

# **The Royce Aged Care Pty Ltd**

ABN: 50 142 467 650

## ***Financial report***

For the year ended 30 June 2024

## TABLE OF CONTENTS

Director's report .....	<b>1 - 3</b>
Auditor's independence declaration .....	<b>4</b>
Financial report	
Statement of profit or loss and other comprehensive income .....	<b>5</b>
Statement of financial position .....	<b>6</b>
Statement of changes in equity .....	<b>7</b>
Statement of cash flows .....	<b>8</b>
Notes to financial statements .....	<b>9 - 24</b>
Director's declaration .....	<b>25</b>
Independent auditor's report .....	<b>26 - 27</b>

**THE ROYCE AGED CARE PTY LTD**  
**50 142 467 650**

**DIRECTOR'S REPORT**

The directors presents this report together with the financial report of The Royce Aged Care Pty Ltd ('the Company') for the year ended 30 June 2024 and auditor's report thereon.

**Directors names**

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

Maurice Kevin Tulich  
Johannes Brockhaus (Appointed 01/12/2023)  
Denise McGrath (Appointed 01/12/2023)

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

**Review of operations**

The residential aged care facility consists of 128 beds of which 113 were occupied at year end, which represents capacity of 88%.

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

**Significant changes in state of affairs**

Significant changes in the state of affairs of the Company during the financial year, were as follows:

On 29 November 2023 the Company undertook a restructure in which Tulich Royce Holdings Pty Ltd was interposed to be the new parent entity of The Royce Aged Care Pty Ltd.

At the same time The Royce Aged Care Pty Ltd entered into a sale and leaseback transaction with Tulich Royce Holdings Pty Ltd for the "The Manor", the 128 bed residential aged care facility.

**Principal activities**

The principal activity of the Company during the year was the operation of a residential aged care facility.

No significant change in the nature of these activities occurred during the year.

**After balance date events**

No matters or circumstances have arisen since the end of the financial year that have 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.

**THE ROYCE AGED CARE PTY LTD**  
**50 142 467 650**

**DIRECTOR'S REPORT**

**Likely developments**

The Company expects that as the occupancy for the facility continues to increase, the level of operations and the expected results of those operations in subsequent financial years will increase as well.

**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 paid, recommended and declared**

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

**Options**

No options over unissued shares or interests in the Company were granted during or since the end of the year and there were no options outstanding at the end of the year.

**Indemnification of officers**

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

**Indemnification of auditors**

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

**Auditor's independence declaration**

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

**Proceedings on behalf of the 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 ROYCE AGED CARE PTY LTD**  
**50 142 467 650**

**DIRECTOR'S REPORT**

Signed in accordance with a resolution of the director.



Director: \_\_\_\_\_

**Maurice Kevin Tulich**

**Dated: 15 October 2024**

**Auditor's Independence Declaration**  
**To the Directors of The Royce Aged Care Pty Ltd**  
**ABN 50 142 467 650**

In relation to the independent audit for the year ended 30 June 2024, to the best of my knowledge and belief there have been no contraventions of *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)*.



**M A Alexander**  
Partner

**Pitcher Partners**  
Sydney

15 October 2024

**THE ROYCE AGED CARE PTY LTD**  
**50 142 467 650**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024 \$	2023 \$
<b>From continuing operations</b>			
Aged care revenue	3	14,846,435	12,001,181
Other revenue	4	<u>2,495,444</u>	<u>36,805</u>
		<u>17,341,879</u>	<u>12,037,986</u>
<b>Less: expenses</b>			
Direct care labour costs		(8,454,086)	(5,864,948)
Other direct care costs		(358,325)	(472,028)
Residential service expenses		(56,530)	(34,025)
Quality improvement expenses		(119,201)	(143,000)
Hotel services labour costs		(155,666)	(143,113)
Cleaning expenses		(356,497)	(267,318)
Laundry costs		(23,223)	(22,367)
Catering costs		(1,277,998)	(1,158,170)
Accommodation labour costs		(62,152)	(49,404)
Accommodation costs-repairs and maintenance		(202,418)	(235,217)
Impairment expense	5	(2,479,819)	-
Utilities		(161,473)	(146,970)
Motor vehicle costs		(17,062)	(5,613)
Administration and support labour costs		(702,091)	(600,089)
Other administration costs		(479,489)	(385,617)
Depreciation and amortisation expense	5	(848,770)	(1,515,977)
Finance costs	5	(771,363)	(882,750)
Corporate costs		(879,716)	(1,140,640)
Other expenses		<u>(230,662)</u>	<u>(226,993)</u>
		<u>(17,636,541)</u>	<u>(13,294,239)</u>
<b>Loss before income tax expense</b>		(294,662)	(1,256,253)
Income tax expense	6	<u>-</u>	<u>-</u>
<b>Net loss for the year</b>		<u>(294,662)</u>	<u>(1,256,253)</u>
<b>Other comprehensive income for the year</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive loss</b>		<u>(294,662)</u>	<u>(1,256,253)</u>

The accompanying notes form part of these financial statements.

