

**Ti Tree Operations Pty Ltd
As Trustee for the Ti Tree at Village Glen Trust - NAPS ID 3291
A.C.N. 134 699 031**

**AUDITED FINANCIAL STATEMENTS -
FOR THE YEAR ENDED
30 JUNE 2023**

Ti Tree at Village Glen Trust - NAPS ID 3291

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Directors' Report

DIRECTORS

The name of the Directors in office at any time during, or since the end of, the year is:

- Charles Jacobsen
- Peter Nilsson
- Jane Jacobsen (formerly Jane Luxford)
- Sabine Phillips

PRINCIPAL ACTIVITIES

The principal activities of the trust during the financial year were:

- To provide Residential Aged Care Services.

There have been no significant changes in the nature of the trust's principal activities during the financial year.

OPERATING RESULTS

The net profit after providing for income tax amounted to a loss of \$1,982,541 (2022: loss of \$15,749,988).

REVIEW OF OPERATIONS

A review of the operations of the trust during the financial year and the results of those operations found that the trust continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

DISTRIBUTIONS

Distributions paid or declared since the start of the financial year amounted to \$0 (2022: \$0).

ENVIRONMENTAL ISSUES

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

SUBSEQUENT EVENTS

There are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the trust, the results of those operations or the state of affairs of the trust in future financial years.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

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Directors' Report (cont'd)

PROCEEDINGS ON BEHALF OF TRUST

No person has applied for leave of Court to bring proceedings on behalf of the trust or to intervene in any proceedings to which the trust is a party for the purpose of taking responsibility on behalf of the trust for all or any part of those proceedings.

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

Signed in accordance with a resolution of the Board of Directors:

Director: 

Date: 31/10/2023



**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001
To the Directors of Ti Tree Operations Pty Ltd
As Trustee for the Ti Tree at Village Glen Trust**

As auditor I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been:

- no contraventions of the auditor independence requirements as set out in the professional statutes in relation to this audit; and
- no contraventions of any applicable code of professional conduct in relation to this audit.

Stannards Accountants & Advisors

Michael B Shulman
Partner

Date: 31/10 2023

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Statement of Profit or Loss and other Comprehensive Income for the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Income			
Revenue	2	30,958,243	31,073,500
Expenditure			
Accountancy Fees		13,372	26,215
Advertising		14,247	32,929
Agency Staff		2,687,155	777,493
Bad Debts written off		(284,319)	94,302
Bank Charges		2,084	1,898
Catering		1,525,816	1,459,228
Café expenses		49,770	38,185
Cleaning		231,775	209,659
Consultancy fees		54,320	20,854
Consumables		468,809	433,576
Computer & Internet expenses		353,914	332,005
Depreciation		409,615	430,271
Donations		-	
Electricity		349,286	363,568
Employee Entitlements		1,649,377	28,543
Gas		208,176	110,879
General expenses		163,796	137,450
Health consultants & activities		1,416,656	1,795,140
Impairment		-	13,855,399
Insurance		90,191	87,663
Interest paid		-	-
- Other persons/corporations		1,611,452	1,063,797
Motor Vehicle Expenses		8,925	4,887
Payroll Tax		1,002,782	1,041,740
Postage		477	451
Printing & Stationery		84,865	78,547
Rates & Taxes		40,869	48,887
Rent		3,777,126	3,570,234
Repairs & Maintenance		503,838	438,625
Staff recruitment		23,041	25,827
Staff training & welfare		90,333	173,097
Subscriptions		60,528	61,882
Superannuation contributions – employees		1,840,381	1,845,639
Telephone		157,560	172,418
Uniforms		41,394	46,656
Wages		16,876,947	19,671,971
Waste disposal		204,845	467,835
Workcover		700,432	1,009,686
Total Expenses		36,429,835	49,957,436

The accompanying notes form part of these financial statements.

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Statement of Profit or Loss and other Comprehensive Income for the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Expenditure (continued)			
Other Income			
Interest received		3,489,051	3,133,948
Distributions received		-	-
Total Other Income		3,489,051	3,133,948
Profit/(Loss) Before Income Tax Expense		(1,982,541)	(15,749,988)
Income tax expense	4	-	-
Profit After Income Tax Expense		(1,982,541)	(15,749,988)
Other comprehensive income for the year (net of tax)		-	-
Total Profit / (Loss) Attributable to Beneficiaries of the Trust		(1,982,541)	(15,749,988)

The accompanying notes form part of these financial statements.

