

Beaumont Care (Holdings) Pty Ltd

NAPS ID: 7235

ABN: 68 606 801 478

Annual Report - 30 June 2023

Beaumont Care (Holdings) Pty Ltd
NAPS ID: 7235
Director's report
30 June 2023

The sole director presents his report, together with the financial statements, on the company for the year ended 30 June 2023.

Director

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

Linda June Beaumont (resigned on 12 April 2023)
Michael Allan Goss

Principal activities

During the financial year the principal continuing activities of the company was the provision of residential aged care services approved by the Department of Health and Aged Care.

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

Review of operations

The loss for the company after providing for income tax amounted to \$8,936,417 (30 June 2022: \$3,113,970).

Dividends

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

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

Other than those matters disclosed elsewhere in the financial report, there are no other matters or circumstances that have arisen since 30 June 2023 that have significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in the future financial years.

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

Likely developments and expected results of operations

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

Environmental regulation

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

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the company

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

Beaumont Care (Holdings) Pty Ltd
NAPS ID: 7235
Director's report
30 June 2023

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this director's report.

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



Michael Allan Goss
Director

31 October 2023



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek Street
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY K L COLYER TO THE DIRECTORS OF BEAUMONT CARE (HOLDINGS) PTY LTD

As lead auditor of Beaumont Care (Holdings) Pty Ltd for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'K L Colyer'. The signature is written in a cursive style with a large loop at the end.

K L Colyer
Director

BDO Audit Pty Ltd

Brisbane, 31 October 2023

Beaumont Care (Holdings) Pty Ltd

NAPS ID: 7235

Contents

30 June 2023

Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Director's declaration	28
Independent auditor's report to the members of Beaumont Care (Holdings) Pty Ltd	29

General information

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

Beaumont Care (Holdings) Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office and principal place of business

Beaumont Care (Holdings) Pty Ltd
60 Ziviani Road
WAMURAN QLD 4512

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

The financial statements were authorised for issue, in accordance with a resolution of the sole director, on 31 October 2023. The sole director has the power to amend and reissue the financial statements.

Beaumont Care (Holdings) Pty Ltd
NAPS ID: 7235
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023	2022
		\$	\$
Revenue	3	22,967,897	21,984,710
Other income	4	604,699	53,433
Expenses			
Service charges		(19,420,524)	(18,816,214)
Depreciation and amortisation expense		(3,414,957)	(3,702,410)
Impairment of financial assets	8,22	(7,032,495)	-
Finance costs	5	(2,050,805)	(1,047,528)
Other expenses		<u>(467,045)</u>	<u>(1,441,415)</u>
Loss before income tax expense		(8,813,230)	(2,969,424)
Income tax expense	6	<u>(123,187)</u>	<u>(144,546)</u>
Loss after income tax expense for the year		(8,936,417)	(3,113,970)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>(8,936,417)</u></u>	<u><u>(3,113,970)</u></u>

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

Beaumont Care (Holdings) Pty Ltd
NAPS ID: 7235
Statement of financial position
As at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	7	641,839	567,039
Trade and other receivables	8	219,188	82,193
Other assets	9	131,731	100,418
Total current assets		<u>992,758</u>	<u>749,650</u>
Non-current assets			
Trade and other receivables	8	-	7,030,009
Property, plant and equipment	10	26,652,804	31,497,404
Right-of-use assets	11	1,839,862	1,925,437
Intangibles	12	1,947,749	3,890,177
Total non-current assets		<u>30,440,415</u>	<u>44,343,027</u>
Total assets		<u>31,433,173</u>	<u>45,092,677</u>
Liabilities			
Current liabilities			
Trade and other payables	13	22,699,795	21,399,628
Borrowings	14	19,054,906	25,157,607
Lease liabilities	15	59,685	57,415
Other liabilities	16	201,385	238,979
Total current liabilities		<u>42,015,771</u>	<u>46,853,629</u>
Non-current liabilities			
Trade and other payables	13	251,269	-
Lease liabilities	15	1,905,592	1,965,277
Deferred tax	6	274,690	151,503
Other liabilities	16	3,150,000	3,350,000
Total non-current liabilities		<u>5,581,551</u>	<u>5,466,780</u>
Total liabilities		<u>47,597,322</u>	<u>52,320,409</u>
Net liabilities		<u>(16,164,149)</u>	<u>(7,227,732)</u>
Equity			
Issued capital	17	119,101	119,101
Accumulated losses		<u>(16,283,250)</u>	<u>(7,346,833)</u>
Total deficiency in equity		<u>(16,164,149)</u>	<u>(7,227,732)</u>

