

**UKRAINIAN ELDERLY PEOPLE'S HOME LTD.
TRADING AS KALYNA CARE**

A.B.N. 57 006 305 844

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

**UKRAINIAN ELDERLY PEOPLE'S HOME LTD. TRADING AS KALYNA CARE
A.B.N. 57 006 305 844**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

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UKRAINIAN ELDERLY PEOPLE'S HOME LTD. TRADING AS KALYNA CARE
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DIRECTORS' REPORT

The Directors present their report on the Company for the financial year ended 30 June 2022.

The principal activities of the company remain:

- enabling Kalyna Care to continue to be the provider of choice for the Ukrainian and broader multicultural community,
- continuing to embrace its Ukrainian heritage and remain true to the vision set by our founding members,
- providing turnover, cash flow and surplus to meet the financial objectives of the company.

However, the Covid pandemic which began in 2020 and more specifically the outbreak at Kalyna Care, has severely impacted the company's operations and finances. Kalyna Care was declared clear of the virus first time in October 2020 and subsequent less serious outbreaks happened in the following years but a higher and more stringent infection prevention control regime is now required, adding to operational expenses.

The Board has put significant effort into obtaining government grants and other financial assistance to help fund the operational activities of the company until we regain a high level of occupancy and service uptake.

Impact on Key Performance Indicators:

1. Service Outcomes

The service outcomes for the 2022 financial year were in accordance with standards set for the delivery of Aged Care Services. The funding body requirements were in accordance with the new single aged care quality framework (non-financial requirements) set for the funding of Aged Care services, which was in transition since 1 July 2018, and effective from 1 July 2019.

2. Operating Deficit

Total Comprehensive deficit for the financial year was \$ 67,148. This included revaluation surplus of \$ 2,669,871. If this revaluation surplus was eliminated, deficit for the year was \$ 2,737,019. This year was a challenging year for everyone due to frequent Covid-19 outbreaks and subsequent lockdowns. Fortunately, there were no many deaths due to Covid-19 outbreaks during this year. Because of the outbreaks and its associated uncertainties, there remains a general community reluctance to send their loved ones to residential Aged Care facilities. As a result, residents' numbers were increased gradually. Further Federal and state governments have not provided same additional funding during this financial year. During the year staff cost came down slightly due to implementation of cost saving measures. Interest Expenses also increased during the year due to increase of borrowings, increase of interest rate and recognition of total interest cost as an expense. Last year part of interest cost was capitalised as part of building cost since it was incurred during construction period

3. Cash Flow from Operating Activities

Cash outflow from operating activities for the financial year was \$ 2,212,662 which was an increase compared to the last year cash outflow from operating activities by \$ 548,329. This significant cash outflow from operating activities was due to decrease of Government Grants. To mitigate this situation, management has implemented various cost saving measures and programmes to increase number of residents. Further, Board is in consultation with banks to extend the loan repayment period.

4. Membership

Membership for the financial year was 42 (2021 - 93).

5. Compliance

- a) The company has complied with all Work Health and Safety, Employment and Environmental reviews.
- b) The company maintained full compliance with all covenant requirements imposed by external financiers with mortgage debt of \$ 14,670,000 as at 30 June 2022.

6. Objectives of the Company

The company's long-term objectives as outlined in our Strategic Plan remain based on:

- continuing to build an awareness and resources to promote residential care services for the Ukrainian and Eastern European community,
- to remain financially sustainable and
- to grow the company operations in accordance with member and community interests.

Our post-Covid recovery, together with the completion of our expansion project, means that strategic planning, whilst still providing objectives, needs to give priority to consolidation of our operational efforts to rebuild occupancy and services over the next financial year.

The company commenced its 40-bed building extension project in Sept 2019. Due to the COVID-19 outbreak, construction works were significantly delayed and building works were completed in Jul 2021. This capital project was funded via debt, equity, and government grants. Federal and state governments contributed \$3.8M toward this project.

Kalyan care has been allocated 40 aged care places in 13th June 2017 and Department of Health has determined that this allocation of places were take effect to provide Aged Care services from 1st of June 2022

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DIRECTORS' REPORT

Membership Details

The company is incorporated as a company limited by guarantee that requires the members of the company to contribute an amount not exceeding \$100 per member towards the company liabilities on the winding up of the company.

Membership Class	Number of Members
Life Members	5
Ordinary Members (who paid membership fees for the year ended 30 June 2022)	37
Total	42

Directors Information

The names of the Directors in office at any time during, or since the end of the year and the period that each Director has been in office:

Director's Name	Board Sub-Committee Responsibilities	Period as Director	Qualifications and Experience
Dr. Igor Jakubowicz Chair	Audit, Risk and Compliance (Chair) Remuneration and Nominations Capital Projects	Appointed 28/04/2016 Appointed Chair 25/11/2021	Dr Jakubowicz's associations and qualifications include LMusA.(AMEB); MBBS (Melbourne); MFM (Monash); GDF or Med (Monash); GAICD; MRACGP;GCTravelMed (JCU); Asst Clin Prof UCSD. Igor is a full-time general practitioner with extensive aged-care experience, and over 20 years' experience as director in various roles of not-for-profit community health organisations.
Basil Chamula Deputy Chair	Capital Projects Remuneration & Nomination	Appointed 24/04/2013 Appointed Deputy Chair 25/11/2021	B.Sc. (Monash); B.Ec (Latrobe); MHA (UNSW). Is the Executive Director of Sovereign Health, 10 years' experience as a clinical biochemist, 5 years' experience as a Manager Human Resources at Royal Children's Hospital. Director, General Services & Special Projects (RCH), 20 years' experience as an independent consultant in management of diagnostic services, 5 years' experience as a manager and director of private health and hospital services.
Halja Bryndzia	Remuneration and Nominations (Chair) Capital Projects	Appointed 26/04/2012 Retired effective from 14th Nov 2021	Associate Diploma of Business (Marketing), Certificate in Governance Practice (GIA). Has a sales and marketing background obtained in book publishing, food manufacturing and retail industries.
Roman Chamula	Governance (Chair from Aug 2019)	Appointed 19/11/2017	Managing Director of Corporate Documentation Solutions, with 26 years experience in providing documentation and training solutions for IT system implementations for large corporate clients and government departments. Specific experience in business process change management in the mining, energy, manufacturing, retail and Defence sectors. Previously, more than 10 years' experience in industrial corporate communications and public relations.
Luba Prysiak	Clinical Governance (Chair)	Appointed 10/11/2019	Director of Care of a not-for-profit aged care provider in Geelong; member of Multicultural Action Plan Advisory Committee City of Greater Geelong; member of ACSA (Industry peak body - Aged and Community Services Australia) Residential Services Advisory Committee. President of Association of Ukrainians in Victoria – Geelong Branch. Bachelor of Health Science (Nursing); MBA.
Roman Rozek	Audit Risk and Compliance	Appointed 15/11/2020	Professional member of CPA; Tax Agent; Public Practice certificate. Over 20 years experience in Public Practise, of which 14 years being a Principle
Peter Iwaniv	Governance Audit Risk and Compliance	Appointed 15/11/2020 Resigned effective from 23rd July 2021	Currently as Investment Adviser (Director) for JBWere; Former Australian Equities Adviser for Goldman Sachs JBWere. Qualifications: B.Comms (Corporate Finance).
Greg Lubczenko		Appointed 27/05/2022	Bachelor of Commerce (Marketing) / Bachelor of Laws - Australian National University 10 years experience in the Australian Public Service, including 3 years in Cabinet minister's office.

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DIRECTORS' REPORT

Meetings of Directors

During the financial year, 11 (Eleven) ordinary scheduled meetings of Directors were held and the attendances by each Director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Dr. Igor Jakubowicz (Chair)	11	11
Basil Chamula (Deputy Chair)	11	11
Halja Bryndzia	4	4
Roman Chamula	11	11
Roman Rozek	11	9
Luba Pryslak	11	11
Greg Lubczenko	1	1

Note: In addition, Board Members participated in number of additional meetings as and when required.

During the financial year 2021/22, former Board Chair Halja Bryndzia retired from the board at the AGM.

Changes in state of affairs

There was no significant change in the state of affairs of the company during the financial year.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has 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

Future developments

Board expect to open the new 40 Bed facility during 2022/23 financial year.

Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, and all executive officers of the company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as an officer or auditor.

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.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2022 has been received and is included in this report on Page 4.

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


Dr. Igor Jakubowicz (Director & Chair)


Roman Rozek (Director)

31st day of October 2022

31st day of October 2022



assured super

Assured Super Pty Ltd
ABN: 87 259 056 581

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Kew East, VIC 3102

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www.assuredsuper.com.au

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER 60-40 OF THE AUSTRALIAN CHARITIES AND
NOT-FOR-PROFITS COMMISSION ACT 2012
TO THE DIRECTORS OF
UKRAINIAN ELDERLY PEOPLE'S HOME LTD. TRADING AS KALYNA CARE
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I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

- (i) no contraventions of the auditor independence requirements of the *Australian Charities and Not for Profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Assured Super Pty Ltd

**Sharif Eldebs
Principal**

Dated this day of 31 October 2022

832 High Street
East Kew VIC 3102

Ukrainian Elderly Peoples Home Ltd.**ACN 006 305 844****Statement of Financial Performance & Statement of Comprehensive Income***For the year ended 30 June 2022*

	<i>Note</i>	2022	2021
		\$	\$
Continuing operations			
Income			
Resident Fees		2,143,916	1,483,639
Government Subsidies		5,542,204	4,607,937
Donations		6,010	1,434
Interest Received		4,071	26,123
Grants Received		1,629,970	9,024,795
Miscellaneous Income		101,917	73,957
	2	9,428,088	15,217,885
Expenses			
Overheads		2,345,648	4,996,620
Utilities		195,682	226,840
Food		364,499	294,406
Employee Benefits	3	7,354,729	8,130,708
Repairs & Maintenance		201,113	152,859
Depreciation & Amortisation	4	805,245	763,563
Interest Expenses		898,191	188,023
		12,165,107	14,753,021
Surplus/ (Deficit) for the year		(2,737,019)	464,864
Other Comprehensive Income/ (Expenses)			
Gain on revaluation of property		2,669,871	-
Total Comprehensive Surplus/ (Deficit) for the year		(67,149)	464,864

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes and the auditors report.