Ti Tree at Village Glen Trust - NAPS ID 3291

Statement of Financial Position as at 30 June 2023

	Note	2023 \$	2022 \$
Current Assets			
Cash & cash equivalents	16	8,690,011	6,960,912
Trade and other receivables	6	244,150	313,608
Inventory		16,725	16,725
Related party loans	7	64,647,189	64,521,885
Other assets	8	1,457,141	1,090,929
Total Current Assets		75,055,216	72,904,059
Non Current Assets			
Property, plant and equipment	9	2,446,553	2,460,395
Intangibles	10	-	-
Total Non Current Assets		2,446,553	2,460,395
Total Assets		77,501,769	75,364,454
Current Liabilities			
Trade & other payables	11	1,449,521	2,498,269
Related party loans	12	25,977,443	21,419,926
Provisions	14	2,748,874	2,782,330
Refundable Loan	13	64,149,906	63,505,364
Total Current Liabilities		94,325,744	90,205,889
Non Current Liabilities			
Related party loans	14	2,859,821	2,859,821
Provisions	12	820,960	820,960
Total Non Current Liabilities		3,680,781	3,680,781
Total Liabilities		98,006,525	93,886,670
Net Assets		(20,504,756)	(18,522,215)
Trust Funds			
Settlement sum	15	100	100
Accumulated losses		(20,504,856)	(18,522,315)
Total Trust Funds		(20,504,756)	(18,522,215)

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity for the Year Ended 30 June 2023

	Settlement Sum	Trust Funds \$	Total \$
Balance at 1 July 2021	100	(2,772,327)	(2,772,227)
Profit attributable to members	-	(15,749,988)	(15,749,988)
Distribution to beneficiary	-	-	-
Balance at 30 June 2022	100	(18,522,315)	(18,522,215)
Profit attributable to members	-	(1,982,541)	(1,982,541)
Distribution to beneficiary	-	-	-
Balance at 30 June 2023	100	(20,504,856)	(20,504,756)

The accompanying notes form part of these financial statements.

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Statement of Cash Flows for the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Cash Flows from Operating Activities			
Cash receipts from customers		30,628,033	29,121,859
Cash payments to suppliers and employees		(35,707,739)	(33,415,096)
Interest received		3,489,051	3,973,283
Finance Costs		(1,611,452)	(2,111,827)
Net cash inflow from operating activities	16	(3,202,107)	(2,431,781)
Cash Flows from Investing Activities			
Payments for Plant & Equipment		(395,773)	(307,467)
Payments for Intangibles		-	(1,260,000)
Net cash outflow from investing activities		(395,773)	(1,567,467)
Cash Flows from Financing Activities			
Proceeds from borrowings (net)		4,432,214	7,842,379
Proceeds from refundable loans		23,649,978	21,774,180
Repayments of refundable loans		(22,755,212)	(26,264,325)
Net cash inflow / (outflow) from financing activities		5,326,979	3,352,234
Net increase in cash held		1,729,099	(647,014)
Cash at beginning of financial year		6,960,912	7,607,926
Cash at end of financial year	16	8,690,011	6,960,912

The accompanying notes form part of these financial statements.

Ti Tree at Village Glen Trust - NAPS ID 3291

Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover Ti Tree at Village Glen Trust - NAPS ID 3291 as an individual entity. Ti Tree at Village Glen Trust - NAPS ID 3291 is a discretionary trust, established and domiciled in Australia.

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board and the Corporations Act 2001.

These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. In the prior period the financial statements were prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit and loss and other comprehensive income and cash flows of the as a result of the change in the basis of preparation.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes.

The following is a summary of the material policies adopted by the trust in the preparation of the financial report.

The financial statements were authorised for issue on the date of signing the directors report by the directors of the trustee.

Residential Aged Care Segment

As an approved provider for the purposes of the Aged Care Act 1997 and in receipt of the Conditional Adjustment Payments, the trust is required to comply with the financial reporting requirements of Accountability Principles 2014, Part 4, Division 2, Section 35 (2)(e) which requires it to treat residential aged care as a reporting segment.

The trust is applying Australian Accounting Standards – Reduced Disclosure Requirements and has elected to comply as deemed necessary with the requirements of AASB 8: *Operating Segments* to ensure compliance with conditions of the Conditional Adjustment Payment funding arrangements.

The residential segment information is disclosed in note 15.

