HILLSIDE BRAE PTY LTD

A.B.N. 41 132 458 434

NAPS ID: 3433

Financial Report

FOR THE YEAR ENDED 30 JUNE 2022

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

HILLSIDE BRAE PTY LTD (NAPS ID: 3433)

ABN 41 132 458 434

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

Your directors present their report on the company for the financial year ended 30 June 2022

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Maurice Tulich

Richard Clifford

Robert Danby

Bianca Tulich (alternate director)

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

Review of Operations

The operating profit of the company after providing for income tax is $1,090,988 (2021 FY Loss $631,321).

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during this financial year

Principal Activities

The principal activity of the company during the course of the financial year was the operation of an aged care facility at Figtree, NSW.

Events Subsequent to the End of the Reporting Period

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

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Regulation

The company’s operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends

No dividends were paid or proposed for the year.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares or interests in the company have been issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

No indemnities have been given during or since the end of the financial year, for any person who is or has been an officer or auditor of the company, except for a Directors and Officers insurance premium paid.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or 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 any part of those proceedings.

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration for the year ended 30 June 2022 has been received and can be found in the attached auditor's independence declaration.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Maurice Tulich
Director

Richard Clifford
Director

Robert Danby
Director

Dated this 28th day of October 2022.

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

To the Directors of the Hillside Brae Pty Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there has been:

a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Kelly Partners (South West Sydney) Partnership

Daniel Kuchta
Registered Auditor Number 335565
Campbelltown

Dated this 28th day of October 2022

HILLSIDE BRAE PTY LTD (NAPS ID: 3433)
ABN 41 132 458 434
STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 $	2021 $
Revenue	**2**	14,278,796	13,104,293
Finance costs		(259,769)	(574,813)
Contracted services		(368,578)	(345,733)
Catering expenses		(969,483)	(953,976)
Depreciation and amortisation expense	**3**	(209,432)	(228,831)
Employee benefits expense	**3**	(9,282,309)	(9,276,038)
Cleaning expense		(96,220)	(194,583)
Utlilities		(221,777)	(224,543)
Repairs and maintenance		(228,170)	(237,876)
Other expenses	**3**	(1,640,070)	(1,699,221)
Profit (loss) before income tax		1,002,988	(631,321)
Income tax expense	**4**	-	-
Profit (loss) for the year		1,002,988	(631,321)
Other comprehensive Income:			
Other comprehensive income (loss)		-	-
Other comprehensive income (loss) for the year		-	-
Total comprehensive Income (loss) for the year		**1,002,988**	**(631,321)**
Total comprehensive income (loss) attributable to members of the entity		**1,002,988**	**(631,321)**

The accompanying notes form part of these financial statements.

HILLSIDE BRAE PTY LTD (NAPS ID: 3433)
ABN 41 132 458 434
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTE	2022 $	2021 $
CURRENT ASSETS			
Cash and cash equivalents	5	541,991	26,383
Trade and other receivables	6	1,400,199	3,720,750
Other assets	7	214,824	138,586
TOTAL CURRENT ASSETS		**2,157,014**	**3,885,719**
NON-CURRENT ASSETS			
Property, plant & equipment	8	945,480	1,067,239
Investment property	9	46,085,664	46,091,404
TOTAL NON-CURRENT ASSETS		**47,031,144**	**47,158,643**
TOTAL ASSETS		**49,188,158**	**51,044,362**
CURRENT LIABILITIES			
Trade and other payables	10	915,804	1,505,643
Resident liabilities	11	36,576,028	35,856,438
Financial liabilities	12	-	-
Provisions	13	401,671	548,037
Borrowings	14	1,714	86,112
TOTAL CURRENT LIABILITIES		**37,895,217**	**37,996,230**
NON-CURRENT LIABILITIES			
Provisions	13	126,143	83,113
Borrowings	14	5,793,764	8,594,973
TOTAL NON-CURRENT LIABILITIES		**5,919,907**	**8,678,086**
TOTAL LIABILITIES		**43,815,124**	**46,674,316**
NET ASSETS		**5,373,034**	**4,370,046**

EQUITY			
Issued capital	15	10,142,700	10,142,700
Retained earnings		(4,769,666)	(5,772,654)
TOTAL EQUITY		**5,373,034**	**4,370,046**

The accompanying notes form part of these financial statements.