**THE ROYCE AGED CARE PTY LTD**  
50 142 467 650

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2024**

	Note	2024 \$	2023 \$
<b>Current assets</b>			
Cash and cash equivalents	7	948,745	6,884,317
Trade and other receivables	8	242,028	755,701
Prepayments		<u>137,378</u>	<u>140,010</u>
<b>Total current assets</b>		<u>1,328,151</u>	<u>7,780,028</u>
<b>Non-current assets</b>			
Trade and other receivables	8	64,770,369	-
Lease assets	9	5,307,707	-
Property, plant and equipment	10	<u>441,299</u>	<u>65,706,005</u>
<b>Total non-current assets</b>		<u>70,519,375</u>	<u>65,706,005</u>
<b>Total assets</b>		<u>71,847,526</u>	<u>73,486,033</u>
<b>Current liabilities</b>			
Trade and other payables	11	820,450	603,269
Lease liabilities	9	74,531	-
Provisions	12	383,026	335,343
Other liabilities	13	<u>60,558,536</u>	<u>56,404,978</u>
<b>Total current liabilities</b>		<u>61,836,543</u>	<u>57,343,590</u>
<b>Non-current liabilities</b>			
Lease liabilities	9	5,319,172	-
Borrowings	14	18,517,814	29,688,298
Provisions	12	<u>57,688</u>	<u>43,174</u>
<b>Total non-current liabilities</b>		<u>23,894,674</u>	<u>29,731,472</u>
<b>Total liabilities</b>		<u>85,731,217</u>	<u>87,075,062</u>
<b>Net asset deficiency</b>		<u>(13,883,691)</u>	<u>(13,589,029)</u>
<b>Equity</b>			
Share capital	15	2	2
Accumulated losses		<u>(13,883,693)</u>	<u>(13,589,031)</u>
<b>Total equity</b>		<u>(13,883,691)</u>	<u>(13,589,029)</u>

The accompanying notes form part of these financial statements.



**THE ROYCE AGED CARE PTY LTD**  
**50 142 467 650**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	<b>Contributed equity</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance as at 1 July 2022</b>	2	(12,332,778)	(12,332,776)
Loss for the year	-	(1,256,253)	(1,256,253)
Other comprehensive income for the year	-	-	-
<b>Total comprehensive loss for the year</b>	<u>-</u>	<u>(1,256,253)</u>	<u>(1,256,253)</u>
<b>Balance as at 1 July 2023</b>	2	(13,589,031)	(13,589,029)
Loss for the year	-	(294,662)	(294,662)
Other comprehensive income for the year	-	-	-
<b>Total comprehensive loss for the year</b>	<u>-</u>	<u>(294,662)</u>	<u>(294,662)</u>
<b>Balance as at 30 June 2024</b>	<u>2</u>	<u>(13,883,693)</u>	<u>(13,883,691)</u>

The accompanying notes form part of these financial statements.

**THE ROYCE AGED CARE PTY LTD**  
**50 142 467 650**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024	2023
		\$	\$
<b>Cash flow from operating activities</b>			
Government grants and subsidies received		11,216,468	8,486,153
Receipts from residents, clients and others		4,159,261	3,347,787
Payments to suppliers and employees		(13,357,132)	(10,741,147)
Borrowing costs paid		<u>(504,911)</u>	<u>(882,750)</u>
<b>Net cash provided by operating activities</b>		<u>1,513,686</u>	<u>210,043</u>
<b>Cash flow from investing activity</b>			
Acquisitions of property, plant and equipment		<u>(533,291)</u>	<u>(243,446)</u>
<b>Net cash used in investing activity</b>		<u>(533,291)</u>	<u>(243,446)</u>
<b>Cash flow from financing activities</b>			
Repayment of borrowings		(9,000,000)	(7,699,877)
Refundable Accommodation Deposits received		13,797,674	22,611,195
Refundable Accommodation Deposits refunded		(9,543,160)	(11,772,493)
Net outflow to related parties		<u>(2,170,481)</u>	<u>(2,547,542)</u>
<b>Net cash (used in)/provided by financing activities</b>		<u>(6,915,967)</u>	<u>591,283</u>
<b>Reconciliation of cash</b>			
Net (decrease)/increase in cash held		(5,935,572)	557,880
Cash at the beginning of the financial year		<u>6,884,317</u>	<u>6,326,437</u>
<b>Cash at the end of financial year</b>	7	<u>948,745</u>	<u>6,884,317</u>

