# TBG Senior Living Services Pty Limited

**ABN 63 074 316 797**

## Annual Report - 30 June 2023

**TBG Senior Living Services Pty Limited**
**Contents**
**30 June 2023**



## General information

The financial statements cover TBG Senior Living Services Pty Limited as an individual entity. The financial statements are presented in Australian currency.

TBG Senior Living Services Pty Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

25 Retford Road
Bowral
2576, NSW

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 3 November 2023. The directors have the power to amend and reissue the financial statements.

The Residential Aged Care Service (RACS) identification number is 2628.

**TBG Senior Living Services Pty Limited**
**Directors' report**
**30 June 2023**

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

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

| | |
|---|---|
| Mr Matthew Blissett | Appointed 7 June 1996 - present |
| Mrs Kathryn Blissett | Appointed 7 June 1996 - present |

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

**Company secretary**
The Company secretary at the end of the financial year was Kathryn Blissett. Kathryn Blissett has been the company secretary since 1996.

**Company particulars**
The Company is incorporated and domiciled in Australia and is a proprietary company limited by shares.

The address of registered office is:
25 Retford Road
Bowral NSW 2576

**Review of operations**
The loss for the company after providing for income tax amounted to $1,248,958 (30 June 2022: $2,205,772).

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

**Principal activities**
The principal activity of TBG Senior Living Services Pty Limited during the financial year was the provision of residential aged care services.

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

**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**
On 24 July 2023, the company has refinanced the $6,000,000 accommodation bonds - line of credit facility held with NAB through a new provider, Austar, with a new facility of $6,300,000 expiring 24 October 2024.

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

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

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

The Board believes that the company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the company.

**Indemnity and insurance of officers**
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the directors and officers of the company or any related entity against a liability incurred in their capacity as a director.

**TBG Senior Living Services Pty Limited**
**Directors' report**
**30 June 2023**

**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.

**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.

This report is made in accordance with a resolution of directors.

On behalf of the directors

Mr Matthew Blissett
Director

3/11/2023

Mrs Kathryn Blissett
Director

Nexia Australia

Nexia Sydney Audit Pty Ltd
Level 22, 2 Market Street
Sydney NSW 2000
PO Box Q776
QVB NSW 1230
E: info@nexiasydney.com.au
P: +61 2 9251 4600
F: +61 2 9251 7138

nexia.com.au

# Independent Auditor's Report to the Members of TBG Senior Living Services Pty Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of TBG Senior Living Services Pty Limited (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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.

In our opinion, the accompanying financial report of the Company is in accordance with the Aged Care Act 1997, including:

i) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards - Simplified Disclosures and Accountability Principles 2014.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional & 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 2 in the financial report, which indicates that the Company incurred a net loss of $1,248,958 during the year ended 30 June 2023 and had net liabilities of $14,688,669. During the year the total interest-bearing borrowings has increased from $17,012,443 to $25,252,896, this includes the impact of net RAD outflows of $3,928,410. As stated in Note 2, these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Nexia Australia

### Other information

The directors are responsible for the other information. The other information comprises the information in TBG Senior Living Services Pty Limited's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

### Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Aged Care Act 1997 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibility 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 Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Nexia

**Nexia Sydney Audit Pty Limited**

**Lester Wills**
Director, Registration Number: 406308

Dated: 3 November 2023
Sydney

**TBG Senior Living Services Pty Limited**
**Directors' declaration**
**30 June 2023**

In the directors' opinion:

- the attached financial statements and notes comply with the Aged Care Act 1997, the Australian Accounting Standards - Simplified Disclosures, and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the directors

Mr Matthew Blissett
Director

3/11/2023

Mrs Kathryn Blissett
Director

**TBG Senior Living Services Pty Limited**
**Statement of profit or loss and other comprehensive income**
**For the year ended 30 June 2023**

| | Note | 2023 $ | 2022 $ |
|---|---|---|---|
| **Revenue** | | | |
| Revenue and other income | 5 | 16,309,203 | 14,109,802 |
| Interest revenue | 6 | 1,506,345 | 1,524,175 |
| | | | |
| **Expenses** | | | |
| Employee benefits expense | 7 | (10,350,056) | (9,836,428) |
| Facility maintenance and occupancy expenses | | (770,371) | (673,149) |
| Depreciation and amortisation expense | 7 | (1,658,346) | (1,659,556) |
| Repairs and maintenance expenses | | (308,141) | (385,037) |
| Resident expenses | | (768,795) | (700,795) |
| Other expenses | | (888,714) | (838,028) |
| Finance costs | 7 | (4,320,083) | (2,985,869) |
| Reversal of related party discretionary trust income | 23 | - | (760,887) |
| Total expenses | | (19,064,506) | (17,839,749) |
| | | | |
| **Loss before income tax expense** | | (1,248,958) | (2,205,772) |
| | | | |
| Income tax expense | 8 | - | - |
| | | | |
| **Loss after income tax expense for the year attributable to the owners of TBG Senior Living Services Pty Limited** | | (1,248,958) | (2,205,772) |
| | | | |
| Other comprehensive income for the year, net of tax | | - | - |
| | | | |
| **Total comprehensive income for the year attributable to the owners of TBG Senior Living Services Pty Limited** | | (1,248,958) | (2,205,772) |