Ukrainian Elderly Peoples Home Ltd.
ACN 006 305 844
Statement of Financial Position
as at 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current Assets			
Cash and cash equivalents	5	1,203,417	1,620,320
Trade and other receivables	6	112,110	530,721
Financial Assets	7	1,572,931	-
Other Assets	8	51,796	33,183
Total Current Assets		<u>2,940,254</u>	<u>2,184,224</u>
Non-Current Assets			
Financial Assets	7	-	-
Property, Plant & Equipment	9	38,448,948	36,213,443
Total Non-Current Assets		<u>38,448,948</u>	<u>36,213,443</u>
Total Assets		<u>41,389,202</u>	<u>38,397,667</u>
Liabilities			
Current Liabilities			
Trade and other payables	10	556,082	1,494,716
Borrowings	11	15,849,157	9,040,726
Provisions	12	1,343,867	1,376,144
Other Liabilities	13	421,262	144,686
Total Current Liabilities		<u>18,170,368</u>	<u>12,056,272</u>
Non-Current Liabilities			
Borrowings	11	10,454,763	13,523,626
Provisions	12	73,757	60,308
Total Non-Current Liabilities		<u>10,528,520</u>	<u>13,583,934</u>
Total Liabilities		<u>28,698,888</u>	<u>25,640,206</u>
Net Assets		<u>12,690,313</u>	<u>12,757,461</u>
Equity			
Assets Revaluation Reserve		6,002,240	3,332,369
Bequest Reserve	14	752,824	752,824
Accumulated Funds		5,935,249	8,672,268
Total Equity		<u>12,690,313</u>	<u>12,757,461</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes and the auditors report.

Ukrainian Elderly Peoples Home Ltd.**ACN 006 305 844****Statement of Changes in Equity***For the year ended 30 June 2022*

2022	Accumulated Funds	Assets		Bequest Reserve	Total Equity
		Revaluation Reserve			
	\$	\$		\$	\$
Total Equity At The Beginning Of The Financial Year	8,672,268	3,332,369		752,824	12,757,461
Total Comprehensive Surplus for the year	(2,737,019)	2,669,871		-	(67,149)
Transfer to bequest reserve		-		-	-
Total Equity At The End Of The Financial Year	5,935,249	6,002,240		752,824	12,690,313

2021	Accumulated Funds	Assets		Bequest Reserve	Total Equity
		Revaluation Reserve			
	\$	\$		\$	\$
Total Equity At The Beginning Of The Financial Year	8,207,404	3,332,369		752,824	12,292,597
Total Comprehensive Surplus for the year	464,864	-		-	464,864
Transfer to bequest reserve	-	-		-	-
Total Equity At The End Of The Financial Year	8,672,268	3,332,369		752,824	12,757,461

The Statement of Changes in Equity should be read in conjunction with the accompanying notes and the auditors report.

Ukrainian Elderly Peoples Home Ltd.
ACN 006 305 844
Statement of Cash Flows
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Government Subsidies and Grant		7,568,376	10,409,800
Resident Fees Received		2,331,710	1,574,546
Interest and Investment Income Received		4,071	26,123
Other Receipts		108,987	75,095
Total Receipts		10,013,145	12,085,564
Employee Expenses Paid		(7,681,830)	(8,050,717)
Payments for Supplies and Consumables		(3,683,333)	(3,797,003)
Finance Costs		(860,644)	(188,023)
Other Payment			(1,714,154)
Total Payments		(12,225,806)	(13,749,897)
Net cash Flows from operating activities	17	(2,212,662)	(664,333)
Cash Flows from Investing Activities			
Purchase of Property, plant and equipment		(370,878)	(6,734,081)
Proceeds from government grant for refurbishment			1,000,000
Net cash Flows used in investing activities		(370,878)	(5,734,081)
Cash Flows from Financing Activities			
Receipts of Accommodation Deposits		3,008,720	2,255,000
Repayment of Resident Unit Bonds/ Accommodation Deposits		(520,780)	(6,930,305)
Proceeds from Mortgage Loans		1,251,627	6,954,849
Net cash Flows used in financing activities		3,739,567	2,279,543
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		1,156,028	(5,118,871)
Cash and cash equivalents at beginning of Year		1,620,320	6,739,191
Cash and cash equivalents at End of Year	5	2,776,348	1,620,320

The Statement of Cash Flows should be read in conjunction with the accompanying notes and the auditors report.

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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

Note 1. Statement of Significant Accounting Policies

The financial statements are for Ukrainian Elderly People's Home Ltd. Ukrainian Elderly People's Home Ltd trading as Kalyna Care is an individual company, incorporated and domiciled in Australia. Ukrainian Elderly People's Home Ltd trading as Kalyna Care is a company limited by guarantee.