The accompanying notes form part of these financial statements.

**THE ROYCE AGED CARE PTY LTD**  
**50 142 467 650**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

**NOTE 1: BASIS OF PREPARATION**

**General information**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Simplified Disclosures. This includes compliance with the recognition and measurement requirements of all Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the disclosure requirements of AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

The financial report covers The Royce Aged Care Pty Ltd as an individual entity. The Royce Aged Care Pty Ltd is a Company limited by shares, incorporated and domiciled in Australia. The Royce Aged Care Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the director at the date of the director's report.

*Historical Cost Convention*

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

*Going Concern*

The Company incurred a loss from ordinary activities of \$294,662 and a cash flow deficit of \$5,395,572 during the year ended 30 June 2024, and as at that date the Company's total liabilities exceeded total assets by \$13,883,691.

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The basis has been adopted as the net current asset deficiency is largely a result of the Refundable Accommodation Deposits (RADs) being classified as current, for reasons detailed in the accounting policies (1(b)).

However, given the nature of the liabilities it is unlikely that a significant value will need to be repaid within the next 12 months. In practice, also, RADs that are repaid are generally replaced by RADs from incoming residents in a short timeframe.

As at 30 June 2024, the Company has unused bank facilities available of \$7,000,000 of which can be used to assist with the repayment of RADs.

*Material accounting estimates and judgements*

The preparation of the financial report requires the use of certain estimates and judgements in applying the Company's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2 to the financial statements.

**Accounting policies**

The following material accounting policies have been applied in the preparation and presentation of the financial report.

**THE ROYCE AGED CARE PTY LTD  
50 142 467 650**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

**NOTE 1: BASIS OF PREPARATION (CONTINUED)**

**(a) Economic Dependence**

The Royce Aged Care Pty Ltd is dependent on Department of Health and Ageing for the majority of its revenue used to operate the residential aged care facility. At the date of this report, the directors have no reason to believe this funding will not continue.

**(b) Refundable Accommodation Deposits (RADs)**

Residents' contributions, consisting of amounts received from residents by way of refundable accommodation deposits less the amount thereof that the Company is entitled to retain as at the end of the financial year, are recorded as a liability at balance date.

Upon departure the balance of the refundable accommodation deposits are repaid to residents in line with the Aged Care Act 1997.

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

**(c) Revenue**

Revenue from sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Revenue from residents' fees and related government subsidies are recognised on a proportional basis over time to take account of the delivery of service to, or occupancy by, residents.

Management fee revenue is recognised in profit and loss over time as the service is performed.

Interest revenue is measured in accordance with the effective interest method.

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

**(d) Income tax**

*Income tax expense*

Income tax expense is the tax payable on the Company's taxable income for the financial year based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

*Deferred tax assets and liabilities*

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates that will apply when the assets are expected to be recovered or liabilities are expected to be settled.

**THE ROYCE AGED CARE PTY LTD**  
**50 142 467 650**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

**NOTE 1: BASIS OF PREPARATION (CONTINUED)**

**(d) Income tax (Continued)**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

**(e) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, demand deposits, short-term deposits with an original maturity of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

**(f) Property, plant and equipment**

*Property*

Freehold land and buildings are measured at revalued amounts, reflecting its fair value at the date of the revaluation. Increases in the carrying amount of freehold land and buildings are recognised in other comprehensive income and accumulated in equity.

*Plant and equipment*

Plant and equipment is measured at cost, less accumulated depreciation and any accumulated impairment losses.

*Depreciation*

Land is not depreciated. All other property, plant and equipment is depreciated over their estimated useful lives.