Going Concern

The trust's financial report has been prepared on the going concern basis, given cashflows expected to be derived from future operations and ongoing related party financial support. The Entity continues to operate, notwithstanding COVID-19.

Cash and Cash Equivalents

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

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Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2023 (cont'd)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Provisions

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

Plant and equipment is measured initially at cost. Cost includes all directly attributable expenditure incurred including costs to get the asset ready for its use as intended by management. Costs include an estimate of any expenditure expected to be incurred at the end of the asset's useful life.

The carrying amount of plant and equipment is reviewed annually by Directors for indications of impairment. If any such indications exist, an impairment test is carried out, and any impairment losses on the assets recognise.

Depreciation

The depreciable amount of all plant and equipment is depreciated on both a straight-line and diminishing value basis over their useful lives (commencing from the time the asset is ready for use). Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciable amount is the carrying value of the asset less estimated residual amounts. The residual amount is based on what a similar asset of the expected condition of the asset at the end of its useful life could be sold for.

The assets' residual values and useful lives are reviewed, and adjusted as appropriate, at each statement of financial position date.

Employee Benefits

Provision is made for the trust's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

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

Property, Plant and Equipment

Recognition and Measurement

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.

The carrying amount of property, plant and equipment is reviewed annually by directors of the trustee trust to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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.

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Notes To and Forming Part of the Financial Statements Provisions (cont'd)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, Plant and Equipment (cont'd)

Subsequent Costs

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 entity and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation and amortisation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value basis over their useful lives to the trust commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Buildings	10 % to 66.7%
Plant and Machinery	5 to 10 %
Leased Equipment	25%

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

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise.

Financial Instruments

Initial recognition and measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

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

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

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

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Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2023 (cont'd)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

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

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense 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 discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

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

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

The change in fair value of a financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to accumulated surplus upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses are taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial asset

Financial assets are subsequently measured at:

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

on the basis of the two primary criteria:

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

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

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

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

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

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Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2023 (cont'd)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

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

The entity initially designates a financial instrument as measured at fair value through profit and loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the entity was documented appropriately, so as the performance of the financial liability that was part of an entity's financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit and loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Derecognition

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

Derecognition of financial liabilities

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

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

Derecognition of financial assets

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

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

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (i.e. no practical ability to make unilateral decision 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.

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Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2023 (cont'd)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in an investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in an investments revaluation reserve is not reclassified to profit or loss, but is transferred to accumulated surplus.

Impairment

The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity uses the following approaches to impairment, as applicable under AASB 9:

- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the entity assesses whether the financial instruments are credit impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the entity measures the loss allowance of the financial instrument at an amount equal to the lifetime expected credit losses; and
- there is no significant increase in credit risk since initial recognition, the entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

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 or contract assets that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

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Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2023 (cont'd)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to derive an expected credit loss, (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc).

Purchased or originated credit-impaired approach

For a financial asset that is considered to be credit impaired (not on acquisition or origination), the entity measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (e.g. default or past due event);
- where a lender has granted to the borrower a concession, due to borrower's financial difficulty, that the lender would not otherwise consider;
- where it is probable the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the entity assumes that the credit risk has not increased significantly since initial recognition and accordingly can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such determination that the financial asset has low credit risk, the entity applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the entity 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.

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Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2023 (cont'd)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

Impairment of Assets

At each reporting date, the trust reviews the carrying values 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 value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the trust estimates the recoverable amount of the cash generating unit to which the asset belongs.

Employee entitlements

Provision is made in respect of the trust's liability for annual leave and long service leave at balance date. Long service leave is accrued in respect of all employees with more than 7 years service with the trust which it is believed approximates the provisions of all Australian Accounting Pronouncements.

Contributions are made to an employee superannuation fund and are charged as expenses when incurred. The trust has no legal obligation to provide benefits to employees on retirement.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the trust are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the trust after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade Payables

Trade payables are initially measured at fair value.

Equity instruments

Equity instruments issued by the trust are recorded at the proceeds received, net of direct issue costs.

Borrowings and hire purchase arrangements

Interest-bearing bank loans and overdrafts are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

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Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2023 (cont'd)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Resident fees, daily accommodation payments and recurrent government subsidies

Revenue from resident's fees, daily accommodation payments and related government subsidies are recognised on a proportional basis to take account of the delivery of service to or occupancy by residents.