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

**TBG Senior Living Services Pty Limited**
**Statement of financial position**
**As at 30 June 2023**

| | Note | 2023 $ | 2022 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 9 | 70,812 | 53,220 |
| Trade and other receivables | 10 | 349,531 | 231,446 |
| Other assets | | 5,000 | - |
| Total current assets | | 425,343 | 284,666 |
| **Non-current assets** | | | |
| Other financial assets | 11 | 38,491,567 | 38,042,684 |
| Property, plant and equipment | 12 | 21,201,834 | 20,102,231 |
| Right-of-use assets | 13 | 11,091,725 | 12,478,191 |
| Total non-current assets | | 70,785,126 | 70,623,106 |
| **Total assets** | | 71,210,469 | 70,907,772 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 14 | 3,189,212 | 3,888,932 |
| Financial liabilities | 15 | 15,721,355 | 21,213,134 |
| Lease liabilities | 16 | 1,128,407 | 1,007,185 |
| Employee Benefits | 17 | 823,888 | 759,712 |
| Resident liabilities | 18 | 40,095,274 | 44,023,684 |
| Total current liabilities | | 60,958,136 | 70,892,647 |
| **Non-current liabilities** | | | |
| Financial liabilities | 15 | 12,698,065 | - |
| Lease liabilities | 16 | 12,125,690 | 13,254,097 |
| Employee Benefits | 17 | 117,247 | 200,739 |
| Total non-current liabilities | | 24,941,002 | 13,454,836 |
| **Total liabilities** | | 85,899,138 | 84,347,483 |
| **Net liabilities** | | (14,688,669) | (13,439,711) |
| **Equity** | | | |
| Issued capital | 19 | 2 | 2 |
| Retained earnings | | (14,688,671) | (13,439,713) |
| **Total deficiency in equity** | | (14,688,669) | (13,439,711) |

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

**TBG Senior Living Services Pty Limited**
**Statement of changes in equity**
**For the year ended 30 June 2023**

| | Issued capital $ | Retained earnings $ | Total deficiency in equity $ |
|---|---|---|---|
| Balance at 1 July 2021 | 2 | (11,233,941) | (11,233,939) |
| Loss after income tax expense for the year | - | (2,205,772) | (2,205,772) |
| Other comprehensive income for the year, net of tax | - | - | - |
| Total comprehensive income for the year | - | (2,205,772) | (2,205,772) |
| Balance at 30 June 2022 | 2 | (13,439,713) | (13,439,711) |

| | Issued capital $ | Retained earnings $ | Total deficiency in equity $ |
|---|---|---|---|
| Balance at 1 July 2022 | 2 | (13,439,713) | (13,439,711) |
| Loss after income tax expense for the year | - | (1,248,958) | (1,248,958) |
| Other comprehensive income for the year, net of tax | - | - | - |
| Total comprehensive income for the year | - | (1,248,958) | (1,248,958) |
| Balance at 30 June 2023 | 2 | (14,688,671) | (14,688,669) |

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

**TBG Senior Living Services Pty Limited**
**Statement of cash flows**
**For the year ended 30 June 2023**

| | Note | 2023 $ | 2022 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from residents and government subsidies | | 13,929,889 | 12,402,495 |
| Payments to suppliers, employees and residents | | (12,975,431) | (11,465,085) |
| | | 954,458 | 937,410 |
| Interest and other finance costs paid | | (1,200,011) | (341,268) |
| Net cash (used in)/from operating activities | | (245,553) | 596,142 |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment for residential aged care | | (396,696) | (375,581) |
| Proceeds from disposal of property, plant and equipment | | 23,098 | - |
| Net cash used in investing activities | | (373,598) | (375,581) |
| **Cash flows from financing activities** | | | |
| Net loans (made to)/received from related parties | | 10,159,378 | 219,493 |
| Net proceeds from accommodation bonds line of credit | | 1,883,300 | 921,650 |
| Hire purchase payments | | - | (3,138) |
| Accommodation bonds received | | 14,059,587 | 12,497,930 |
| Accommodation bonds refunded | | (17,987,997) | (14,166,786) |
| Net repayment of borrowings | | (7,446,689) | - |
| Net cash from/(used in) financing activities | | 667,579 | (530,851) |
| Net increase/(decrease) in cash and cash equivalents | | 48,428 | (310,290) |
| Cash and cash equivalents at the beginning of the financial year | | 22,384 | 332,674 |
| Cash and cash equivalents at the end of the financial year | 9 | 70,812 | 22,384 |

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

## Note 1. Introduction

The financial report covers TBG Senior Living Services Pty Limited as an individual entity. TBG Senior Living Services Pty Limited is a for profit Company limited by shares, incorporated and domiciled in Australia.