<b>Class of fixed asset</b>	<b>Depreciation rates</b>
Buildings	2.5%
Plant and equipment at cost	5% - 25%
Motor vehicles	5% - 25%

**(g) Financial instruments**

*Initial recognition and measurement*

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

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

**THE ROYCE AGED CARE PTY LTD**  
**50 142 467 650**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

**NOTE 1: BASIS OF PREPARATION (CONTINUED)**

**(g) Financial instruments (Continued)**

*Classification of financial assets*

The Company's financial assets, being trade, loan, and other receivables, are subsequently measured in their entirety at amortised cost. 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 not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

- (a) the Company's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

*Classification of financial liabilities*

Financial liabilities include trade payables, other creditors, loans from third parties and loans from related parties.

Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

*Impairment of financial assets*

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

- (a) receivables from related parties measured at amortised cost; and
- (b) receivables from contracts with customers.

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

For all financial assets subject to impairment testing, where there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The measurement of expected credit losses reflects the Company's 'expected rate of loss', which is a product of the probability of default and the loss given default, and its 'exposure at default', which is typically the carrying amount of the relevant asset. Expected credit losses are measured as the difference between all contractual cash flows due and all contractual cash flows expected, including the realisation of any collateral, discounted at the financial asset's original effective interest rate.

**THE ROYCE AGED CARE PTY LTD  
50 142 467 650**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

**NOTE 1: BASIS OF PREPARATION (CONTINUED)**

**(h) Leases**

Lease assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, on a basis that is consistent with the expected pattern of consumption of the economic benefits embodied in the underlying asset.

Lease liabilities are measured at the present value of the remaining lease payments. Interest expense on lease liabilities is recognised in profit or loss. Variable lease payments not included in the measurement of lease liabilities are recognised as an expense in the period in which they are incurred.

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

**THE ROYCE AGED CARE PTY LTD  
50 142 467 650**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

**NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

In the process of applying the Company's accounting policies, management makes various judgements that can significantly affect the amounts recognised in the financial statements. In addition, the determination of carrying amounts of some assets and liabilities require estimation of the effects of uncertain future events. Outcomes within the next financial year that are different from the assumptions made could require a material adjustment to the carrying amounts of those assets and liabilities affected by the assumption.

The following outlines the major judgements made by management in applying the Company's accounting policies and/or the major sources of estimation uncertainty, that have the most significant effect on the amounts recognised in the financial statements and/or have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

**(a) Leases - Incremental Borrowing Rate**

Where the interest rate implicit in a lease cannot be easily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of similar value to the lease asset, with similar terms, security and economic environment.

**(b) Recovery of deferred tax assets**

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. Deferred tax assets are recognised for deductible temporary differences and tax losses only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

**(c) Allowance for expected Credit Losses**

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It make assumptions about the expected cash flows to be received and the value and timing of the realisation of any collateral. Its is based on information available at the time of preparation. The actual credit losses in the future may be higher or lower.



**THE ROYCE AGED CARE PTY LTD**  
**50 142 467 650**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>NOTE 3: AGED CARE REVENUE</b>		
Residential aged care services:		
<b>AN-ACC revenue</b>		
Commonwealth government subsidies	9,198,603	7,444,885
Means tested care fees	1,102,065	896,108
Commonwealth government supplements	48,886	141,058
<b>Every day living revenue</b>		
Basic daily fee	3,096,647	2,525,450
<b>Accommodation revenue</b>		
Daily accommodation payments/contributions	662,509	636,341
Commonwealth government supplements	275,736	229,068
<b>Other</b>		
Other residential aged care service revenue	<u>204,023</u>	<u>42,273</u>
	<u>14,588,469</u>	<u>11,915,183</u>
Other revenue:		
Rental outgoings	71,646	85,998
COVID assistance and grants	<u>186,320</u>	<u>-</u>
	<u>257,966</u>	<u>85,998</u>
Total revenue	<u>14,846,435</u>	<u>12,001,181</u>
<b>Aged care revenue by timing of transfer of goods or services to customers:</b>		
Revenue recognised over time:		
- AN-ACC revenue	10,349,554	8,482,051
- Everyday living revenue	3,096,647	2,525,450
- Accomodation revenue	<u>938,245</u>	<u>865,409</u>
	<u>14,384,446</u>	<u>11,872,910</u>
Revenue recognised at a point in time:		
- Other residential aged care service revenue	204,023	42,273
- Outgoings revenue	71,646	85,998
- COVID assistance and grants	<u>186,320</u>	<u>-</u>
	<u>461,989</u>	<u>128,271</u>