The presentation currency used in these financial statements is Australian dollars (\$). Amounts in these financial statements are stated in Australian dollars unless otherwise noted.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (AASB 1060) and the disclosure requirements in AASB 1060 of the Australian Accounting Standards Board (AASB) and the ACNC Act 2012. The company is a not-for-profit company for financial reporting purposes under Australian Accounting Standards.

The Company does not have 'public accountability' as defined in AASB 1053 Application of Tiers of Australian Accounting Standards and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for Land and Buildings that are measured at revalued amount at the end of every third reporting period

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

Going Concern

The financial report of the entity has been prepared on the going concern basis. The Company considers the going concern basis appropriate notwithstanding the following facts:

During the year ending 30 June, 2022, the entity has incurred a loss of \$2,737,019 (before gain on revaluation of land and building), operating cash outflow of \$2,212,662 and has a deficit in working capital of \$ 15,230,114 as at 30 June 2022.

The impact of Covid 19, which developed rapidly in 2020 has continued to impact the operating performance of the company. Although the operations are still below the pre pandemic level, it has noted improvement in the operations compared to 2021. The main reason for operating loss of \$2.7m and operating cash outflow of \$2.2m was due to the reduction in Covid 19 specific government grants/stimulus package income that was received in 2021. The impact of this reduction in income of approx. \$7.4m, was offset by the improved bed occupancy rate and cost savings measures achieved in 2022.

The deficit in working capital is mainly due the classification of following liabilities as current:

- a) Refundable Accommodation Deposits (RAD) of \$11.114m,
- b) Short term borrowings of \$4.27m which is due for repayment in October 2022. The borrowing was mainly utilised to fund the working capital requirements

All the above liabilities have been recorded in the financial report as at 30 June 2022. Management of the company have been evaluating various strategies to improve the financial performance and position of the entity so as to enable it to continue to operate as a going concern. Management has provided the following mitigating strategies to address the above going concern uncertainties

The entity has negotiated extension of the payment terms for the borrowings of \$4.27m. The consortium of the lenders has agreed to extend the repayment commencement date until 20th January 2023 and loan will be repaid in monthly instalments of \$ 100,000 commencing from February 2023. Further negotiations will take place. Kalyna Care is well placed to negotiate favourable terms based on current valuations and being cashflow positive.

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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

Of the RAD liability of \$11.114m, management of the company has identified only \$2.23m payable in next 12 months. The balance RAD is expected to be rolled over or replaced by new residents in the normal course of the business;

The entity has implemented a process of benchmarking its payroll and other overheads against the industry standards. From this process, company has identified various areas of improvement. Following this process, after the year end, the entity has announced staff redundancies and reduced the number of full time staff employed by four. Also, it has achieved reduction in staff costs by offering part time permanent position to its casual employees

Special relationships have been built with the local hospitals to share the information of potential residents for our aged care facility. This resulted influx of new residents to the facility in recent months.

Department of Health and Aged Care implemented new funding model for Aged Care Sector called Australian National Aged Care Classification (AN-ACC). This model was effective from 1st October 2022. According to the recent estimates, new funding model will increase the subsidy payments to the organization by approximately \$ 50,000.00 per month.

Management is expecting aged care facility operations to return to pre-pandemic level in 2022-23 financial year. Management is expecting the number of residents will gradually increase from 83 residents in June 2022 to around 142 residents by end of June 2023. The increase in resident will reduce the operating losses and generate cash flows for the business. As of Oct 2022, total residents at the facility were increased to 102.

The entity considers the going concern basis appropriate as it has developed projected cash flows and forecasts, which incorporate the effect of the above prospective events and transactions. The results of these projections, resulting in an operating profit and reflects a positive operating cash flow in the future.

The ability of the entity to continue as a going concern and to pay debts as and when they fall due is dependent on performance levels meeting expectations outlined in the budget and the achievement of the above targets. The Directors are satisfied the entity will be able to pay its debts when they fall due and therefore the use of the going concern basis of accounting is appropriate.

Should the company not achieve expected performance levels and/or not achieve the above targets, they may be required to realise their assets and extinguish their liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the company be unable to continue as a going concern.

a. Property, Plant and Equipment

Property

Land and Buildings

Land and buildings are stated at fair value less subsequent accumulated depreciation and impairment for building. Revaluation are performed once at least every 3 years, by an external independent valuers so that the carrying amounts do not differ materially from its fair value. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using both the diminishing value and prime cost basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Buildings and Building Improvements	2.50% - 10%
Furniture and Fixtures	20% - 30%
Office Equipment	20% - 40%
Plant and Equipment	20% - 30%
Motor Vehicles	10% - 20%

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

Plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

b. Impairment of Assets

At each reporting date, the company reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

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

c. Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

d. Financial Instruments

Initial Recognition and Measurement

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

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measured at initial recognition (ii) less principal repayments (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

Financial assets at fair value through the profit & loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of reporting period. If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments would be tainted and reclassified as available-for-sale.