## Note 2. Significant accounting policies

### 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.

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

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

*AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*
The company has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

### Basis of preparation
Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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 Aged Care Act 1997, as appropriate for for-profit oriented entities.

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

### Functional and presentation currency
These financial statements are presented in Australian dollars, which is the company’s functional currency.

### Foreign currency translation
The financial statements are presented in Australian dollars, which is TBG Senior Living Services Pty Limited's functional and presentation currency.

*Foreign currency transactions*
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**Note 2. Significant accounting policies (continued)**

**Revenue and other income**
The company recognises revenue as follows:

*Revenue from contracts with customers*
Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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

*Government revenue*
The Federal Government assesses the Group’s entitlement to revenue in accordance with the provisions of the Aged Care Act 1997. The subsidy received is based on the Australian National Aged Care Classification (“AN-ACC”) funding model and recognised on an ongoing daily basis. The Federal Government also calculates certain accommodation supplements and other supplements on a per resident per day basis. The amount of Government revenue received is determined by Federal Government regulation rather than a contract with a customer. The funding is determined by a range of factors, including the resident’s care needs; whether the home has been significantly refurbished; levels of supported resident ratios at the home; and the financial means of the resident.

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

*Other resident fees*
These include fees recognised by the Group for the provision of accommodation and additional services to residents, charged to residents under mutually agreed terms and conditions, depending upon the agreed room price and additional services requested.

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

*Interest revenue*
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.

**Note 2. Significant accounting policies (continued)**

**Accommodation bonds**
Refundable Accommodation Deposits (RAD's) are non–interest bearing deposits made by aged care facility residents to the company upon their admission. The liability for accommodation bonds is carried at the amount that would be payable on exit of the resident. This is the amount received on entry of the resident less deductions for fees and retentions pursuant to the Aged Care Act 1997. Accommodation bonds are classified as current liabilities as the company does not have any unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The obligation to settle could occur at any time. These amounts have been included in trade payables.

Once a refunding event occurs the bond becomes interest bearing. The interest rate varies according to the agreement and is recognised on an accrual basis over the period it is earned.

**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.

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

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

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

**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.

**Note 2. Significant accounting policies (continued)**

*Financial assets at amortised cost*
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. 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 include loans to related party entities.

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, it's carrying value is written off.

*Impairment of financial assets*
The company recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. 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 carried at cost as indicated less, where applicable, any accumulated depreciation and impairment losses.

*Land*
Land is measured on the cost basis and are therefore carried at cost any accumulated impairment losses. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

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

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

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

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

**Note 2. Significant accounting policies (continued)**

*Depreciation*
The depreciation method and useful life used for items of property, plant and equipment (excluding freehold land) reflects the pattern in which their future economic benefits are expected to be consumed by the company. Depreciation commences 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. The depreciation method and useful life of assets is reviewed annually to ensure they are still appropriate.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

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

| Fixed asset class | Depreciation rate |
|---|---|
| Buildings | 2.50% |
| Plant and Equipment | 10 - 50.00% diminishing value |
| Motor vehicles | 25% diminishing value |

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

*Borrowing costs*
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in ‘finance costs’.

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

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

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

**Impairment of non-financial assets**
Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Note 2. 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. Trade payables are obligations on the basis of normal credit terms.

**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.

Leases in which the entity is a lessor
Contracts with customers contain provisions for accommodation, use of common areas/facilities for provision of care and other services. TBG Senior Living Services has concluded that its contractual arrangements relating to the provision of residential aged care and retirement living accommodation are an operating lease pursuant to AASB 16, being the exclusive right to the use of a room/unit by a resident.

For residential aged care accommodation arrangements where the resident has elected to pay a RAD or accommodation bond, TBG Senior Living Services receives a financing benefit, being non-cash consideration, in the form of an interest free loan.

On adoption of AASB 16, the fair value of this non-cash consideration is required to be recognised as income (to reflect the interest free loan financing benefit received on RADs and accommodation bonds) and, correspondingly, interest expense (to record the financial liability associated with RADs and accommodation bonds at fair value) with no net impact on profit or loss.

The application of AASB 16 for the year ended 30 June 2023 has been calculated based on:

- Monthly average RAD/accommodation bond balances; and
- Interest rate equal to the Maximum Permissible Interest Rate (MPIR), which is a Government set interest rate used to calculate the Daily Accommodation Payment (DAP) to applicable residents. The MPIR was 5.00% between July to September 2022; 6.31% between October to December 2022; 7.06% between January to March 2023; and 7.46% between April to June 2023.

**Employee benefits**

*Short-term employee benefits*
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**Note 2. Significant accounting policies (continued)**

**Provisions**
Provisions are recognised when the entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**Working capital deficiency and going concern**
The statement of financial position shows a deficiency in working capital. The deficiency in working capital predominately relates to accommodation bonds which are repayable on demand and the classification of the loans. As required under the Aged Care Act 1997 the company operates under a bond liquidity management strategy. In accordance with this plan the company must maintain sufficient liquidity to meet bond redemptions under normal operating conditions.