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

Beaumont Care (Holdings) Pty Ltd
NAPS ID: 7235
Statement of changes in equity
For the year ended 30 June 2023

	Issued capital \$	Retained profits \$	Total deficiency in equity \$
Balance at 1 July 2021	119,101	(4,232,863)	(4,113,762)
Loss after income tax expense for the year	-	(3,113,970)	(3,113,970)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(3,113,970)	(3,113,970)
Balance at 30 June 2022	<u>119,101</u>	<u>(7,346,833)</u>	<u>(7,227,732)</u>

	Issued capital \$	Retained profits \$	Total deficiency in equity \$
Balance at 1 July 2022	119,101	(7,346,833)	(7,227,732)
Loss after income tax expense for the year	-	(8,936,417)	(8,936,417)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(8,936,417)	(8,936,417)
Balance at 30 June 2023	<u>119,101</u>	<u>(16,283,250)</u>	<u>(16,164,149)</u>

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

Beaumont Care (Holdings) Pty Ltd
NAPS ID: 7235
Statement of cash flows
For the year ended 30 June 2023

	Note	2023	2022
		\$	\$
Cash flows from operating activities			
Receipts from customers		22,845,516	21,715,280
Payments to suppliers and employees		<u>(21,974,357)</u>	<u>(22,025,744)</u>
		871,159	(310,464)
Interest and other finance costs paid		(1,381,405)	(604,587)
Refundable accommodation deposits received from residents		7,161,000	7,184,328
Accommodation bonds/refundable accommodation deposits repaid to residents		(4,708,573)	(4,202,907)
Income taxes refunded		<u>-</u>	<u>235,111</u>
Net cash from operating activities		<u>1,942,181</u>	<u>2,301,481</u>
Cash flows from investing activities			
Payments for property, plant and equipment	10	(147,398)	(265,599)
Proceeds from disposal of property, plant and equipment		<u>4,100,000</u>	<u>-</u>
Net cash from/(used in) investing activities		<u>3,952,602</u>	<u>(265,599)</u>
Cash flows from financing activities			
Payments of borrowings		(7,036,934)	(2,847,584)
Payments to/(from) related parties		<u>282,719</u>	<u>(48,005)</u>
Net cash used in financing activities		<u>(6,754,215)</u>	<u>(2,895,589)</u>
Net decrease in cash and cash equivalents		(859,432)	(859,707)
Cash and cash equivalents at the beginning of the financial year		<u>224,517</u>	<u>1,084,224</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>(634,915)</u></u>	<u><u>224,517</u></u>

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

Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Basis of preparation

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

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Comparative amounts

Where necessary, comparative information has been reclassified or amended to achieve consistency in disclosure with current financial year amounts and other disclosures.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The company has a net deficiency of assets as at 30 June 2023 of \$16,164,149 (2022 loss: \$7,227,732); a net deficiency of current assets of \$41,023,013 (2022: \$46,103,979) and has incurred losses of \$8,936,417 for year to 30 June 2023 (2022 loss: \$3,113,970), all of which amounts reflect in the 2023 financial year a final amortisation charge (\$3,414,957) of the company's bed licences and the company's decision in the relevant period to give effect to an impairment of a related party loan considered unrecoverable due to the expected death of the debtor who is a beneficial indirect interest owner of the company. Included in current liabilities is \$18,936,909 of bank debt due to expire on 30 November 2023. These conditions give rise to a material uncertainty, which may cast significant doubt about the ability of the company to continue as a going concern.

The ability of the company to continue as a going concern is principally dependent upon one or more of the following:

- Continuation of debt funding and improved operational performance and strategies implemented by the Board in close consultation with the company's financier. The directors confirm that the bank has agreed in principle to extend the facilities' expiry dates to 30 November 2024. As at the date of this report the directors have reasonable bases to have confidence in the company's financier's ongoing support, which recognises the closely consultative relationship between the financier and the director and company management since a period of poor management which ended in 2020 and, more recently, the company's 2023 divestment campaign in non-core assets during the financial year resulting in the permanent reduction of the company's NAB market rate loans by approximately \$7,000,000. The Group has also demonstrated its commitment to and deliver of improved governance and management focus on operating performance and RAD inflows which have been applied to debt reduction.
- A capital grant totalling \$4,000,000 was received from the Department of Health and Aged Care for the construction of the Wamuran facility (Opened 2020). In accordance with Accounting Standards, the company recognises this amount as an 'Other Liability – Government capital grant' and \$200,000 is released to income over the 20-year period on a straight-line basis from the date of completion of the Wamuran project. The carrying amount of the liability at balance date was \$3,350,000 (2022: \$3,550,000). Refer note 21 for further details.
- The working capital deficiency partially arises because of the requirement under Australian Accounting Standards to classify refundable accommodation deposits (RADs)/accommodation bonds totalling \$18,362,579 (2022: \$16,034,047) as a current liability. Repayment obligations for accommodation bonds and RADs do not practically all fall due within