Retentions from entry contributions and accommodation bonds

The retention income earned from resident contributions is recognised as revenue as the trust becomes entitled to receive the retention under the terms of the resident agreement. The accommodation bond retention is recognised as revenue over the first five years of the resident's occupation of the facility.

Interest

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

Dividends

Dividend revenue is recognised when the right to receive a dividend has been established.

The Entity has applied AASB 15: Revenue from Contracts with Customers (AASB 15).

Where the Entity has a contract with a customer, the Entity recognises revenue when or as it transfers control of goods or services to the customer. The Entity accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains performance obligations to transfer goods or services to the customer (or to other parties) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

All revenue is recognised at the point of sale/service recognition, and is sourced in Australia.

There are no unsatisfied performance obligations.

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

Ti Tree at Village Glen Trust - NAPS ID 3291

Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2023 (cont'd)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Tax

Under current legislation, the Trust is not subject to income tax provided it attributes the entirety of its taxable income to its unit holders.

Goods and Services Tax (GST)

Revenues and expenses are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financial activities, which are disclosed as operating cash flows.

Comparative Figures

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

Critical Accounting Estimates and Judgements

The trustees 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 trust.

Key Estimates - Impairment

The trust assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the trust that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations, which incorporate various key assumptions. At reporting date, a full impairment in the carrying value of bed licences has occurred.

Ti Tree at Village Glen Trust - NAPS ID 3291

Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2023 (cont'd)

	2023	2022
	\$	\$
2 REVENUE FROM ORDINARY ACTIVITIES		
Recognised at point in time		
Commonwealth Subsidies	18,602,342	19,312,255
Resident Fees	5,379,728	5,242,780
Accommodation Fees	(11,732)	(3,495)
Income Tested Fees	1,096,466	1,411,860
Bond Retention Income	-	(331)
Daily Accommodation Payment	1,683,650	1,462,493
Other Income	4,207,789	3,647,938
ATO Cash Boost and Support Grants	-	-
	30,958,243	31,073,500
<p>The following assets and liabilities relating to contracts with customers where to a portion of the transaction price allocated to performance obligations remains unsatisfied (or partially unsatisfied) at the reporting date:</p>		
Income received in advance	-	1,090,929
Less loss allowance	(97,343)	(381,662)
	(97,343)	709,267
3 OPERATING PROFIT		
Administration expenses include:		
Depreciation and amortisation of non current assets	(409,615)	(430,271)
<p>Included in operating profit is the following operating expenses:</p>		
Remuneration of auditors - Stannards Accountants and Advisors		
- Auditing services	12,000	12,000
	12,000	12,000
4 INCOME TAX EXPENSE		
Prima Facie tax on profit from ordinary activities		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2022: 30%)	(594,762)	(4,724,996)
<p>Add tax effect of:</p>		
- carry forward tax losses	594,762	4,724,996
Income tax expense	-	-
5 CASH AND CASH EQUIVALENTS		
Current		
Cash on hand	100	100
Cash at bank	8,681,349	6,951,385
Petty Cash	8,562	9,427
	8,690,011	6,960,912

Ti Tree at Village Glen Trust - NAPS ID 3291

Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2023 (cont'd)

	2023 \$	2022 \$
6 TRADE RECEIVABLES & OTHER ASSETS		
Current		
Trade receivables	257,842	623,207
Provision for doubtful debts	(97,343)	(381,662)
	<u>160,499</u>	<u>241,545</u>
Provision for GST receivable	83,651	72,063
Total Trade and Other Receivables	<u>244,150</u>	<u>313,608</u>
Trade receivables relate to services provided, they are non-interest bearing and are unsecured. Other debtors are non-interest bearing and unsecured.		
7 RELATED PARTY RECEIVABLES		
Current		
Loan - 90 Kunyung Road Trust	123,042	117,440
Loan - Brickendon Pty Ltd	3,810,956	4,150,651
Loan - C B Permanent Inv Trust	1,345,051	1,114,540
Loan - Chas J Building Trust	191,247	150,064
Loan - Coolum Lakes Prop Trust	47,858	6,722
Loan - Jake Distribution P/L	1,953,402	1,864,467
Loan - Jake Trust	70,934	67,705
Loan - Manyung Lodge Trust	620,658	621,187
Loan - Tess J Pty Ltd	3,516,594	3,356,489
Loan - Gunyong Valley Trust	145,536	127,129
Loan - TTP at Baxter Trust	3,935,445	3,761,998
Loan - TTP at Mornington Trust	29,326,047	29,774,638
Loan - TTP at VG Trust	19,560,419	19,408,855
Total Related Party Receivable	<u>64,647,189</u>	<u>64,521,885</u>
8 Other Assets		
Current		
Sundry Debtors	1,457,141	1,090,929
	<u>1,457,141</u>	<u>1,090,929</u>