Financial liabilities

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

Fair value

Fair Value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

e. Employee Benefits

Short term benefits

The provisions for employee entitlements to wages, salaries, annual and paid maternity leave represent obligations resulting from employees' services provided up to reporting date, calculated at undiscounted amounts based on wage and salary rates, including related on-costs, which the company expects to pay at the end of each reporting period.

Long term benefits

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to reporting date.

Superannuation

Superannuation contributions are made by the company to approved superannuation funds for all employees. The costs are charged as employee expenses as they are incurred. The company has no legal obligation to cover any shortfall in the superannuation funds' obligations to provide benefits to employees on retirement.

f. Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

g. 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 short term borrowings in current liabilities in the statement of financial position.

h. Revenue

Revenue comprises revenue from the resident fees, government grants and subsidies, retention fees and interest.

Resident Fees

Residents are liable to pay a basic daily fee, a means tested care fee and an accommodation charge under the government's determination based on the Aged Care Act 1997. These fees are recognised as revenue when the service is provided.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

The Company applies Australian Accounting Standards AASB 15 and AASB 1058.

AASB 15 involves the use of a five-step recognition model for recognising revenue, the steps are:

Step 1 – Identify the contract with the customer

Step 2 – Identify the sufficiently specific performance obligations to be satisfied

Step 3 – Measure the expected consideration

Step 4 – Allocate that consideration to each of the performance obligations in the contract

Step 5 – Recognise revenue

AASB 1058 measures income by reference to the fair value of the asset received. The asset received, which could be a financial or non-financial asset, is initially measured at fair value when the consideration paid for the asset is significantly less than fair value, and that difference is principally to enable the entity to further its objectives. Otherwise, assets acquired are recognised at cost.

Where the asset has been measured at fair value, AASB 1058 requires that elements of other Accounting Standards are identified before accounting for the residual component. These standards are:

- AASB 15 Revenue from Contracts with Customers

- AASB 16 Leases

- AASB 137 Provisions, Contingent Liabilities & Contingent Assets

- AASB 9 Financial Instruments

Retention Fees

Monthly retention fees are deducted from each bond account according to statutory requirements and are recognised as revenue.

Government Subsidies

Government subsidies are funding under government determinations and are recognised as revenue when the service is provided.

UKRAINIAN ELDERLY PEOPLE'S HOME LTD. TRADING AS KALYNA CARE

A.B.N. 57 006 305 844

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

Government Grants

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs are recognised in profit or loss in the period in which they become receivable.

Interest Revenue

Interest revenue is recognised on a time proportional basis taking into account the interest rates applicable to the financial assets.

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

i. Trade & Other Payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

j. Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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 Tax Office.

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 net 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 excluded from the receipts from customers or the payments to suppliers.

l. Taxes

Income Tax

As the company is a charitable company in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Land Tax

The company is exempt from land tax because the property is used exclusively for a charitable purpose.

Payroll Tax

The company is exempt from payroll tax because it is classified as a Public Benevolent Institution, as well as being a not-for-profit with a dominant charitable purpose.

Stamp Duty

The company is exempt from stamp duty because the company's purpose and activities are exclusively charitable.

m. Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

n. Accommodation Bonds and Refundable Accommodation Deposits (RAD)

Accommodation bonds are measured at the principal amount less retention amounts permitted under the Aged Care Act (1997).

All Accommodation Bonds and Refundable Accommodation Deposits (RAD's) are recognised as current liabilities in accordance with AASB101 Presentation of financial statements; however, historical turnover statistics indicate that only a small percentage of Accommodation Bonds or Refundable Accommodation Deposits (RAD's) are likely to be required to be repaid within the next twelve months. The rolling nature of resident funded Accommodation Bonds or Refundable Accommodation Deposits (RAD's) is such that the repayment of a bond is usually offset by a new resident funded RAD.

o. Comparative Figures

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

When a company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

p. Critical Accounting Estimates and Judgments

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

Employee Benefits

As discussed in note 1(e), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account

Impairment of Assets

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets.

Where an impairment trigger exists, the recoverable amount of the asset is determined.

Useful Lives of Depreciable Assets

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

Ukrainian Elderly Peoples Home Ltd.
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Notes to the Financial Statements
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Note 2 REVENUE FROM CONTINUING OPERATIONS			
ORDINARY ACTIVITIES			
Resident Fees		2,143,916	1,483,639
Government Subsidies	2a	5,542,204	4,607,937
Donations		6,010	1,434
Interest Received		4,071	26,123
Government Grants	2a	1,629,970	9,024,795
Miscellaneous Income		101,917	73,957
TOTAL		<u>9,428,088</u>	<u>15,217,885</u>

Miscellaneous Income mainly consists of WorkCover reimbursements of \$85,359 (2021: \$43,979) and various other sundry income.