The company has refinanced bank loan facilities in September 2022 through a related party entity, Lancade Holdings Pty Limited which has a total facility amount of $24,510,000. This includes the refinancing of the previous facility held with NAB of $11,575,000 and other trade payables of $1,177,160 . The new facility expires in September 2025. The loan balance held between the company and Lancade Holdings Pty Limited as at year end is $12,698,065.

On 29 November 2022, the company entered into a loan agreement with GP Mortgage Corporation with a loan facility of $1,667,000 and it expires on 29 November 2023. An additional loan facility with Solido Capital Pty Ltd was entered into on 24 April 2023. The total facility limit is $3,850,000 and it expires on 30 June 2024.

The accommodation bonds - line of credit facility of $8,500,000 has been renegotiated during the year. On 29 June 2023, the existing facility of $2,200,000 was renegotiated with the provider and the facility limit revised to $2,700,000 with expiry date of 29 June 2024. On 24 July 2023, the company has refinanced $6,000,000 of accommodation bonds - line of credit facility through a new provider with a new facility of $6,300,000 expiring 24 October 2024.

The company has incurred a loss for the year of $1,248,958 (2022: $2,205,772 loss) and net cash outflow from operating activities of $245,553 (2022: net cash inflow of $596,142). Overall, the company has negative net assets of $14,688,669 (2022: $13,439,711). During the year the total interest bearing borrowings has increased from $17,012,443 to $25,252,896, this includes the impact of net RAD outflows of $3,928,410.

Notwithstanding this the accounts have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

In making this assessment the directors note the following:

- The company has non-operational properties. It is the intention to dispose of one of the properties in FY24 to reduce debt;
- Included in net assets is $18,844,418 loans and other payables to related entities controlled by the Directors. These loans will not be repaid until the company is in a position to do so;
- The company has received $589,792 in COVID grants from the department subsequent to the year-end relating to costs incurred during 2023. No other grants have been submitted to the Department of Health for approval;
- The Directors (or related entities) will provide further financial support for at least 12 months from the date of this report;
- The company has approval to increase the RADs charged from October 2023. The cash flow forecasts assume that the additional incoming RADs will be sufficient to retire debt due;
- The company has capacity in the existing debt facilities to partially fund interest during the next 12 months;
- The company will seek to leverage investment property in related party entities in order to access additional borrowings. Further, the company is seeking construction financing for the development of the Hornsby property.

In the event that the above is not achieved, the company may not be able to continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

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

## Note 2. Significant accounting policies (continued)

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

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

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

## Note 3. 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.

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

*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.

*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.

Specifically, the Hornsby property held for development will only be recovered at the current carrying value if the development progresses. Management has prepared a feasibility assessment including forecasted occupancy, resident accommodation deposit to daily accommodation payment ratios and costs to complete the construction.

*Employee benefits provision*
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

## Note 4. Operating Segments

*Identification of reportable operating segments*
A business segment is a distinguishable component of an entity that is engaged in providing services that are subject to risks and returns that are different to those of other operating business segments. All segment entities operating under Presbyterian Aged Care are not for profit and therefore AASB8: Operating Segments does not apply. The segment information below has been disclosed only to comply with the requirements of the Aged Care Act.
*Identification of reportable operating segments*
TBG Senior Living Services Pty Ltd's segment reporting is based on the type of care provided to residents and clients.

The **Residential Aged Care** operating segment comprises of the Nursing Home Care and provides assistance with daily activities including showering, personal care and dressing. Meals and laundry services are provided and staff are available 24 hours per day.

The **Retirement Villages** operating segment provides the services to the assisted living residents as well as the administration of the villages.

| **2023** | Residential Aged Care | Retirement Villages | Total |
|---|---|---|---|
| **Revenue** | | | |
| Resident fees | 3,835,984 | 188,363 | 4,024,347 |
| Government subsidies | 7,904,770 | - | 7,904,770 |
| DAP fees | 502,298 | - | 502,298 |
| Other revenue and income | 5,376,110 | 8,203 | 5,384,133 |
| **Total revenue** | 17,619,162 | 196,566 | 17,815,548 |
| | | | |
| Employee benefits expense | (10,235,669) | (114,387) | (10,350,056) |
| Facility maintenance and occupancy expenses | (653,775) | (116,596) | (770,371) |
| Depreciation and amortisation expense | (1,658,346) | - | (1,658,346) |
| Repairs and maintenance expenses | (301,594) | (6,547) | (308,141) |
| Resident expenses | (768,795) | - | (768,795) |
| Other expenses | (884,076) | (4,638) | (888,714) |
| Finance costs | (4,320,033) | (50) | (4,320,083) |
| | | | |
| **Deficit** | (1,203,126) | (45,652) | (1,248,958) |
| | | | |
| **Assets** | | | |
| Segment assets | 71,139,657 | - | 71,139,657 |
| Cash and cash equivalents | 70,812 | - | 70,812 |
| **Total assets** | 71,210,469 | - | 71,210,469 |
| | | | |
| **Liabilities** | | | |
| Segment liabilities | (85,899,138) | - | (85,899,138) |
| **Total liabilities** | (85,899,138) | - | (85,899,138) |
| | | | |
| | (14,688,669) | - | (14,688,669) |