HILLSIDE BRAE PTY LTD (NAPS ID: 3433)
ABN 41 132 458 434
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 $	2021 $
Cash Flows from Operating Activities			
Receipts from government grants, residents, and other receipts		14,245,183	13,766,697
Payments to suppliers and employees		(13,576,022)	(12,207,417)
Interest received		-	1,358
Borrowing and finance costs paid		(66,815)	(574,813)
Net cash provided by operating activities		**602,346**	**985,825**
Cash Flows from Investing Activities			
Payments for property, plant & equipment		(81,934)	(115,439)
Proceeds from sale of property, plant & equipment		-	-
Net cash provided by (used in) investing activities		**(81,934)**	**(115,439)**
Cash Flows from Financing Activities			
Bonds received		8,401,262	6,169,463
Repayment of bonds		(5,327,508)	(7,023,401)
Proceed from borrowings		2,748,596	10,073,709
Repayment of borrowings		(5,755,110)	(10,094,759)
Net cash generated by (used in) financing activities		**67,240**	**(874,988)**
Net increase (decrease) in cash and cash equivalents held		587,652	(4,602)
Cash and cash equivalents at beginning of financial year		(45,671)	(41,069)
Cash and cash equivalents at end of financial year	**5(a)**	**541,981**	**(45,671)**

The accompanying notes form part of these financial statements.

HILLSIDE BRAE PTY LTD (NAPS ID: 3433)

ABN 41 132 458 434

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Issued Capital $	Retained Earnings (Accumulated Losses) $	TOTAL $
Balance at 1 July 2021	10,142,700	(5,141,333)	5,001,367
Issued Units	-		-
Share Buy-Backs	-		-
Profit (loss) attributable to members of the entity		(631,321)	(631,321)
Dividends paid or provided for		-	-
Total other comprehensive income (loss) for the year		-	-
Balance at 30 June 2021	**10,142,700**	**(5,772,654)**	**4,370,046**
Issued Units	-		-
Share Buy-Backs	-		-
Profit (loss) attributable to members of the entity		1,002,988	1,002,988
Dividends paid or provided for		-	-
Total other comprehensive income (loss) for the year		-	-
Balance at 30 June 2022	**10,142,700**	**(4,769,666)**	**5,373,034**

The accompanying notes form part of these financial statements.

Hillside Brae Pty Limited

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements and notes represent those of Hillside Brae Pty Ltd as an individual entity. Hillside Brae Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosure of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

Accounting Policies

a. Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the Australian Taxation Office (ATO).

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Hillside Brae Pty Limited

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 Summary of Significant Accounting Policies

a. Income tax (Continued)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

b. Revenue

Revenue recognition

Government Subsidies and Grants

A number of the Company’s programs are supported by grants received from the federal, state and local governments.

If conditions are attached to a grant which must be satisfied before the Company is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied. Where a grant is received on the condition that specified services are delivered to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services are performed and at year end a liability is recognised until the service is delivered.

Operating Grants, Donations and Bequests

When the entity received operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, the Entity:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Entity:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9. AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Entity recognises income in profit or loss when or as it satisfies its obligations under the contract.

Bequests are recognised when the legacy is received. Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares or property at the date the Group becomes legally entitled to the shares or property.

1 Summary of Significant Accounting Policies

Revenue recognition (cont'd)

Capital Grant

When the Entity receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

The Entity recognises income in profit or loss when or as the Entity satisfies its obligations under the terms of the grant.

Interest Income

Interest income is recognised using the effective interest method.