**THE ROYCE AGED CARE PTY LTD**  
**50 142 467 650**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 4: OTHER REVENUE</b>		
Other income		
Interest income from financial institutions	15,625	-
Interest income from related parties - effective interest method	2,479,819	-
Subsidies and grants	<u>-</u>	<u>36,805</u>
	<u><b>2,495,444</b></u>	<u><b>36,805</b></u>
 <b>NOTE 5: LOSS BEFORE INCOME TAX EXPENSE</b>		
Loss before income tax expense has been determined after:		
Finance costs		
- Interest expense	755,768	873,523
- Other	<u>15,595</u>	<u>9,227</u>
	<u><b>771,363</b></u>	<u><b>882,750</b></u>
Depreciation and amortisation		
- buildings and plant & equipment	720,319	1,514,117
- motor vehicles	1,646	1,861
- leased assets	<u>126,805</u>	<u>-</u>
	<u><b>848,770</b></u>	<u><b>1,515,978</b></u>
Impairment		
- Receivable from related party	2,479,819	-
Employee benefits:		
- Wages and salaries	7,190,519	5,245,609
- Superannuation guarantee contributions	<u>816,482</u>	<u>549,930</u>
	<u><b>8,007,001</b></u>	<u><b>5,795,539</b></u>

**THE ROYCE AGED CARE PTY LTD**  
**50 142 467 650**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>NOTE 6: INCOME TAX</b>		
<b>(a) Income tax reconciliation</b>		
The prima facie tax payable on loss before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax benefit on loss before income tax at 25% (2023: 25%)	(73,666)	(314,063)
Add tax effect of:		
- Other non-allowable items	5,073	1,449
- Deferred tax assets, including tax losses, not brought to account	<u>68,593</u>	<u>312,614</u>
	<u>73,666</u>	<u>314,063</u>
Income tax expense	<u>-</u>	<u>-</u>
Tax losses not brought into account as a deferred tax asset total \$3,247,570 (2023: \$3,243,561).		

**NOTE 7: CASH AND CASH EQUIVALENTS**

Cash on hand	1,000	1,000
Cash at bank	<u>947,745</u>	<u>6,883,317</u>
	<u>948,745</u>	<u>6,884,317</u>

During the financial year the Company entered into the following non-cash investing and financing transactions which are not included in the statement of cash flows:

(a) The company commenced a new lease of "The Manor", a 128 bed residential aged care facility, resulting in the recognition of a lease assets of \$5,434,512 and a corresponding lease liability of \$5,434,512.

**NOTE 8: TRADE AND OTHER RECEIVABLES**

**CURRENT**

Trade receivables	<u>29,307</u>	<u>59,146</u>
	<u>29,307</u>	<u>59,146</u>
Other receivables		
- Loans - secured	-	500,000
- GST Input Credits	20,423	48,635
- Other debtors	<u>27,501</u>	<u>40,901</u>
	<u>47,924</u>	<u>589,536</u>

**THE ROYCE AGED CARE PTY LTD**  
**50 142 467 650**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>NOTE 8: TRADE AND OTHER RECEIVABLES (CONTINUED)</b>		
Trade receivables from related parties	<u>164,797</u>	<u>107,019</u>
	<u>242,028</u>	<u>755,701</u>
<b>NON-CURRENT</b>		
Loan receivable from related party	<u>64,770,369</u>	<u>-</u>

Trade receivables are non-interest bearing and are generally due for payment within 30-60 days of the invoice date.

Related party trade receivables are non-interest bearing and have extended trade terms.

The related party loan receivable is non-interest bearing for two years after which it will attract interest of 8%. The loan has a 30 year term and is due for repayment on 29 November 2053.

**NOTE 9: LEASE ASSETS AND LEASE LIABILITIES**

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>(a) Lease assets</b>		
Land and buldings		
Right-of-use asset	5,434,512	-
Accumulated amortisation	<u>(126,805)</u>	<u>-</u>
	<u>5,307,707</u>	<u>-</u>

**Reconciliations**

Reconciliation of the carry amount of lease assets at the beginning and end of the financial year:

*Leased plant and equipment*

Opening carrying amount	-
Additions	5,434,512
Amortisation	<u>(126,805)</u>
Closing carrying amount	<u>5,307,707</u>

**THE ROYCE AGED CARE PTY LTD**  
50 142 467 650

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>NOTE 9: LEASE ASSETS AND LEASE LIABILITIES (CONTINUED)</b>		
<b>(b) Lease liabilities</b>		
CURRENT		
Lease liabilities	<u>74,531</u>	-
NON CURRENT		
Lease liabilities	<u>5,319,172</u>	-
Total carrying amount of lease liabilities	<u>5,393,703</u>	-

The lease of land and building is for a term of 5 years with with an option to renew the lease for four further terms of 5 years each. Monthly lease payments are \$41,667 with an incremental borrowing rate of 8% per annum. The lease expires in November 2048.