**Note 4. Operating Segments (continued)**

| **2022** | Residential Aged Care | Retirement Villages | Total |
|---|---|---|---|
| **Revenue** | | | |
| Resident fees | 3,913,341 | 191,560 | 4,104,901 |
| Government subsidies | 7,219,650 | - | 7,219,650 |
| DAP fees | 219,482 | - | 219,482 |
| Other revenue and income | 4,085,348 | 4,596 | 4,089,944 |
| | 15,437,821 | 196,156 | 15,633,977 |
| Employee benefits expense | (9,724,911) | (111,517) | (9,836,428) |
| Facility maintenance and occupancy expenses | (581,973) | (91,176) | (673,149) |
| Depreciation and amortisation expense | (1,659,556) | - | (1,659,556) |
| Repairs and maintenance expenses | (370,197) | (14,840) | (385,037) |
| Resident expenses | (700,795) | - | (700,795) |
| Other expenses | (1,593,480) | (5,435) | (1,598,915) |
| Finance costs | (2,985,819) | (50) | (2,985,869) |
| | (2,178,910) | (26,862) | (2,205,772) |

| | Residential Aged Care | Retirement Villages | Total |
|---|---|---|---|
| **Assets** | | | |
| Segment assets | 70,854,552 | - | 70,854,552 |
| Cash and cash equivalents | 53,220 | - | 53,220 |
| **Total assets** | 70,907,772 | - | 70,907,772 |
| **Liabilities** | | | |
| Segment liabilities | (84,347,483) | - | (84,347,483) |
| **Total liabilities** | (84,347,483) | - | (84,347,483) |
| | (13,439,711) | - | (13,439,711) |

**Note 5. Revenue and other income**

| | **2023 $** | **2022 $** |
|---|---|---|
| Resident fees | 4,024,347 | 4,104,901 |
| Government subsidies | 7,904,770 | 7,219,650 |
| DAP fees | 502,298 | 219,482 |
| Government grant - business improvement funding | 4,665 | 403,125 |
| Other income including other COVID stimulus grants | 1,269,416 | 312,744 |
| Imputed income on RADS and Bonds (refer to Note 1) | 2,603,707 | 1,849,900 |
| | 16,309,203 | 14,109,802 |

**Note 6. Interest revenue**

| | **2023 $** | **2022 $** |
|---|---|---|
| Interest income - Anthem Trust (note 23) | 1,506,345 | 1,524,175 |

## Note 7. Expenses

| | 2023 $ | 2022 $ |
|---|---|---|
| Loss before income tax includes the following specific expenses: | | |
| *Employee benefits expense* | | |
| Wages and salaries | 7,887,867 | 7,656,014 |
| Superannuation | 730,175 | 703,560 |
| Worker's compensation insurance | 188,258 | 233,087 |
| Annual/Long service leave | (7,970) | 224,267 |
| Other employee expenses | 409,847 | 361,575 |
| Agency staff | 1,141,879 | 657,925 |
| | 10,350,056 | 9,836,428 |
| *Depreciation and amortisation* | | |
| Property under development (note 12) | 2,789 | 2,789 |
| Plant and equipment (note 12) | 178,376 | 162,557 |
| Furniture and fittings (note 12) | 73,044 | 87,493 |
| Motor vehicles (note 12) | 1,727 | 1,593 |
| Office furniture and equipment (note 12) | 15,944 | 18,658 |
| Land and buildings - right of use assets (note 13) | 1,386,466 | 1,386,466 |
| | 1,658,346 | 1,659,556 |
| *Finance costs* | | |
| Interest on borrowings | 1,572,646 | 668,683 |
| Accommodation bond/RAD repayment interest | 270,569 | 142,427 |
| Other finance costs | 70,325 | 51,608 |
| Interest expense on lease liabilities | 731,604 | 777,488 |
| Imputed interest charge on RADs and bonds (refer to Note 1) | 2,603,707 | 1,849,900 |
| | 5,248,851 | 3,490,106 |
| Amount capitalised in property under development | (928,768) | (504,237) |
| Total finance costs | 4,320,083 | 2,985,869 |

## Note 8. Income tax expense

| | 2023 $ | 2022 $ |
|---|---|---|
| *Numerical reconciliation of income tax expense and tax at the statutory rate* | | |
| Loss before income tax expense | (1,248,958) | (2,205,772) |
| Tax at the statutory tax rate of 25% | (312,240) | (551,443) |
| Current year tax losses not recognised | 312,240 | 551,443 |
| Income tax expense | - | - |

| | 2023 $ | 2022 $ |
|---|---|---|
| *Tax losses not recognised* | | |
| Unused tax losses for which no deferred tax asset has been recognised | 8,191,992 | 8,416,958 |
| Potential tax benefit @ 25% | 2,047,998 | 2,104,240 |