Note 1. Significant accounting policies (continued)

the next twelve months. Accommodation bonds or RADs become payable upon the death or departure of aged care residents. It is unlikely that all residents will depart in the next twelve months thereby necessitating a full pay out of the aggregate bond/RAD liability. Historically, typical turnover of RAD-paying aged care residents over a three-year period has been approximately 22%.

- Included in the net loss after tax of \$8,936,417 is a depreciation and amortisation charge totalling \$3,414,957 (2022 : \$3,702,410) relating to bed licenses, property plant and equipment and right of use assets.
- Included in the net loss after tax of \$8,936,417 is an impairment expense of \$7,032,495 relating to an expected credit loss of a related party receivable no longer considered recoverable due to the expected death of the debtor who is a beneficial indirect interest owner of the company.
- Continuing improvement in operational and financial performance as a result of operating and budget measures implemented during the 2023 financial year, including improved staff rostering, managed procurement costs, and residential aged care subsidy measures. Taking account of the introduction of the Australian National Aged Care Classification (AN-ACC) as a funding model from 1 October 2022, the company has experienced an increase in its residential aged care subsidy revenue.

Having regard to the above, the directors believe the going concern basis of preparation is appropriate, and accordingly have prepared the financial report on this basis. The going concern basis presumes that funds will be available to finance future operations and that the realisation of assets and liabilities will occur in the normal course of business.

Should the company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report.

Revenue recognition

The company recognises revenue as follows:

Government grants and subsidies - residential aged care

The company recognises revenue from aged care services over time as performance obligations are satisfied, which is as the services are rendered. Revenue arises from a single agreed contract with a resident. Fees received is based on the Aged Care Funding Instrument ("ACFI") assessment and recognised on a daily basis (in line with the care given to the residents). The funding received is determined by the Department of Health and Aged Care and based on a range of factors including resident's care needs; whether the facility has been significantly refurbished; levels of supported residents and financial means of the resident. Funding is received in advance from the Department of Health and Aged Care.

Government grants and subsidies - other

Grant revenue is recognised in profit or loss when the company satisfies the performance obligations stated within the funding agreements. If conditions are attached to the grant which must be satisfied before the company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a contract liability until those conditions are satisfied. Income in relation to the capital grant for the construction of Wamuran residential aged care facility is recognised on a straight-line basis over 20 years.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Resident fees

The company receives daily fees for the provision of care and accommodation in accordance with the Aged Care Act which are funded by the resident as a basic daily fee which is set by the Federal Government. The basic daily fee is calculated as a daily rate and is payable by a resident for each day that resident resides in the facility. The fee is recognised over time as the services are provided. Residents are invoiced on a monthly basis.

Other fees and charges recognised by the company for additional services to residents under mutually agreed terms and conditions. Each service provided to the resident represents a separate performance obligation. These services are typically provided on a regular recurring basis, with revenue recognised over time as the service is provided. Services provided are invoiced on a monthly basis.

Note 1. Significant accounting policies (continued)

Other resident revenue

Other resident revenue represents other fees charged to residents in respect of accommodation charges and includes daily accommodation payments (DAP) and daily accommodation contribution (DAC) revenue. Other resident revenue is recognised over time as the resident resides in the facility. Residents are invoiced on a monthly basis.

Imputed revenue on Refundable Accommodation Deposits (RAD) Accommodation Bond (Bond) balances

Under AASB 16 Leases, total revenue includes an imputed non-cash charge for accommodation in respect of residents who have chosen to pay a RAD and the corresponding finance costs representing the amount of interest expense saved on the interest-free loan. Because the RAD's are interest-free only until the resident vacates the premises, the RAD balance is required to be discounted and measured at fair value. The company has determined the use of the RBA's overnight cash rate as the interest rate used in the calculation of the discounting of the RAD balance. Because the repayment of the RAD is guaranteed by the Federal Government, there is no credit risk and therefore the appropriate discount rate is the RBA's overnight cash rate.