Ti Tree at Village Glen Trust - NAPS ID 3291

Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2023 (cont'd)

	2023 \$	2022 \$
9 PLANT & EQUIPMENT		
Plant & Equipment at cost	7,629,505	7,233,732
Accumulated depreciation	(5,182,952)	(4,773,337)
	<u>2,446,553</u>	<u>2,460,395</u>
(a) Movements and carrying amounts		
Plant & Equipment at cost		
Balance – 1 July	2,460,395	2,583,199
Additions	395,773	307,467
Depreciation	(409,615)	(430,271)
Balance – 30 June	<u>2,446,553</u>	<u>2,460,395</u>
10 INTANGIBLE ASSETS		
Residential Aged Care Places	-	-
	<u>-</u>	<u>-</u>
(a) Movements and carrying amounts		
Residential Aged Care Places		
Balance – 1 July	-	12,595,399
Additions	-	1,260,000
Impairment	-	(13,855,399)
Balance – 30 June	<u>-</u>	<u>-</u>
Residential Aged Care Places were impaired in the previous year as a large number of new bed licences remain available to be allocated at no charge in the period until their cessation at 1 July 2024.		
11 TRADE & OTHER PAYABLES		
Current		
Trade creditors	527,190	801,390
Accrued expenses and other payables	775,301	1,556,513
Superannuation payable	147,030	140,366
	<u>1,449,521</u>	<u>2,498,269</u>
12 RELATED PARTY PAYABLES		
Current		
Loan - 21 Lakewood Bvd Trust	696,631	656,897
Loan - 349 Eastbourne Rd Trust	522,163	529,856
Loan - 901 Discretionary Trust	411,385	365,754
Loan - Chas J Distribution P/L	258,761	246,981
Loan - Community Village Trust	22,407,898	18,260,986
Loan - VG Flexicare Trust	1,432,774	1,204,036
Loan - Vislaw Unit Trust	247,830	155,416
	<u>25,977,443</u>	<u>21,419,926</u>
Non-Current		
Loan – Chas J Distribution Pty Ltd 2009 (Quarantined)	2,859,821	2,859,821
	<u>2,859,821</u>	<u>2,859,821</u>
Total Related Party Liabilities	<u>28,837,264</u>	<u>24,279,747</u>

Ti Tree at Village Glen Trust - NAPS ID 3291

Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2023 (cont'd)

	2023 \$	2022 \$
13 REFUNDABLE LOANS		
Current		
Expected to be settled within 12 months	20,845,580	16,452,456
Non-Current		
Expected to be settled after 12 months	43,304,326	47,052,908
	64,149,906	63,505,364
<p>Refundable accommodation deposits and accommodation bonds (loans) are repayable on the following basis:</p> <p>(i) If the resident gives notice more than 14 days prior to departure, then the loan is payable on the date of departure;</p> <p>(ii) If the resident gives notice less than 14 days prior to departure, the loan is payable within 14 days after notice is given;</p> <p>(iii) If the resident gives no notice, the loan is repayable 14 days after departure; and</p> <p>(iv) If the resident dies, the loan is repayable within 14 days from the date that notice is received of the granting of probate or letters of administration.</p>		
Movement in refundable accommodation deposits and accommodation bonds		
Opening Balance	63,505,364	68,240,901
New deposits received	23,649,978	21,774,180
Retention from bonds	-	(331)
Allowable deductions	(250,223)	(245,061)
Bonds/deposits refunded	(22,755,213)	(26,264,325)
Closing Balance	64,149,906	63,505,364
14 PROVISIONS		
Current		
Provision for long service leave	1,024,870	915,745
Provisions for annual leave	1,724,004	1,866,585
	2,748,874	2,782,330
Non-Current		
Provision for long service leave	820,960	820,960
	820,960	820,960
Provisions for annual leave		
Opening balance	1,866,585	2,087,406
Additional provision raised	1,420,107	1,464,617
Amounts used	(1,562,687)	(1,685,438)
Closing balance	1,724,004	1,866,585
Provision for long service leave		
Opening balance	1,736,705	1,651,375
Additional provision raised	(111,250)	190,741
Amounts used	220,375	(105,411)
Closing balance	1,845,830	1,736,705