## Note 8. Income tax expense (continued)

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

## Note 9. Cash and cash equivalents

| | 2023 $ | 2022 $ |
|---|---|---|
| *Current assets* | | |
| Cash on hand | 155 | 155 |
| Cash at bank | 70,657 | 53,065 |
| | 70,812 | 53,220 |

*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:

| | 2023 $ | 2022 $ |
|---|---|---|
| Balances as above | 70,812 | 53,220 |
| Bank overdraft (note 15) | - | (30,836) |
| Balance as per statement of cash flows | 70,812 | 22,384 |

## Note 10. Trade and other receivables

| | 2023 $ | 2022 $ |
|---|---|---|
| *Current assets* | | |
| Resident fees receivable | 233,158 | 126,577 |
| Government subsidies receivable | 75,934 | 86,715 |
| | 309,092 | 213,292 |
| Other debtors | 12,949 | 1,115 |
| GST receivable | 27,490 | 17,039 |
| | 349,531 | 231,446 |

## Note 11. Other financial assets

| | 2023 $ | 2022 $ |
|---|---|---|
| *Non-current assets* | | |
| Related party receivables (note 23) | 38,491,567 | 38,042,684 |

## Note 12. Property, plant and equipment

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| *Non-current assets* | | |
| Property under development | 20,031,851 | 18,995,844 |
| | | |
| Plant and equipment - at cost | 2,432,310 | 2,333,357 |
| Less: Accumulated depreciation | (1,647,596) | (1,665,742) |
| | 784,714 | 667,615 |
| | | |
| Fixtures and fittings - at cost | 1,350,847 | 1,329,761 |
| Less: Accumulated depreciation | (1,008,173) | (935,130) |
| | 342,674 | 394,631 |
| | | |
| Motor vehicles - at cost | 31,418 | 27,618 |
| Less: Accumulated depreciation | (24,564) | (22,837) |
| | 6,854 | 4,781 |
| | | |
| Office furniture and equipment - at cost | 242,217 | 229,891 |
| Less: Accumulated depreciation | (206,476) | (190,531) |
| | 35,741 | 39,360 |
| | | |
| | 21,201,834 | 20,102,231 |

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

| | Property under development<br>$ | Plant and equipment<br>$ | Furniture and fittings<br>$ | Motor vehicles<br>$ | Office furniture and equipment<br>$ | Total<br>$ |
|---|---|---|---|---|---|---|
| Balance at 1 July 2022 | 18,995,844 | 667,615 | 394,631 | 4,781 | 39,360 | 20,102,231 |
| Additions | 1,038,796 | 318,573 | 21,087 | 3,800 | 12,325 | 1,394,581 |
| Disposals | - | (23,098) | - | - | - | (23,098) |
| Depreciation expense | (2,789) | (178,376) | (73,044) | (1,727) | (15,944) | (271,880) |
| | | | | | | |
| Balance at 30 June 2023 | 20,031,851 | 784,714 | 342,674 | 6,854 | 35,741 | 21,201,834 |

Included in the carrying value of property under development are capitalised borrowing costs as follows:

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Interest on related party loan – Tickle Trust and Lancade Holdings | 830,651 | 742,746 |
| Interest paid on final settlement of proceeds | 115,134 | 115,134 |
| Bank fees and interest | 3,239,128 | 2,398,265 |
| | | |
| | 4,184,913 | 3,256,145 |

Included in the carrying value of property under development is land held for construction of a new residential aged care facility. The recoverable amount of the land is expected to be realised in future years upon completion of the construction and as at 30 June 2023 includes:

## Note 12. Property, plant and equipment (continued)

| | 2023 $ | 2022 $ |
|---|---|---|
| Initial purchase cost | 11,485,000 | 11,485,000 |
| Capitalised interest | 4,184,913 | 3,256,145 |
| Development and construction costs | 2,107,983 | 1,997,954 |
| | 17,777,896 | 16,739,099 |

## Note 13. Right-of-use assets

| | 2023 $ | 2022 $ |
|---|---|---|
| *Non-current assets* | | |
| Land and buildings - right-of-use | 16,637,589 | 16,637,589 |
| Less: Accumulated depreciation | (5,545,864) | (4,159,398) |
| | 11,091,725 | 12,478,191 |

Additions to the right-of-use assets during the year were $nil.

The company leases land and buildings from a related party entity for its offices and residential aged care facilities under agreements through to June 2031. The lease increases at 4% per annum.