Interest

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

Other income

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

Income tax

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

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

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

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

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

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

Current and non-current classification

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

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Note 1. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

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

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

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

Investments and other financial assets

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

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

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Investments

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the company has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Note 1. Significant accounting policies (continued)

Impairment of financial assets

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

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

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Each class of property, plant and equipment is stated at historical cost less accumulated depreciation and impairment, except for freehold land. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Property, excluding freehold land, is depreciated on a straight-line basis and plant and equipment is depreciated on a reducing balance basis over the effective lives of the assets, commencing when the asset is ready for use.

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

Buildings	2.5% - 4%
Plant and equipment	10% - 100%
Motor vehicles	18.75% - 25%
Office equipment	20% - 100%
Low value asset pool	18.75% - 37.5%

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

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

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

Note 1. Significant accounting policies (continued)

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

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

Bed Licences

Bed licences are carried in the statement of financial position at cost less amortisation and impairment. Bed licences are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Impairment losses on bed licences are taken to profit or loss and are not subsequently reversed.

The Federal Government announced in the Federal Budget on 15 May 2021 the phasing out of allocated bed licences by 30 June 2024. As a result, bed licences are considered to have a finite useful life and will be amortised over the period 15 May 2021 to 30 June 2024.

This has resulted in an amortisation expense in profit and loss for the year ended 30 June 2023 of \$1,942,428.

Bed licences are tested for impairment if events or changes in circumstances indicate that it may be impaired.

Impairment of non-financial assets

The carrying amounts of the company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets such as bed licenses that have indefinite lives, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss and to reduce the carrying amount of the non-financial asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether bed licences have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Note 1. Significant accounting policies (continued)

Trade and other payables

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

Refundable accommodation deposits

Refundable accommodation deposits received from residents are recognised as a financial liability under AASB 9. The recorded amount represents the refundable accommodation deposits received care fees and interest amounts due in accordance with the terms of the resident agreement in compliance with the Aged Care Act 1997 (Cth).

As there is no unconditional right to defer settlement of refundable accommodation deposits for at least twelve months after the reporting date, all refundable accommodation deposits held have been recognised as a current liability.

The director has assessed the deficiency position and are satisfied that there are sufficient liquid funds available to meet expected residents' refund payments during the next twelve months after the reporting date.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

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

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

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

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

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Note 2. Critical accounting judgements, estimates and assumptions

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

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Identifiable intangible assets

Bed licences are allocated to each aged care facility for the purposes of impairment testing. A review of indicators of impairment relating to bed licences and other non-current assets was performed as at 30 June 2023. As a result of this review, indicators of impairment were identified which required the company to perform an impairment test as at 30 June 2023. The company's impairment tests are based on value-in-use (VIU). VIU calculations are based on the discounted cash flows expected to arise from the asset or CGU.

Impairment of property, plant and equipment

The company assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

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

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Lessor accounting

Under AASB 16 Leases, total revenue includes an imputed non-cash charge for accommodation in respect of residents who have chosen to pay a RAD and the corresponding finance costs representing the amount of interest expense saved on the interest-free loan. Because the RAD's are interest-free only until the resident vacates the premises, the RAD balance is required to be discounted and measured at fair value. The company has determined the use of the RBA's Overnight Cash Rate as the interest rate used in the calculation of the discounting of the RAD balance. Because the repayment of the RAD is guaranteed by the Federal Government, there is no credit risk and therefore the appropriate discount rate is the RBA's Overnight Cash Rate.

Beaumont Care (Holdings) Pty Ltd
NAPS ID: 7235
Notes to the financial statements
30 June 2023

Note 3. Revenue

	2023	2022
	\$	\$
<i>Revenue from contracts with customers</i>		
Government grants and subsidies - residential aged care	16,534,545	15,364,973
Resident fees	4,556,580	4,673,003
Government grants and subsidies - other	547,572	1,167,682
	<u>21,638,697</u>	<u>21,205,658</u>
<i>Other revenue</i>		
Imputed revenue on RAD and bond balances	497,546	26,414
Other resident revenue	771,742	752,638
Other revenue	59,912	-
	<u>1,329,200</u>	<u>779,052</u>
Revenue	<u><u>22,967,897</u></u>	<u><u>21,984,710</u></u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	2023	2022
	\$	\$
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	17,082,117	16,532,655
Services transferred over time	4,556,580	4,673,003
	<u>21,638,697</u>	<u>21,205,658</u>