Ti Tree at Village Glen Trust - NAPS ID 3291

Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2023 (cont'd)

	2023 \$	2022 \$
14 PROVISIONS (cont'd)		
Provision for Employee Benefits		
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 trust 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 trust 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.		
15 TRUST FUNDS		
Settlement sum	100	100
Accumulated Profits (Losses) brought forward	(18,522,315)	(2,772,327)
Profit/(Loss) this year	(1,982,541)	(15,749,988)
Distributed to beneficiary	-	-
Total Trust Funds	(20,504,756)	(18,522,215)
16 NOTES TO THE STATEMENT OF CASH FLOWS		
(a) Reconciliation of Cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash at bank	8,690,011	6,960,912
(b) Reconciliation of Net Cash provided by Operating Activities to Operating Profit (Loss) after Income Tax		
Operating profit after income tax	(1,982,541)	(15,958,684)
<i>Non Cash Flows in Operating Profit (Loss):</i>		
Impairment	-	13,855,399
Depreciation	409,615	430,271
Bad and doubtful debts	-	-
Refundable Loan allowable deductions	(250,223)	(245,392)
<i>Change in Operating Assets & Liabilities:</i>		
(Increase)/decrease in receivables	69,458	43,741
(Increase)/decrease in inventories	-	-
(Increase)/decrease in prepayments	(366,212)	(1,070,327)
Increase/(decrease) in provisions	-	-
Increase/(decrease) in trade creditors and accruals	(1,048,748)	648,702
Increase /(decrease)in customer deposits	-	-
Increase/(decrease) in provisions	(33,456)	-135,491
Net cash from / (used in) operating activities	(3,202,107)	(2,431,781)

Ti Tree at Village Glen Trust - NAPS ID 3291

Notes To and Forming Part of the Financial Statements (cont'd)

	2023	2022
	\$	\$
17 RELATED PARTY TRANSACTIONS		
The following amounts were received/paid based on normal commercial terms and conditions.		
Transactions with entities related to key management personnel:		
Revenue		
Interest revenue	3,477,802	3,132,887
Expenses		
Rental expenses	3,777,126	3,570,234
Interest expense	1,421,844	839,636
	5,198,970	4,409,870

18 REMUNERATION OF KEY MANAGEMENT PERSONNEL

The totals of remuneration paid to all key management personnel of the trust during the year are as follows:

Remuneration of Key Management Personnel	337,230	308,875
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19 COMMITMENTS FOR EXPENDITURE

No capital commitments have been entered into by the Group since balance date.

20 TRUST DETAILS & SEGMENT DETAILS

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

The principal place of business is:
Ti Tree at Village Glen Trust - NAPS ID 3291
34A Balaka Street, Capel Sound

Ti Tree at Village Glen Trust - NAPS ID 3291

Director's Declaration

The Directors of the trust declare that:

- 1 The financial statements and notes are in accordance with the Corporations Act 2001 and:
 - a. Comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. Give a true and fair view of the financial position as at 30 June 2023 and of its performance for the year ended on that date.
- 2 In the Directors opinion, there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

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



Director.....

Date: 31/10/2023

**Independent Audit Report
To the Directors of Ti Tree Operations Pty Ltd
As Trustee for the Ti Tree at Village Glen Trust and
The Secretary of the Department of Health and Aged Care**

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Ti Tree at Village Glen Trust, (“the Trust”), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss, the statement of 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, including a summary of significant accounting policies, and the directors’ declaration of the trustee company.

In our opinion, the accompanying financial report of the Trust is in accordance with the Trust Deed, including:

- a. giving a true and fair view of the Trust’s financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- b. complying with Australian Accounting Standards and complying with the *Corporations Regulations 2001*.
- c. *The approved provider has complied in all material respects, with the requirements of Part 5, 6 & 7 of the Fees and Payments Principals 2014 (No. 2) for the year.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Trust in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s *APES 110 Code of Ethics for Professional Accountants* (“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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Trust, would be in the same terms if given to the directors as at the time of this auditor’s report.

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



Responsibilities of the Directors for the Financial Report

The directors of the Trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 ability of the Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

Stannards Accountants and Advisors

Michael Shulman
Partner
Date: 31/10 2023