Note 2a Government Grants			
Department of Health and Aged Care- ACFI		5,542,204	4,607,937
Capital Grants		-	3,000,000
Department of Health - Commonwealth Government		1,627,970	3,289,786
Multicultural Affairs-Victorian Government		2,000	2,000
Department of Health-Victorian Government		-	1,344,463
Commonwealth Government		-	1,388,546
		<u>7,172,174</u>	<u>13,632,732</u>

Note 3 EMPLOYEE BENEFIT EXPENSE			
Wages and salaries		6,590,217	7,261,877
Superannuation		585,058	617,082
Other employment costs (includes WorkCover and oncosts)		179,454	251,749
		<u>7,354,729</u>	<u>8,130,708</u>

Note 4 DEPRECIATION AND AMORTISATION EXPENSES			
Depreciation and Amortisation was charged in respect of:			
Buildings & Improvements		489,270	486,485
Furniture & Fixtures		145,013	118,138
Office Equipment		22,502	26,732
Plant & Equipment		114,687	113,799
Motor Vehicles		9,352	10,203
Computer Software		11,224	13,361
Work-in-Progress		13,197	(5,155)
		<u>805,245</u>	<u>763,563</u>

Note 5 CASH AND CASH EQUIVALENTS			
Cash on hand		263	1,263
Cash at bank		1,203,154	1,619,057
		<u>1,203,417</u>	<u>1,620,320</u>

Cash deposits earn interest of 0.25% per annum for balances of \$50,000 or over.

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

Balances as above	1,203,417	1,620,320
Add Investments (see Note 7)	1,572,931	-
Balances per cash flow statement	<u>2,776,348</u>	<u>1,620,320</u>

Ukrainian Elderly Peoples Home Ltd.
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Notes to the Financial Statements
For the year ended 30 June 2022

	2022	2021
	\$	\$
Note 6 TRADE AND OTHER RECEIVABLES		
Resident Fees - from non related parties	86,595	258,977
Accrued Income	-	136,100
Net GST Recoverable	25,515	135,644
	<u>112,110</u>	<u>530,721</u>
The average credit period for resident fee is 30 days. No interest is charged on outstanding trade receivables		
Note 7 FINANCIAL ASSETS		
Current		
Term of Investment - 3 months	1,572,931	-
	<u>1,572,931</u>	<u>-</u>
Total Financial Assets	<u>1,572,931</u>	<u>-</u>
All investments are at call or term deposits held with Dnister Ukrainian Credit Co-Operative Limited. These investments are currently earning between 0.9% and 2.0% per annum.		
Note 8 OTHER ASSETS		
Prepayments	51,796	33,183
	<u>51,796</u>	<u>33,183</u>
Note 9 PROPERTY, PLANT & EQUIPMENT		
Land		
At Cost	-	-
Less Accumulated Depreciation	-	-
	<u>-</u>	<u>-</u>
Land & Building		
Land & Buildings - At Fair Value	37,995,000	21,869,892
Less Accumulated Depreciation	-	(2,405,123)
	<u>37,995,000</u>	<u>19,464,769</u>
Furniture & Fixtures		
At Cost	1,278,449	1,143,340
Less Accumulated Depreciation	(1,021,569)	(878,615)
	<u>256,880</u>	<u>264,725</u>
Office Equipment		
At Cost	264,746	256,894
Less Accumulated Depreciation	(243,780)	(221,278)
	<u>20,966</u>	<u>35,616</u>
Plant & Equipment		
At Cost	673,152	643,650
Less Accumulated Depreciation	(531,801)	(417,115)
	<u>141,351</u>	<u>226,535</u>
Motor Vehicles		
At Cost	117,817	117,817
Less Accumulated Depreciation	(88,105)	(78,753)
	<u>29,712</u>	<u>39,064</u>
Computer Software		
Computer Software		
At Cost	62,290	62,290
Less Accumulated Depreciation	(57,251)	(46,027)
	<u>5,039</u>	<u>16,263</u>
Capital Works in Progress		
At Cost	-	16,166,471
Less Accumulated Depreciation	-	-
	<u>-</u>	<u>16,166,471</u>
Total Property, Plant & Equipment	<u>38,448,948</u>	<u>36,213,443</u>

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Notes to the Financial Statements
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2022	Land, Buildings & Improvements	Furniture & Fixtures	Office Equipment	Plant & Equipment	Motor Vehicle	Computer Software	Capital Works in Progress	TOTAL
Carrying amount at 1/7/21	19,463,769	265,726	35,615	226,535	39,064	16,263	16,166,471	36,213,443
Additions	16,350,631	136,167	7,853	29,502	-	-	197,357	16,721,510
Disposals/ Transfers	-	-	-	-	-	-	(16,350,631)	(16,350,631)
*Revaluations	2,669,870	-	-	-	-	-	-	2,669,870
Depreciation/Amortisation	(489,270)	(145,013)	(22,502)	(114,687)	(9,352)	(11,224)	(13,197)	(805,245)
Carrying amount at 30/6/22	37,995,000	256,880	20,966	141,351	29,712	5,039	0	38,448,947

2021	Land, Buildings & Improvements	Furniture & Fixtures	Office Equipment	Plant & Equipment	Motor Vehicle	Computer Software	Capital Works in Progress	TOTAL
Carrying amount at 1/7/20	19,895,149	314,432	56,302	265,125	49,267	29,624	9,633,026	30,242,925
Additions	55,963	68,574	6,045	75,209	-	-	6,528,290	6,734,081
Depreciation/Amortisation	(487,343)	(117,280)	(26,732)	(113,799)	(10,203)	(13,361)	5,155	(763,563)
Carrying amount at 30/6/21	19,463,769	265,726	35,615	226,535	39,064	16,263	16,166,471	36,213,443

*The revaluation of the land and buildings as at 30 June 2022 was based on an independent valuation by PP&E Valuations Pty Ltd.