Note 4. Other income

	2023	2022
	\$	\$
Net gain on disposal of property, plant and equipment	386,308	-
Sales to residents	-	53,433
Insurance recoveries	218,391	-
Other income	<u>604,699</u>	<u>53,433</u>

Note 5. Expenses

	2023	2022
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Interest and finance charges paid on borrowings	1,442,865	913,247
Imputed accommodation bond/RAD interest expense	497,546	26,414
Interest expense attributable to leases accounted for under AASB 16	77,119	79,303
Interest expense paid on refund of RADs	33,275	28,564
Finance costs expensed	<u>2,050,805</u>	<u>1,047,528</u>

Beaumont Care (Holdings) Pty Ltd
NAPS ID: 7235
Notes to the financial statements
30 June 2023

Note 6. Income tax

	2023	2022
	\$	\$
<i>Income tax expense</i>		
Current tax	-	-
Deferred tax	123,187	144,546
	<u>123,187</u>	<u>144,546</u>
Aggregate income tax expense	<u>123,187</u>	<u>144,546</u>
Deferred tax included in income tax expense comprises:		
Increase in deferred tax liabilities	123,187	144,546
	<u>123,187</u>	<u>144,546</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(8,813,230)	(2,969,424)
Tax at the statutory tax rate of 25%	(2,203,308)	(742,356)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable income	(124,387)	(6,604)
Non-deductible expenses	126,419	6,626
Other deductible expenses	(1,102)	-
Tax gain on sale of property	96,577	-
Accounting gain on sale of property	(96,577)	-
Changes in tax rate	-	(268)
	<u>(124,387)</u>	<u>(6,604)</u>
	(2,202,378)	(742,602)
Current year tax losses not recognised	81,834	310,345
Amortisation on bed licenses not recognised	485,607	576,803
Impairment of related party loans	1,758,124	-
	<u>1,758,124</u>	<u>-</u>
Income tax expense	<u>123,187</u>	<u>144,546</u>
	2023	2022
	\$	\$
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	112,408	104,778
Allowance for expected credit losses	(4,073)	(4,086)
Lease liabilities	(31,354)	(24,314)
Other liabilities	162,500	112,500
Future deductible expenditure	35,209	(37,375)
	<u>112,408</u>	<u>104,778</u>
Deferred tax liability	<u>274,690</u>	<u>151,503</u>
Movements:		
Opening balance	151,503	6,957
Charged to profit or loss	123,187	144,546
	<u>123,187</u>	<u>144,546</u>
Closing balance	<u>274,690</u>	<u>151,503</u>

Beaumont Care (Holdings) Pty Ltd
NAPS ID: 7235
Notes to the financial statements
30 June 2023

Note 7. Cash and cash equivalents

	2023	2022
	\$	\$
<i>Current assets</i>		
Cash at bank	<u>641,839</u>	<u>567,039</u>

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	641,839	567,039
Bank overdraft (note 14)	<u>(1,276,754)</u>	<u>(342,522)</u>
Balance as per statement of cash flows	<u>(634,915)</u>	<u>224,517</u>

Note 8. Trade and other receivables

	2023	2022
	\$	\$
<i>Current assets</i>		
Trade receivables	235,479	98,538
Less: Allowance for expected credit losses	<u>(16,291)</u>	<u>(16,345)</u>
	<u>219,188</u>	<u>82,193</u>
<i>Non-current assets</i>		
Related party receivables	7,032,495	7,030,009
Less: Allowance for expected credit losses / impairment	<u>(7,032,495)</u>	<u>-</u>
	<u>-</u>	<u>7,030,009</u>
	<u>219,188</u>	<u>7,112,202</u>

Note 9. Other assets

	2023	2022
	\$	\$
<i>Current assets</i>		
Prepayments	<u>131,731</u>	<u>100,418</u>
	<u>131,731</u>	<u>100,418</u>

Beaumont Care (Holdings) Pty Ltd
NAPS ID: 7235
Notes to the financial statements
30 June 2023

Note 10. Property, plant and equipment

	2023 \$	2022 \$
Freehold land - at cost	4,230,000	6,243,476
Land and buildings - at cost	21,319,325	23,093,539
Less: Accumulated depreciation	<u>(2,067,156)</u>	<u>(1,865,111)</u>
	19,252,169	21,228,428
Plant and equipment - at cost	6,287,412	6,500,937
Less: Accumulated depreciation	<u>(3,823,944)</u>	<u>(3,356,408)</u>
	2,463,468	3,144,529
Motor vehicles - at cost	45,462	45,462
Less: Accumulated depreciation	<u>(37,919)</u>	<u>(35,605)</u>
	7,543	9,857
Office equipment - at cost	24,751	24,751
Less: Accumulated depreciation	<u>(21,455)</u>	<u>(20,631)</u>
	3,296	4,120
Low value asset pool - at cost	1,604,157	1,605,591
Less: Accumulated depreciation	<u>(935,382)</u>	<u>(769,150)</u>
	668,775	836,441
Work in progress	<u>27,553</u>	<u>30,553</u>
	<u>26,652,804</u>	<u>31,497,404</u>