Dividend Income

The Entity recognises dividends in profit or loss only when the Entity's right to receive payment of the dividend is established.

Accommodation Bonds/Refundable Accommodation Deposits

Residential Care Facility (RCF) Residents

Residents entering the RCF contribute to the operations under 2 options:

Option 1 – Concessional Residents

These persons take up residency without a capital contribution and undertake to contribute a fee as set by the Australian Government towards their accommodation and care costs. The Australian Government also provides a subsidy for these residents based on their care and accommodation needs.

Option 2 – Other Residents

Other residents make an entry contribution in the form of an interest free loan or similar arrangement to the RCF based on a formula agreed with the Australian Government. Under the current agreements the residents pay an Accommodation Payment by Refundable Accommodation Deposit (lump sum), or Daily Accommodation Payment, or a combination of Refundable Accommodation Deposit and Daily Accommodation Payment. No retentions are deducted if the Accommodation Payment is paid in full. If paying by combination residents can choose to deduct the daily payment from the Refundable Accommodation Deposit. The Australian Government also provides a subsidy for these residents based on their care and accommodation needs.

Independent Living Units

The residents enter the units by advancing an interest free loan which is repayable, less agreed retentions, upon vacating the unit. They also contribute a fortnightly maintenance fee.

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

1 Summary of Significant Accounting Policies

c. Inventories

Inventories held for sale are measured at the lower of cost and net realisable value. Inventories held for distribution are measured at cost adjusted, when applicable, for any loss of service potential.

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

d. Property, Plant and Equipment

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

Freehold property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

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 amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and plant and equipment but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20% - 50%
Low value pool	18.50%
Buildings	2.50%

1 Summary of Significant Accounting Policies

d. Property, Plant and Equipment (cont'd)

Depreciation (cont'd)

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. Gains are not classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

e. Leases

The Entity as lessee

At inception of a contract, the Entity assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Entity where the Entity is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Entity uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Concessionary Leases

For leases that have significantly below-market terms and conditions principally to enable the Entity to further its objectives (commonly known as peppercorn/concessionary leases), the Entity has adopted the temporary relief under AASB 2018-8 and measures the right of use assets at cost on initial recognition.

The Entity as lessor

Upon entering into each contract as a lessor, the Entity assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

1 Summary of Significant Accounting Policies

e. Leases (cont'd)

The Entity as lessor (cont'd)

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (for example legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases are recognised as receivables at the amount of the Entity 's net investment in the leases.

When a contract is determined to include lease and non-lease components, the Entity uses the relative stand-alone price to allocate the consideration under the contract to the lease and non-lease components.

f. Financial Instruments

Initial recognition and measurement

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

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

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

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

– amortised cost; or
– fair value through profit or loss.

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

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

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

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

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

1 Summary of Significant Accounting Policies

f. Financial Instruments (cont'd)

Classification and subsequent measurement (cont'd)

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

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

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

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

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

Measurement is on the basis of two primary criteria:

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

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

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

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

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

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

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

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

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

1 Summary of Significant Accounting Policies

f. Financial Instruments (cont'd)

Derecognition (cont'd)

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the entity made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the entity’s accounting policy.

Derecognition

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

Derecognition of financial liabilities

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

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

Derecognition of financial assets

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

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

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

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

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

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

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

1 Summary of Significant Accounting Policies

f. Financial Instruments (cont'd)
Derecognition (cont'd)

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

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

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

General approach

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

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

Simplified approach

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

This approach is applicable to:

- trade receivables; and
- lease receivables.