The independent valuer is not related to the company and is a members of the Australian Property Institute (API), and he has appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The valuation conforms to the Accounting Standard AASB 116 Property, Plant and Equipment, and valuations have been calculated in accordance with Accounting Standard AASB 13 Fair Value Measurement, International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

During the year, Construction of 40 bed new facility was completed. Construction cost of this facility was \$ 16.35 million which was initially recorded in the Capital Works in Progress account, has been transferred to the Land and building account during the year.

Assets pledged as security

Freehold land and buildings with a carrying amount of \$ 38 million (2021: \$ 35.63 million) have been pledged to borrowings of the entity. The entity is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

2022 **2021**
\$ \$

Note 10 TRADE AND OTHER PAYABLES

Current

Accrued Expenses	236,166	295,497
Payables	244,219	1,127,273
PAYG Withholding Tax	75,697	71,946
	<u>556,082</u>	<u>1,494,716</u>

Creditors are unsecured and interest free. Settlement generally occurs within 30 days of invoice.

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Notes to the Financial Statements
For the year ended 30 June 2022

Note 11 BORROWINGS

Current

Refundable Accommodation Deposit - RAD	8,883,007	7,942,682
Accommodation Bonds - Residents	2,231,675	657,210
Accommodation Bonds - Independent Living Units	441,117	440,834
Mortgage Loans	4,293,358	-
	<u>15,849,157</u>	<u>9,040,726</u>

Non Current

Mortgage Loans	10,454,763	13,523,626
	<u>10,454,763</u>	<u>13,523,626</u>

Total Borrowings

	<u>26,303,920</u>	<u>22,564,352</u>
--	-------------------	-------------------

The mortgage loans are secured by Registered Mortgages over property situated at 344 Taylors Road, Delahey VIC 3037 and Registered General Security Agreement fixed/floating charge over all assets, including Aged Care licence/ Accreditation.

(a)

Kalya Care has entered into Mortgage loan agreement during 2019/20 financial year amounting to \$ 10.4 million with the Dnister Ukrainian Credit Co-Operative Ltd, Community First Credit Union, South West Credit and G&C Mutual Bank to finance the construction of 40 bed Aged Care Facility at Kalya Care site. Outstanding loan balance as at 30th June 2022 was 10.4 million (2021; 10.40 million). The loan is repayable on or before 01/11/2023.

The average effective interest rate on bank loan approximates 6.75% (2021: 6.50 %) per annum and are determined based on business Interest only loan variable rate.

(b)

In June 2021, Kalya Care entered in to two additional loan agreements with G & C Mutual Bank for \$ 4.27 million. These funds were utilised for construction works of the 40 bed facility and repayment of outstanding RADs as at 30th June 2021. Outstanding Balance of this loan as of 30th June 2022 was \$ 4.27 million (2021: \$ 3.1 million). This loan is due for repayment in full on Oct 2022.

The average effective interest rate on bank loan approximates 6.75% (2021: 6.50 %) per annum and are determined based on business Interest only loan variable rate.

Request has been made to the bank to extend the due date of repayment of the above loan amounting to \$ 4.27 million. In Oct 2022, Bank has agreed to extend the due date of repayment of the loan till Jan 2023 and thereafter repay the loan in monthly instalments of \$ 100,000.00 until completion of the loan.

c) Covenant requirements.

The Company is required to maintain minimum liquidity balance of 10% of Refundable Accommodation Deposit and submission of various reports on regular basis.

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Notes to the Financial Statements
For the year ended 30 June 2022