Reconciliations

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

	Land \$	Buildings \$	Plant and equipment \$	Motor vehicles \$	Office equipment \$	Low value asset pool \$	Work in progress \$	Total \$
Balance at 1 July 2022	6,243,476	21,228,428	3,144,529	9,857	4,120	836,441	30,553	31,497,404
Additions	-	10,749	136,649	-	-	-	-	147,398
Disposals	(2,013,476)	(1,476,647)	(110,487)	-	-	(1,434)	(3,000)	(3,605,044)
Depreciation expense	<u>-</u>	<u>(510,361)</u>	<u>(707,223)</u>	<u>(2,314)</u>	<u>(824)</u>	<u>(166,232)</u>	<u>-</u>	<u>(1,386,954)</u>
Balance at 30 June 2023	<u>4,230,000</u>	<u>19,252,169</u>	<u>2,463,468</u>	<u>7,543</u>	<u>3,296</u>	<u>668,775</u>	<u>27,553</u>	<u>26,652,804</u>

Note 11. Right-of-use assets

	2023 \$	2022 \$
<i>Non-current assets</i>		
Land - right-of-use	2,182,162	2,182,162
Less: Accumulated depreciation	<u>(342,300)</u>	<u>(256,725)</u>
	<u>1,839,862</u>	<u>1,925,437</u>

There were no additions to the right-of-use assets during the year and depreciation charged to profit or loss was \$85,575.

The company leases land for the residential aged care facility located at 60 Ziviani Road, Wamuran. The lease is under an agreement with a remaining term of 21.5 years, with two options to extend by 5 years.

Reconciliations

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

	Land \$	Total \$
Balance at 1 July 2022	1,925,437	1,925,437
Depreciation expense	<u>(85,575)</u>	<u>(85,575)</u>
Balance at 30 June 2023	<u>1,839,862</u>	<u>1,839,862</u>

Note 12. Intangibles

	2023 \$	2022 \$
<i>Non-current assets</i>		
Bed licences - at cost	8,204,013	8,204,013
Less: Accumulated amortisation and impairment	<u>(6,256,264)</u>	<u>(4,313,836)</u>
	<u>1,947,749</u>	<u>3,890,177</u>

Reconciliations

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

	Bed licences \$	Total \$
Balance at 1 July 2022	3,890,177	3,890,177
Amortisation expense	<u>(1,942,428)</u>	<u>(1,942,428)</u>
Balance at 30 June 2023	<u>1,947,749</u>	<u>1,947,749</u>

The Federal Government announced in the Federal Budget on 15 May 2021 the phasing out of allocated bed licences by 30 June 2024. As a result, bed licences are considered to have a finite useful life and will be amortised over the period 15 May 2021 to 30 June 2024.

Beaumont Care (Holdings) Pty Ltd
NAPS ID: 7235
Notes to the financial statements
30 June 2023

Note 13. Trade and other payables

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	4,330,952	5,364,103
Unearned revenue	2,063	373
Refundable accommodation deposits/accommodation bonds	18,362,579	16,034,047
Other payables	4,201	1,105
	<u>22,699,795</u>	<u>21,399,628</u>
<i>Non-current liabilities</i>		
Related party payables	251,269	-
	<u>251,269</u>	<u>-</u>
	<u><u>22,951,064</u></u>	<u><u>21,399,628</u></u>

Note 14. Borrowings

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Bank overdraft	1,276,754	342,522
Bank loans	17,660,155	24,719,330
Other financial liabilities	117,997	95,755
	<u>19,054,906</u>	<u>25,157,607</u>

Terms and conditions

The company has the following facilities with NAB:

	2023	2022
	\$	\$
Total facilities		
Bank overdraft - flexible rate loan	3,000,000	3,000,000
Bank loan - corporate markets loan (1)	10,931,780	11,394,097
Bank loan - corporate markets loan (2)	12,310,000	15,700,000
Bank loan - corporate markets loan	-	1,916,634
	<u>26,241,780</u>	<u>32,010,731</u>
Used at the reporting date		
Bank overdraft - flexible rate loan	1,276,754	216,607
Bank loan - corporate markets loan (1)	5,350,155	8,453,442
Bank loan - corporate markets loan (2)	12,310,000	15,054,683
Bank loan - corporate markets loan	-	1,211,205
	<u>18,936,909</u>	<u>24,935,937</u>
Unused at the reporting date		
Bank overdraft - flexible rate loan	1,723,246	2,783,393
Bank loan - corporate markets loan (1)	5,581,625	2,940,655
Bank loan - corporate markets loan (2)	-	645,317
Bank loan - corporate markets loan	-	705,429
	<u>7,304,871</u>	<u>7,074,794</u>

Note 14. Borrowings (continued)

The variable interest rate on the overdraft facility with NAB at 30 June 2023 is 7.507%.

The variable interest rate on the corporate markets loan (1) with NAB at 30 June 2023 is 6.894%.

The variable interest rate on the corporate markets loan (2) with NAB at 30 June 2023 is 6.694%.

The expiry date on all facilities listed above is 30 November 2023.

Subsequent to year end, the company entered into an Amendment and Restatement Deed which amended the following facility limits as follows:

Facility	Updated Facility
Bank overdraft - flexible rate loan	\$4,000,000
Bank loan - corporate markets loan	\$9,931,780
Bank loan - corporate markets loan	No Change

All NAB facilities are secured by a fixed and floating charge over the assets and undertakings of the company and registered mortgage over the land held by the company. Beaumont Care Pty Ltd and Willow Water Pty Ltd have provided a first priority general security over all present and after acquired property. Linda Beaumont, Willow Water Pty Ltd and Beaumont Care Pty Ltd provided a guarantee of \$37,768,246 plus interest with respect to these facilities.

As at the date of issue of the financial statements, discussions are still being held with NAB in negotiating new terms. Refer to note 1 for further details.

Defaults and breaches in relation to financial liabilities

The company breached its covenant requirements for the NAB bank loans during the financial year as follows:

- The company breached the Interest Cover (EBITDA / interest expense) minimum requirements each quarter during the year, as the earnings on interest was less than 2.5 times.
- The company breached the loan to value ratio (ratio exceeded 65%) in the first and second quarters of the financial year.

As at the date of issue of the financial statements, NAB has not taken any action regarding breaches of covenants during the financial year.

Beaumont Care (Holdings) Pty Ltd
NAPS ID: 7235
Notes to the financial statements
30 June 2023

Note 15. Lease liabilities

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Lease liability	59,685	57,415
	<u>59,685</u>	<u>57,415</u>
<i>Non-current liabilities</i>		
Lease liability	1,905,592	1,965,277
	<u>1,905,592</u>	<u>1,965,277</u>
	<u><u>1,965,277</u></u>	<u><u>2,022,692</u></u>
<i>Future lease payments</i>		
Future lease payments are due as follows:		
Within one year	134,534	134,534
One to five years	538,136	538,136
More than five years	2,219,811	2,354,345
	<u>2,892,481</u>	<u>3,027,015</u>

Note 16. Other liabilities

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Government capital grants	200,000	200,000
Other revenue received in advance	1,385	38,979
	<u>201,385</u>	<u>238,979</u>
<i>Non-current liabilities</i>		
Government capital grants	3,150,000	3,350,000
	<u>3,150,000</u>	<u>3,350,000</u>
	<u><u>3,351,385</u></u>	<u><u>3,588,979</u></u>

Refer to note 21 for additional details in relation the the government capital grant.

Note 17. Issued capital

	2023	2022	2023	2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>119,101</u>	<u>119,101</u>	<u>119,101</u>	<u>119,101</u>

Note 18. Dividends

Dividends

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

Note 18. Dividends (continued)

Franking credits

	2023 \$	2022 \$
Franking credits available for subsequent financial years based on a tax rate of 25%	<u>101,141</u>	<u>101,141</u>

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

The ability to use the franking credits is dependent upon the company's future ability to declare dividends.

Note 19. Key management personnel disclosures

No remuneration has been paid to key management personnel by the company during the 2023 year (2022: Nil).