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

Purchased or originated credit-impaired approach

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

Evidence of credit impairment includes:

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

Low credit risk operational simplification approach

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

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

1 Summary of Significant Accounting Policies

f. Financial Instruments (cont'd)

Derecognition (cont'd)

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

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

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

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit and loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

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

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

g. Impairment of Assets

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

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

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

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

h. Employee Benefits

Short-term employee benefits

Provision is made for the entity's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

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

1 Summary of Significant Accounting Policies

h. Employee Benefits (cont'd)
Other long-term employee benefits

The entity classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the entity's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The entity's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

Retirement benefit obligations
Defined contribution superannuation benefits

All employees of the entity receive defined contribution superannuation entitlements, for which the entity pays the fixed superannuation guarantee contribution (currently 10.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The entity's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the entity's statement of financial position.

i. Cash and Cash Equivalents

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

j. Trade and Other Debtors

Trade and other debtors include amounts due from members as well as amounts receivable from customers for goods sold. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

k. Goods and Services Tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

1 Summary of Significant Accounting Policies

l. Intangible Assets

Software

Software is initially recognised at cost. Where software is acquired at no cost, or for a nominal cost, the cost is its fair value as at the date of acquisition. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of between one and three years. It is assessed annually for impairment.

m. Provisions

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

n. Comparative Figures

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

o. Critical Accounting Estimates and Judgements

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

Key estimates

(i) *Valuation of freehold land and buildings*

The valuation was based on fair market value for accounting and financial reporting purposes by registered valuers.

(ii) *Useful lives of property, plant and equipment*

As described in Note 1(c), the Entity reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

Key judgements

(i) *Performance obligations under AASB 15*

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

(ii) *Lease term and Option to Extend under AASB 16*

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the entity will make. The entity determines the likeliness to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the entity.

1 Summary of Significant Accounting Policies

o. Critical Accounting Estimates and Judgements (Continued)

(iii) *Employee benefits*

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the entity expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows (despite an informal internal policy that requires annual leave to be used within 18 months), the directors believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

p. Economic Dependence

The Entity is dependent on the Federal Government's Department of Human Services for the majority of its revenue used to operate the business. At the date of this report, the Board of Directors has no reason to believe the Department will not continue to support the Entity. Continued funding from the Department of Human Services is contingent on the company maintaining standards of care prescribed by the Department of Human Services Accreditation Standards and associated standards practice.

q. Fair Value of Assets and Liabilities

The entity measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

"Fair value" is the price the entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

	Note	2022 $	2021 $
2 REVENUE AND OTHER INCOME			
Revenue			
Government grants and subsidies		5,245,784	4,444,794
Resident fees received		2,783,416	2,656,488
Service fees - Greenhill		5,638,801	5,186,090
Resident recharge fees		17,642	22,527
Other income		161,601	61,728
Total Revenue		**13,847,244**	**12,371,627**
Other Income			
Government grants - Covid-19 Stimulus		-	50,000
Government grants - Business Improvement		389,392	527,708
Other government grants		42,160	153,600
Interest Income		-	1,358
Total Other Income		**431,552**	**732,666**
Total Revenue		**14,278,796**	**13,104,293**
3 PROFIT BEFORE INCOME TAX			
Depreciation & amortisation of non-current assets			
- Buildings		5,740	5,738
- Plant and equipment		203,692	223,093
		209,432	**228,831**
Employee benefits expense			
- Salaries and wages		8,586,616	8,290,461
- Superannuation		797,324	763,952
- Other Payroll Expenses/(employee entitlement re-coup)		(101,631)	221,624
		9,282,309	**9,276,038**
Other Expenses			
- Laundry expenses		13,754	26,290
- Covid expenses		170,958	78,422
- Corporate expenses		259,514	138,836
- Workers compensation		198,127	215,334
- Payroll tax		346,477	375,662
- Business improvement expenditure		361,431	527,709
- Other expenses		289,809	336,968
		1,640,070	**1,699,221**
Remuneration of Auditors			
Auditing the financial report		15,900	15,100
Other Services - taxation and business services		13,310	13,480

4 INCOME TAX EXPENSE

The company is a member of a consolidated tax group with its parent, Hillside Brae Holdings Pty Ltd. As such, the company has not recognised a notional income tax expense in the current year as the overall group tax position is $nil for the year ended 30 June 2022.