## Note 14. Trade and other payables

| | 2023 $ | 2022 $ |
|---|---|---|
| *Current* | | |
| Resident and trade payables | 1,245,405 | 2,051,858 |
| Accrued expenses - other | 225,102 | 117,942 |
| Accrued expenses - related parties (note 23) | 1,705,215 | 1,705,215 |
| Credit cards payable | 13,490 | 13,917 |
| | 3,189,212 | 3,888,932 |

## Note 15. Financial liabilities

| | 2023 $ | 2022 $ |
|---|---|---|
| *Current* | | |
| Bank overdraft | - | 30,836 |
| Bank loans | - | 11,575,000 |
| Accommodation bonds - line of credit | 5,089,979 | 3,206,679 |
| Interest-bearing borrowings with third parties | 6,190,232 | 1,100,000 |
| Interest-bearing borrowings with related parties (note 23) | 4,441,144 | 5,300,619 |
| | 15,721,355 | 21,213,134 |
| *Non-current* | | |
| Interest-bearing borrowings with related parties (note 23) | 12,698,065 | - |
| | 28,419,420 | 21,213,134 |

**Note 15. Financial liabilities (continued)**

The bank loans were held to finance the development of property at Hornsby and Bowral, and to fund the refund of resident accommodation deposits during the year. The loans were secured over all the assets of the company and related party entities including the property used by the company for its operations.

On 9 September 2022, there was refinancing of the NAB bank loan facility through an agreement between Lancade Holdings Pty Limited (related party) and Judobank. The total facility limit held between Lancade Holdings Pty Limited and Judobank is $24,510,000 and the facility expires in September 2025. The loan balance held between the company and Lancade Holdings Pty Limited as at year end is $12,698,065.

On 29 November 2022, the company entered into a loan agreement with GP Mortgage Corporation with a loan facility of $1,667,000 and it expires on 29 November 2023.

An additional loan facility with Solido Capital Pty Ltd was entered into on 24 April 2023. The total facility limit is $3,850,000 and it expires on 30 June 2024 with an option to extend for 3 months.

The accommodation bonds - line of credit facilities totalling $8,500,000 have been renegotiated during the year. On 29 June 2023, an existing facility of $2,200,000 was renegotiated with the provider and the facility limit revised to $2,700,000 with expiry date of 29 June 2024. On 24 July 2023, the company has refinanced $6,000,000 of accommodation bonds - line of credit facility through a new provider with a new facility of $6,300,000 expiring 24 October 2024.

Bank overdrafts are held to assist with working capital and are otherwise unrestricted. Overdraft accounts are secured over all the assets of the company and related party entities including the property used by the company for its operations.

A loan with GP Mortgage Corporation is held to fund the acquisition of property on Rainbow Road in Mittagong. The loan is secured over the property at 3 Rainbow Road and 7-9 Rainbow Road and the current facility expires on 31 March 2024.

*Financing arrangements - third parties*
Unrestricted access was available at the reporting date to the following lines of credit:

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Total facilities | | |
| Accommodation bonds - line of credit | 8,700,000 | 8,500,000 |
| Business current account | 50,000 | 50,000 |
| Bank loans | - | 11,575,000 |
| GP Mortgage Corporation property loan | 1,100,000 | 1,100,000 |
| GP Mortgage Corporation loan | 1,667,000 | - |
| Solido loan | 3,850,000 | - |
| | 15,367,000 | 21,225,000 |
| Used at the reporting date | | |
| Accommodation bonds - line of credit | 5,089,979 | 3,206,679 |
| Business current account | - | - |
| Bank loans | - | 11,575,000 |
| GP Mortgage Corporation property loan | 1,100,000 | 1,100,000 |
| GP Mortgage Corporation loan | 1,667,000 | - |
| Solido loan | 3,638,471 | - |
| | 11,495,450 | 15,881,679 |
| Unused at the reporting date | | |
| Accommodation bonds - line of credit | 3,610,021 | 5,293,321 |
| Business current account | 50,000 | 50,000 |
| Bank loans | - | - |
| GP Mortgage Corporation property loan | - | - |
| GP Mortgage Corporation loan | - | - |
| Solido loan | 211,529 | - |
| | 3,871,550 | 5,343,321 |

## Note 15. Financial liabilities (continued)

Included in interest-bearing borrowings with third parties is transactions costs associated with establishing the facilities. The transaction costs are amortised over the life of the underlying facilities and are disclosed as a contra-debt balance.

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| **Transaction costs** | | |
| Additions during the year | 233,158 | - |
| Amortisation | (17,919) | - |
| | 215,239 | - |
| **Total facilities - gross repayable** | | |
| Accommodation bonds - line of credit | (5,089,979) | (3,206,679) |
| Interest bearing borrowings with third parties | (6,405,471) | (1,100,000) |
| | (11,495,450) | (4,306,679) |
| | (11,280,211) | (4,306,679) |

## Note 16. Lease liabilities

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| *Current liabilities* | | |
| Lease liability | 1,128,407 | 1,007,185 |
| *Non-current liabilities* | | |
| Lease liability | 12,125,690 | 13,254,097 |
| | 13,254,097 | 14,261,282 |
| *Future lease payments* | | |
| Future lease payments are due as follows: | | |
| Within one year | 1,808,341 | 1,738,789 |
| One to five years | 7,986,217 | 7,679,054 |
| More than five years | 6,867,904 | 8,983,407 |
| | 16,662,462 | 18,401,250 |

Refer to note 13 for details of leases.