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the company, its network firms and unrelated firms:

	2023 \$	2022 \$
<i>Audit services - BDO Audit Pty Ltd</i>		
- Audit of the financial statements	<u>68,000</u>	<u>59,500</u>
<i>Other services - BDO Services Pty Ltd</i>		
- Tax compliance	69,960	45,240
- Other services	<u>30,188</u>	<u>20,245</u>
	<u>100,148</u>	<u>65,485</u>
	<u><u>168,148</u></u>	<u><u>124,985</u></u>

Note 21. Contingent liabilities

Beaumont Care (Holdings) Pty Ltd had the following contingent liability at the end of the reporting period:

Australian Department of Health and Aged Care

The company has entered into an agreement with the Australian Department of Health and Aged Care whereby the Department provided a Residential Care Grant of \$4,000,000 (excluding GST) to the company towards the construction of a residential aged care facility at 60 Ziviani Road, Wamuran QLD 4512.

The grant monies of \$4,000,000 were provided from 26 June 2018 to 20 April 2020. In accordance with the terms of the agreement, the company must use the property for the purpose for no less than 20 years from the project completion date. The project was completed 31 March 2020. The company recognises this amount as an 'Other Liability – Government capital grant' and \$200,000 is released to income over the 20-year period on a straight-line basis from the date of completion of the Wamuran project.

Should the company demolish or transfer ownership or effective control of the land and buildings which constitute the property, to another person within 20 years from the completion date without written approval of the Secretary prior, the Secretary may require repayment of part or all of the Grant.

Note 21. Contingent liabilities (continued)

	2023	2022
	\$	\$
Australian Department of Health and Aged Care	4,000,000	4,000,000
	<u>4,000,000</u>	<u>4,000,000</u>

Note 22. Related party transactions

The company's main related parties are as follows:

The ultimate parent entity, which exercises control over the company, is Willow Water Pty Ltd as trustee for the Begonia Family Trust which is incorporated in Australia and owns 100% of Beaumont Care (Holdings) Pty Ltd.

Beaumont Care Pty Ltd provides residential management services to the residential aged care facilities. The company is incorporated in Australia. 100% A Class Shares are owned by Willow Water Pty Ltd and 100% Ordinary Class Shares are owned by Linda June Beaumont. Subsequent to 30 June 2023, ownership of Linda June Beaumont's shares were transferred into her Estate. Refer to note 13 for payables owed to Beaumont Care Pty Ltd.

Beaumont Care Independent Living Pty Ltd provides NDIS independent living services and is owned 100% by Willow Water Pty Ltd as trustee for the Begonia Family Trust. Refer to note 13 for payables owed to Beaumont Care Independent Living Pty Ltd.

Linda June Beaumont owns 100% of Willow Water Pty Ltd and is a director of the company. Refer to note 8 for amounts owed by Linda June Beaumont. Subsequent to 30 June 2023, ownership of Linda June Beaumont's shares were transferred into her Estate.

Key management personnel - refer to note 19.

Other related parties include entities that are controlled or significantly influenced by key management personnel.

The following transactions occurred with related parties:

	2023	2022
	\$	\$
Payment for goods and services:		
Payment for management service charges from related party	19,420,524	18,816,214
Payment for rental of land from director	134,534	134,534

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2023	2022
	\$	\$
Current payables:		
Trade payables to related parties	4,349,076	4,640,426

Note 22. Related party transactions (continued)

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	2023	2022
	\$	\$
Loan to director	7,032,495	7,032,495
Less: Allowance for expected credit losses / impairment	<u>(7,032,495)</u>	<u>-</u>
	-	7,032,495
Other payable to director	(268)	(2,486)
Loan from other related party	(251,000)	-

Terms and conditions

Management service fees were charged by Beaumont Care Pty Ltd on a cost plus mark-up basis, allowing a margin ranging from 10 - 30% (2022: 10 - 30%). All other transactions were made on normal commercial terms and conditions at market rates.

Outstanding balances to related parties are unsecured and are repayable in cash if called upon. The directors of the related parties have provided written confirmation that the outstanding balances will not be called upon until such time that the company has the capacity to pay.

The loan to the director is unsecured and repayable in cash if called upon.

Note 23. Events after the reporting period

Other than those matters disclosed elsewhere in the financial report, there are no other matters or circumstances that have arisen since 30 June 2023 that have significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in the future financial years.

Beaumont Care (Holdings) Pty Ltd
NAPS ID: 7235
Director's declaration
30 June 2023

In the sole director's opinion:

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

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



Michael Allan Goss
Director

31 October 2023

INDEPENDENT AUDITOR'S REPORT

To the members of Beaumont Care (Holdings) Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Beaumont Care (Holdings) 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 report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Entity as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards - Simplified Disclosures.

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 Entity 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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report, 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity'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 intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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.

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

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd



K L Colyer
Director

Brisbane, 31 October 2023