**(c) Future lease payments**

	<b>2024</b>	<b>2023</b>
	\$	\$
- Not later than 1 year	500,000	-
- Later than 1 year and not later than 5 years	2,000,000	-
- Later than 5 years	<u>9,708,333</u>	-
Total future lease payments at the reporting date	<u>12,208,333</u>	-

**NOTE 10: PROPERTY, PLANT AND EQUIPMENT**

**Land and buildings**

Land and buildings at cost	-	71,419,806
Accumulated depreciation	<u>-</u>	<u>(5,754,811)</u>
	-	<u>65,664,995</u>

**Plant and equipment**

Plant and equipment at cost	733,832	32,862
Accumulated depreciation	<u>(304,824)</u>	<u>(5,788)</u>
	<u>429,008</u>	<u>27,074</u>
Motor vehicles at cost	25,304	25,304
Accumulated depreciation	<u>(13,013)</u>	<u>(11,368)</u>
	<u>12,291</u>	<u>13,936</u>
	<u>441,299</u>	<u>65,706,005</u>

**THE ROYCE AGED CARE PTY LTD**  
**50 142 467 650**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>NOTE 10: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)</b>		
<b>(a) Reconciliations</b>		
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year		
<i>Land and buildings</i>		
Opening carrying amount	65,664,996	66,967,738
Additions	507,108	222,266
Disposals (b)	(65,076,378)	-
Internal transfers and write offs	(451,146)	-
Depreciation expense	<u>(644,580)</u>	<u>(1,525,008)</u>
Closing carrying amount	<u><u>-</u></u>	<u><u>65,664,996</u></u>
<i>Plant and equipment</i>		
Opening carrying amount	27,074	11,390
Additions	26,183	21,180
Internal transfers	451,490	-
Depreciation expense	<u>(75,739)</u>	<u>(5,496)</u>
Closing carrying amount	<u><u>429,008</u></u>	<u><u>27,074</u></u>
<i>Motor vehicles</i>		
Opening carrying amount	13,936	15,797
Depreciation expense	<u>(1,645)</u>	<u>(1,861)</u>
Closing carrying amount	<u><u>12,291</u></u>	<u><u>13,936</u></u>

**(b) Sale of land and buildings**

On 29 November 2023 The Royce Aged Care Pty Ltd entered into a sale and leaseback transaction with a related party for the land and buildings of a 128 bed residential aged care facility. The consideration received as part of the sale transaction was equal to the written down value of the asset at the date of the transaction and is considered to be equivalent to its fair value as it is was not significantly different to the value of the property according to an independent valuation undertaken in April 2022.

THE ROYCE AGED CARE PTY LTD  
50 142 467 650

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	\$	\$
<b>NOTE 11: TRADE AND OTHER PAYABLES</b>		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	201,094	132,739
Other payables	<u>619,356</u>	<u>470,530</u>
	<u>820,450</u>	<u>603,269</u>

Trade payables are non-interest bearing and are generally due for payment within 30 days of the invoice date.

**NOTE 12: PROVISIONS**

CURRENT		
Annual Leave	<u>383,026</u>	<u>335,343</u>
NON-CURRENT		
Long Service Leave	<u>57,688</u>	<u>43,174</u>

**NOTE 13: OTHER LIABILITIES**

CURRENT		
Refundable accommodation deposits (RADs)	<u>60,558,536</u>	<u>56,404,978</u>

THE ROYCE AGED CARE PTY LTD  
50 142 467 650

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	\$	\$
<b>NOTE 14: BORROWINGS</b>		
NON-CURRENT		
<i>Unsecured liabilities</i>		
Loan from related party	<u>18,517,814</u>	<u>20,688,298</u>
<i>Secured liabilities</i>		
Bank facilities	<u>-</u>	<u>9,000,000</u>
	<u>18,517,814</u>	<u>29,688,298</u>

**(a) Loan facilities**

Unused facilities available at 30 June 2024 total \$10,000,000 (2023: \$1,000,000) from bank facilities.

