	10
Short-term deposits	20,000,000	-
	20,190,260	23,990,194

9. Trade and other receivables

Current	2023 $	2022 $
Trade receivables	5,465	10,133
GST receivable	103,111	229,174
Related party receivables	116,107	28,503
	224,683	267,810

Non-current	2023 $	2022 $
Related party receivables		
Loan to MERFAP Unit Trust	35,380,499	23,184,704
Long Term Loan to Ferris Discretionary Trust	4,600,000	4,600,000
Total Related party receivables	39,980,499	27,784,704

The loans are provided for the further development of the Aged Care facilities. While the loans are unsecured, there are specific lending conditions for which the loans 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. The Company does not expect to realise the assets within twelve months after the reporting period.

10. Property, plant and equipment

2023	Leasehold Improvements	Plant and Equipment	Office Equipment	Motor Vehicles	Furniture & Fittings	Capital works in progress	Total
	$	$	$	$	$	$	$
Cost							
Opening balance	26,767	2,390,837	604,579	706,235	1,191,223	728,134	5,647,775
Additions	31,588	106,980	22,694	63,528	548,605	-	773,395
Disposals	-	-	-	(69,984)	-	-	(69,984)
Transfers WIP	-	87,852	133,434	-	509,367	(728,134)	2,519
Ending balance	58,355	2,585,669	760,707	699,779	2,249,195	-	6,353,705
Accumulated depreciaton							
Opening balance	(2,629)	(1,855,344)	(409,074)	(396,075)	(635,377)	-	(3,298,499)
Charge for the year	(8,190)	(97,212)	(50,102)	(57,866)	(217,043)	-	(430,413)
Disposals	-	-	-	23,869	-	-	23,869
Total	(10,819)	(1,952,556)	(459,176)	(430,072)	(852,420)	-	(3,705,043)
Net book value at 30 June 2022	24,138	535,493	195,505	310,160	555,846	728,134	2,349,276
Net book value at 30 June 2023	47,536	633,113	301,531	269,707	1,396,775	-	2,648,662

11. Intangible assets

Summary	2023	2022
	$	$
Goodwill	6,385,361	6,385,361
Bed licenses	260,000	520,000
	6,645,361	6,905,361

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. In accordance with Accounting Standards and guidelines issued by the Australian Securities and Investments Commission ("ASIC") and the Company's current understanding of the relevant legislation and transitional arrangement relating to the removal of bed licences, the Company has reassessed the useful life of its bed licences. Consequently the Company commenced amortising the value of the bed licences from 1 July 2022 on a straight line basis over their remaining economic life to 1 July 2024. This has resulted in a before tax amortization expense in the profit and loss for the year ended 30 June 2023 with no impact to the cash flows of the Company.

12. Other assets

Current	2023 $	2022 $
Other assets		
Prepayments	11,819	53,025
Accrued income	1,325,430	337,595
	1,337,249	390,620

13. Trade and other payables

Current	2023 $	2022 $
Trade payables	707,716	1,320,070
PAYGW payable	316,675	3,448
Wages and superannuation	681,645	480,192
Accrued expenses	66,613	49,338
Payroll tax and workcover payables	14,033	925
Refundable accommodation bonds	60,887,143	51,812,665
Credit cards	2,693	-
Other trade and other payables	100,392	105,782
	62,776,910	53,772,420

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.

14. Borrowings

Current	2023	2022
	$	$
Secured		
Overdraft and RAD facility	17,999	-
Related party loans (subordinated debt)	47,894	171,855
Loan from an external party	4,600,000	4,600,000
	4,665,893	4,771,855

The total subordinated debt comprises a loan from an associated entity of the director and other Unit Holders. Distributions are made annually to these associated entities and loaned back to MERFAC Unit Trust. They attract interest at a rate of 4.77% (2022: 4.52%). Interest is payable annually in arrears.

15. Other liabilities

Current	2023	2022
	$	$
Interest bearing liabilities - Hire Purchase	37,520	45,319

Non-current	2023	2022
	$	$
Interest bearing liabilities - Hire Purchase	158,921	235,759

16. Employee benefits

Current	2023	2022
	$	$
Long service leave	327,587	280,505
Annual leave	1,252,169	1,282,460
	1,579,756	1,562,965

Non-current	2023	2022
	$	$
Long service leave	714,819	666,793

17. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable. The Company does not have any derivative instruments as at 30 June 2023 (2022: nil). 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:

Financial assets	Note	2023 $	2022 $
Held at amortised cost			
Cash and cash equivalents	8	20,190,260	23,990,194
Trade and other receivables	9	40,205,182	28,052,514
		60,395,442	52,042,708

Financial liabilities	Note	2023 $	2022 $
Held at amortised cost			
Trade and other payables	13	62,776,910	53,772,420
Borrowings	14	4,665,893	4,771,855
Other liabilities - Hire Purchase	15	196,441	281,078
		67,639,244	58,825,353

18. Unit Holders entitlements

Description	2023 $	2022 $
Distributions entitled for the year	5,357,964	6,108,629
Distributions paid during the year	(5,357,964)	(6,108,629)
Total	-	-

19. Contingencies

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

20. Related parties

a. Transactions with related parties

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

The following transactions occurred with related parties:

	Transactions during the year $	Balance outstanding $
Rent of office and properties	4,529,350	-
Management fees	1,570,350	-
Interest income	1,336,475	-

b. Loans to/from related parties

Related party loans are provided for the further development of the Aged Care facilities. While the loans are unsecured, there are specific lending conditions for which the loans 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.

Loans to related parties	Note	2023 $	2022 $
Opening balance	9	27,813,207	30,412,494
Closing balance	9	40,096,606	27,813,207
Net drawdown / (repayments)		12,283,399	(2,599,287)

Loans from related parties	Note	2023 $	2022 $
Opening balance	14	171,855	8,990,280
Closing balance	14	47,894	171,855
Net drawdown / (repayments)		(123,961)	(8,818,425)

21. Operating segment

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

22. Events occurring after the reporting date

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

23. Statutory information

The registered office of the Company is:

Autumn Care Pty Ltd

7 Barry Street Kew, VIC 3101

Australia

The director of Autumn Care Pty Ltd as Trustee for MERFAC Unit Trust declares that:

The financial statements and notes of Autumn Care Pty Ltd for the year ended 30 June 2023 are in accordance with the *Corporations Act 2001*, including:

- comply with Australian Accounting Standards - Simplified Disclosures; and
- give a true and fair view of the financial position as at 30 June 2023 and its performance for the year ended on that date.

In the director' opinion, 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.

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

R A Ferris

Ross A Ferris
Director

Dated: 13/10/2023

McPhail & PARTNERS
ACCOUNTANTS AUDITORS ADVISORS

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 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, 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 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 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 2023 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.

E F McPhail and Partners · ABN 18 011 282 557
PO Box 4500, Ringwood VIC 3134 Australia · Suite 12, 602 Whitehorse Road, Mitcham VIC 3132 Australia
tel **+61 3 9898 9221** · fax **+61 3 9898 0584** · email **office@mcphail.com.au**
www.mcphail.com.au
Partners · Wayne Durdin CPA · Matthew Drew CA· Stephen Howard CPA · David Eva CA

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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.

- 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

WAYNE C. DURDIN
Partner

13 October 2023
Melbourne