	Note	2022 $	2021 $
5 CASH AND CASH EQUIVALENTS			
Cash on hand		100	710
Cash at bank		541,891	25,673
		541,991	**26,383**

(a) Reconciliation of cash

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2022 $	2021 $
Cash on hand	100	710
Cash at bank	541,891	25,673
Bank Overdraft	(10)	(72,054)
	541,981	**(45,671)**

	2022 $	2021 $
6 TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	20,175	3,498
Other receivables	30,024	13,088
Refundable Accommodation Deposit receivables	1,350,000	3,704,164
	1,400,199	**3,720,750**

	2022 $	2021 $
7 OTHER ASSETS		
Current		
Prepayments	214,824	138,586
	214,824	**138,586**

	2022 $	2021 $
8 PROPERTY, PLANT & EQUIPMENT		
Plant & equipment (at cost)	6,230,730	6,154,106
Less accumulated depreciation	(5,299,410)	(5,105,518)
	931,320	1,048,588
Low Value Pool	230,461	225,152
	(216,301)	(206,501)
	14,160	18,651
Total property, plant & equipment	**945,480**	**1,067,239**

(a) Movements in carrying amounts

	Low Value Pool	Plant & Equipment	Total
Carrying amount at the beginning of the year	18,651	1,048,588	1,067,239
Additions	5,309	76,624	81,933
Disposals		-	-
Revaluation		-	-
Depreciation expense	(9,800)	(193,892)	(203,692)
Reclassification to investment property		-	-
Carrying amount at the end of the year	**14,160**	**931,320**	**945,480**

	Note	2022 $	2021 $
9 INVESTMENT PROPERTY			
Hillside at Figtree			
At valuation		46,085,664	46,091,404
Total investment property		**46,085,664**	**46,091,404**

The property was revalued by CBRE on 14 November 2016

		2022 $	2021 $
10 TRADE AND OTHER PAYABLES			
Current			
Trade payables		513,581	694,696
Sundry payables and accrued expenses		402,223	421,555
Income in Advance		-	389,392
		915,804	**1,505,643**
11 RESIDENT LIABILITIES			
Current			
Refundable Accommodation Deposits		36,576,028	35,856,438
		36,576,028	**35,856,438**

Refundable Accommodation Deposits have been classified as current liabilities as the Company does not have an unconditional right to defer settlement of the refundable accommodation deposits. Refundable accommodation deposit balances must be refunded within timeframes specified in the *Aged Care Act 1997.*

At the date of this report, the directors believe that only a nominal portion of the refundable accommodation deposits will become due and payable within the next 12 months.

		2022 $	2021 $
12 FINANCIAL LIABILITIES			
Current			
		-	-
		-	**-**
13 EMPLOYEE BENEFITS			
Current			
Annual leave		401,671	548,037
		401,671	**548,037**
Non Current			
Long Service Leave		126,143	83,113
		126,143	**83,113**
14 BORROWINGS			
Current			
Secured			
Bank overdraft		10	72,054
Borrowings		1,704	14,058
		1,714	**86,112**
Non-current			
Unsecured			
Related entity loan - Greenhill Projects Pty Limited		3,570,165	2,105,092
Related entity loan - Greenhill Manor Pty Ltd		1,582,114	208,184
Directors Loans		-	1,371,810

	Note	2022 $	2021 $
14 BORROWINGS (CONT'D)			
Secured			
Bank loans		641,485	4,909,887
		5,793,764	**8,594,973**
Total Borrowings		**5,795,478**	**8,681,085**
15 ISSUED CAPITAL			
Issued and paid up			
Ordinary shares at beginning of period		10,142,700	10,142,700
Closing issued capital at end of year		**10,142,700**	**10,142,700**

Ordinary shares participate in dividends and the proceeds on winding up of the entity in proportion to the number of shares held.

The company issued 15,000,000 ordinary shares to its parent company, Hillside Brae Holding Pty Ltd in 2015.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Management

Management controls the capital of the company in order to maintain a good debt to equity ratio, provide the shareholders with adequate return and to ensure that the company can fund its operations and continue as a going concern.