## Note 17. Employee Benefits

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| *Current liabilities* | | |
| Provision for annual leave | 801,957 | 733,334 |
| Provision for long service leave | 21,931 | 26,378 |
| | 823,888 | 759,712 |
| *Non-current liabilities* | | |
| Long service leave | 117,247 | 200,739 |
| | 941,135 | 960,451 |

## Note 18. Resident liabilities

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| *Current liabilities* | | |
| Residential accommodation deposits and bonds | 40,095,274 | 44,023,684 |

All amounts due to be paid to residents during the year in respect to their accommodation bonds have been paid in full and within the time limits prescribed by the residents' agreements.

Accommodation bonds have been reported as current liabilities in accordance with AASB 101: Presentation of Financial Statements. However, the company expects that, based on historical trends, only a small proportion of accommodation bonds are likely to be repaid in the forthcoming year. In normal circumstances, there will be an incoming bond to replace any bond that is called up.

## Note 19. Issued capital

| | 2023<br>Shares | 2022<br>Shares | 2023<br>$ | 2022<br>$ |
|---|---|---|---|---|
| Ordinary shares - fully paid | 2 | 2 | 2 | 2 |

*Ordinary shares*
The share capital of TBG Senior Living Services consists only of 2 fully paid ordinary shares. The shares do not have a par value and are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of TBG Senior Living Services.

## Note 20. Financial risk management

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, other financial assets, accommodation bonds and other financial liabilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| **Financial assets** | | |
| Cash at bank | 70,812 | 53,220 |
| Trade and other receivables | 349,531 | 231,446 |
| Related party receivables | 38,491,567 | 38,042,684 |
| | 38,911,910 | 38,327,350 |

| | 2023 | 2022 |
|---|---|---|
| **Financial liabilities** | | |
| Trade and other payables | 3,189,212 | 3,888,932 |
| Other financial liabilities | 28,419,420 | 21,213,134 |
| Residential accommodation deposits and bonds | 40,095,274 | 44,023,684 |
| | 71,703,906 | 69,125,750 |

## Note 21. Key management personnel

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Aggregate compensation | - | 20,000 |

## Note 22. Contingent liabilities and capital commitments

There were no contingent liabilities as at 30 June 2023.

## Note 23. Related party transactions

*Parent entity*
TBG Senior Living Services Pty Limited is the parent entity.

*Key management personnel*
Any person having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of that entity, is considered key management personnel. For details of disclosures relating to key management personnel, refer to note 21 'Key management personnel'

*Entities subject to significant influence by the Company*
No such entity had significant influence by the Company.

*Other related parties*
Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

## Note 23. Related party transactions (continued)

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

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| **Receivables from related parties:** | | |
| Anthem Trust (Interest bearing) | 28,433,399 | 28,269,612 |
| Anthem Trust (Non-interest bearing) | 8,420,527 | 8,420,527 |
| Anthem Investments No.2 | 895,695 | 895,695 |
| Interest receivable from Anthem Trust | 180,570 | 180,570 |
| New Unit Trust | 12,802 | - |
| The Forge Unit Trust | 51,329 | - |
| Lancade Holdings | 92,821 | - |
| Karrot Intelligent Senior System Trust | 257,090 | 276,280 |
| TBG Construction Trust | 58,001 | - |
| Blissett Discretionary Trust | 89,333 | - |
| **Total** | **38,491,567** | **38,042,684** |
| | | |
| **Payables to related parties:** | | |
| M & K Blissett | 71,900 | 45,596 |
| Anthem Trust | 2,852,737 | 3,876,009 |
| Lancade Holdings Pty Limited | 84,081 | 141,319 |
| Tickle Trust | 1,134,181 | 1,054,332 |
| The Forge Unit Trust | 8,974 | 17,103 |
| TBG Construction Trust | 30,153 | 166,260 |
| Lancade Holdings Pty Limited | 12,709,826 | - |
| The Brewster Street Trust | 247,357 | - |
| **Total** | **17,139,209** | **5,300,619** |
| | | |
| **Accrued expenses:** | | |
| Anthem Trust - rent payable | 1,705,215 | 1,705,215 |
| | | |
| Other transactions: | | |
| Interest revenue - Anthem Trust | 1,506,345 | 1,524,175 |
| Rent paid/payable to Anthem Trust for the year | 1,738,789 | 1,671,913 |
| Land development costs expensed - TBG Construction Trust | 115,580 | 24,437 |
| Land development costs capitalised - TBG Construction Trust | 74,964 | 236,364 |
| Other income - Forge Unit Trust | 26,732 | 14,395 |
| Other income - New Unit Trust | 113,569 | 100,806 |
| Other income - Lancade Holdings | 92,060 | 15,797 |
| Discretionary trust fund distribution income/(reversal) - Ardlin Pty Limited | - | (760,887) |

## Note 24. Company details

The registered office / principal place of business is:
25 Retford Road
Bowral NSW 2576