Unused facilities available at 30 June 2024 totalled \$nil (2023: \$nil) from related party loans.

**(b) Details of borrowings**

The non-current related party loan is interest free for two years from 1 July 2023 and has no fixed repayment term.

**NOTE 15: SHARE CAPITAL**

Issued and paid-up capital		
- 2 Ordinary Shares (2023: 2)	<u>2</u>	<u>2</u>

**NOTE 16: 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. No remuneration was paid to the Company directors during the year by the Company.

Any transactions between the Company and Company directors, are trivial in nature, and are provided on the same terms and conditions as those entered into by other employees or customers.



**THE ROYCE AGED CARE PTY LTD**  
**50 142 467 650**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

**NOTE 17: RELATED PARTY TRANSACTIONS**

**(a) Related party transactions**

The Director acts in an honorary capacity and has done so during the year.

All related party transactions during the year occurred on standard terms and conditions, i.e. no more favourable than those available to third parties, other than those specified below in item (a).

Transactions with related parties were as follows:

(a) Related party loan account recorded in Note 13, is non-interest bearing and does not have fixed repayment terms. This related party is under the control of the Company's director.

(b) Management fees are paid to a company under control of one of the Company's directors. The total expense for the year was \$390,000 (2023: \$210,000).

(c) Interest charged to the related party receivable under the effective interest method of \$2,479,819 (2023: \$nil ).

(d) Related party receivables are recorded in Note 7.

(e) On 1 December 2023 The Royce Aged Care Pty Ltd entered into a sale and leaseback transaction with a related party for the "The Manor", the 128 bed residential aged care facility. The consideration received as part of the sale transaction was equal to the written down value of the asset at the date of the transaction and is considered to be equivalent to its fair value as it is was not significantly different to the value of the property according to an independent valuation undertaken in April 2022. Refer to Note 8 for details of the lease.

**NOTE 18: CAPITAL COMMITMENTS**

The Company does not have any capital commitments as at 30 June 2024.

**NOTE 19: CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets as at 30 June 2024.

**NOTE 20: INTANGIBLE ASSETS**

The Company is an approved provider of residential aged care services. The Company has been granted 128 residential aged care bed licences with an indefinite life under the Aged Care Act 1997. As a residential aged care bed licence holder the Company is eligible to receive government subsidies, change resident accommodation fees and receive accommodation bonds. These bed licences were not brought to account on the Statement of Financial Position.

**THE ROYCE AGED CARE PTY LTD**  
**50 142 467 650**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

<b>2024</b>	<b>2023</b>
<b>\$</b>	<b>\$</b>

**NOTE 21: SEGMENT REPORTING**

The Company operates in one geographic segment being New South Wales, Australia. The approved provider delivers only residential aged care services and this financial report therefore relates only to such operations.

**NOTE 22: COMPANY DETAILS**

The registered office of the Company is:

The Royce Aged Care Pty Ltd  
1 Royce Way  
123 Mulgoa Road  
Penrith NSW 2750

**THE ROYCE AGED CARE PTY LTD**  
**50 142 467 650**

**DIRECTOR'S DECLARATION**

The director of the Company declares that:

1. The financial statements and notes, as set out on pages 5 - 24 presents fairly the Company's financial position as at 30 June 2024 and performance for the year ended on that date of the Company in accordance with Australian Accounting Standards - Simplified Disclosures;
2. In the director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Director: \_\_\_\_\_  
Maurice Kevin Tulich

Dated: 15 October 2024

**Independent Auditor's Report  
To the Member of The Royce Aged Care Pty Ltd  
ABN 50 142 467 650**

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of The Royce Aged Care Pty Ltd ("the Company"), which comprises the statement of financial position as at 30 June 2024, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of The Royce Aged Care Pty Ltd as at 30 June 2024, and of its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards – Simplified Disclosures.

*Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

*Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Director's Report for the year ended 30 June 2024, 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 and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures, and for such internal control as the directors determine is necessary to enable the preparation of a financial report that 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 judgment and maintain professional scepticism throughout the audit. We also:

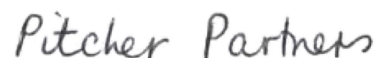
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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.



**Melissa Alexander**  
Partner

15 October 2024



**Pitcher Partners**  
Sydney