17 CAPITAL AND LEASING COMMITMENTS

	2022 $	2021 $
(a) **Finance Lease Commitments**		
Payable		
- not later than 12 months	-	-
- between 12 months and five years	-	-
- later than 5 years	-	-
	-	**-**

18 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities and contingent assets as at 30 June 2022

19 EVENTS SUBSEQUENT TO REPORTING DATE

No Events subequent to the reporting date noted.

20 OPERATING SEGMENTS

The approved provider, Hillside Brae Pty Ltd delivers only residential aged care services and this general purpose financial report therefore only related to such operations.

21 KEY MANAGEMENT PERSONNEL COMPENSATION

Key Management Personnel by definition are those having authority and responsibility for planning, directing and controlling the activities of the Company.

The key management personnel of the Company are considered to be the Company Directors to whom no remuneration was paid during the year by the Company.

Key Management Personnel of the Company may be involved with transactions within the Company. Such transactions are provided on the same terms and conditions as those entered into by other employees or customers and are trivial or domestic in nature.

22 RELATED PARTY TRANSACTIONS

All members of the Board of Directors act in an honorary capacity and have done so during the year. All related party transactions with any of the members during the year occurred on normal terms and conditions.

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

	2022	2021
Transactions with related parties:	$	$
Alizan Pty Limited	581	853
Clifford Developments	1,271	4,614
Mr Robert Danby	12,332	1,058
Greenhill Manor Pty Limited	9,406,562	5,503,955
Tulich Project Management Pty Ltd	-	700
Durnham Green Manor	65,035	12,831
Kyntyre Country Living	566	7,617
The Royce	3,757	2,946
Blue Hills Village	450	12,382
	9,490,555	**5,546,956**

23 FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks accounts, short-term investments, accounts receivable, accounts payable and loans to and from related entities.

The company does not have any derivative instruments at 30 June 2022

The main risks the entity is exposed to through its financial instruments are interest rate risk, liquidity risk, and credit risk.

The Directors meet on a regular basis to analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2022 $	2021 $
Financial assets			
Cash and cash equivalents	**5**	541,991	26,383
Trade and other receivables	**6**	1,400,199	3,720,750
		1,942,190	**3,747,133**
Financial liabilities			
Trade and other payables	**10**	915,804	1,505,643
Financial liabilities	**12**	-	-
Resident liabilities	**11**	36,576,028	35,856,438
Borrowings	**14**	5,795,478	8,681,085
		43,287,310	**46,043,166**

24 COMPANY DETAILS

The registered office of the Company is:
Suite 1, 140 Keira Street
WOLLONGONG NSW 2560

HILLSIDE BRAE PTY LTD (NAPS ID: 3433)
ABN 41 132 458 434
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2022

In accordance with a resolution of the directors of Hillside Brae Pty Ltd, the directors of the company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001* and:

    a) comply with Australian Accounting Standards; and

    b) give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the company.

2. In the directors' opinion there are reasonable grounds to believe that Hillside Brae Pty Ltd will be able to pay its debts as and when they become due and payable.

Maurice Tulich
Director

Richard Clifford
Director

Robert Danby
Director

Dated this 28th day of October 2022.

KELLY+PARTNERS
CHARTERED ACCOUNTANTS

INDEPENDENT AUDIT REPORT
To the Members of Hillside Brae Pty Ltd

Opinion
We have audited the financial report of Hillside Brae Pty Ltd, which comprises the statement of financial position as at 30 June 2022, the statement of 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 Hillside Brae Pty Ltd. is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
b) complying with Australian Accounting Standards – Simplified Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion
We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information
The directors are responsible for the other information. The other information comprises the directors' report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.
Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report
The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the

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

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

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

Kelly Partners (South West Sydney) Partnership

Daniel Kuchta
Registered Auditor Number 335565
Campbelltown
Dated this 28th day of October 2022