	2022	2021
	\$	\$
Note 12 PROVISIONS		
Current - Employee Benefits		
Annual Leave	658,533	627,175
Long Service Leave	685,334	748,969
	<u>1,343,867</u>	<u>1,376,144</u>
Non-Current - Employee Benefits		
Long Service Leave	73,757	60,308
	<u>73,757</u>	<u>60,308</u>
Provision for Annual Leave		
Balance at the beginning of the year	627,175	525,070
Amount charged to the provision during the year	(466,403)	(202,416)
Amount provided during the year	497,761	304,521
Balance at end of the year	<u>658,533</u>	<u>627,175</u>
Provision for Long Service Leave		
Balance at the beginning of the year	809,277	775,531
Amount charged to the provision during the year	(81,782)	11,807
Amount provided during the year	31,596	21,939
Balance at end of the year	<u>759,091</u>	<u>809,277</u>
Note 13 OTHER LIABILITIES		
Current		
Government Subsidy paid in advance (a)	213,349	-
Income received in advance	202,008	139,841
Prepaid membership fees	5,905	4,845
	<u>421,262</u>	<u>144,686</u>
(a) Government Subsidy paid in advance		
Deferred Income	106,225	-
Prepaid -ACFI	107,123	-
	<u>213,349</u>	<u>-</u>
Deferred Income		
Kalyna Care received \$ 260,000.00 by way of government grant under a government business improvement fund (2021: no grant). This grant monied can be utilised for agreed activities. The revenue will be offset against these agreed activities. During the year \$ 153,775 was recognised as grant income.		
Note 14 BEQUEST RESERVE		
The Late Ms Maja Hrudka	532,754	532,754
The Late Mrs Bohdanna Tarnawsky	32,786	32,786
The Late Mrs Oresta Lenkiwska	171,784	171,784
The Late Ms Pauline Laba	500	500
The late Ms Tamara Rokitienskyj	10,000	10,000
The late Ms Maria Boluch	5,000	5,000
	<u>752,824</u>	<u>752,824</u>
Note 15 KEY MANAGEMENT PERSONNEL COMPENSATION		
Key management personnel compensation	<u>640,286</u>	<u>724,257</u>
Note 16 REMUNERATION OF AUDITORS		
Amount received, or due and receivable, by the auditors of this facility for the following:		
Accountants and Advisers	<u>17,500</u>	<u>17,425</u>

Ukrainian Elderly Peoples Home Ltd.
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Notes to the Financial Statements
For the year ended 30 June 2022

	2022	2021
	\$	\$
Note 17 RECONCILIATION OF (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES		
Total Comprehensive Surplus	(2,737,019)	464,864
Capital Grant classified as investment cash flow		(3,000,000)
Provision for Doubtful Debts	-	17,597
Depreciation	805,245	763,563
	<u>805,246</u>	<u>(2,218,839)</u>
<u>Change in operating assets and liabilities</u>		
Decrease (Increase) in trade and other receivables	(10,472)	(97,165)
Decrease (Increase) in accrued income	136,100	(90,614)
Decrease (Increase) in other debtors	157,339	(129,702)
Decrease (Increase) in other assets	(18,613)	82,694
Increase (Decrease) in trade and other payables	(789,540)	275,769
Increase (Decrease) in other creditors	276,574	(87,191)
Increase (Decrease) in provisions	(32,277)	135,851
	<u>(280,889)</u>	<u>89,642</u>
Net cash inflow (outflow) from operating activities	<u>(2,212,662)</u>	<u>(1,664,333)</u>

Note 18 RELATED PARTIES

Ukrainian Elderly People's Home is a stand alone entity. Therefore, there is no parent entity or subsidiaries.
All Directors are working as honorary capacity hence no payments have been made during this financial year for their services.

Other than the amounts reported in Note 15 - Key Mangement personnels, the entity has not entered into any transactions with related parties

Note 19 MEMBERS GUARANTEE

The company is limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting outstanding obligations of the company. At 30 June 2022 the number of members was 42 (2021 - 93) .

Note 20 COMPANY DETAILS

The company is limited by guarantee, and incorporated in Australia. Its registered office and principal place of business is 344 Taylors Road, Delahey, Victoria, 3037.

Note 21 CONTINGENT LIABILITIES

The Directors are unaware of any other contingent liabilities not recognised elsewhere in these accounts.

Ukrainian Elderly Peoples Home Ltd.
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Notes to the Financial Statements
For the year ended 30 June 2022

Note 22 EVENTS SUBSEQUENT TO REPORTING DATE

At this point, no issue suggesting any uncertainty about the entity's ability to continue as a going concern has been identified.

Loan extension

After the balance date, company has received a letter from the bank confirming the extension of due date of repayment of \$ 4.27 million loan in October 2022 to January 2023. Further, bank has also amended the repayment terms where by instead of repaying the amount in full, loan will be repaid in monthly instalments of \$ 100,000 commencing from February 2023.

Note 23 Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

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

		2021 \$	2021 \$
Financial assets			
Cash and cash equivalents	5	1,203,417	1,620,320
Trade and other receivables	6	112,110	530,721
Financial assets- held to maturity investments	7	1,572,931	-
Other Assets	8	51,796	33,183
Total financial assets		<u>2,940,254</u>	<u>2,184,224</u>
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	10	556,082	1,494,716
Borrowings	11	26,303,920	22,564,352
Other	13	421,262	144,686
Total financial liabilities		<u>27,281,264</u>	<u>24,203,754</u>

Note 24 SEGMENT REPORTING

The company operates solely in the residential aged care industry in Australia.

The directors of the company hereby confirm that Independent Living Unit income represents less than 10% of the Total Revenue.

Note 25 Capital expenditure Commitments

	2022 \$	2021 \$
Capital Expenditure Commitments		
Less than 1 Year	-	128,951

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and are exclusive of the GST payable.

In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet

Note 26 Economic Dependency on government revenue

Ukrainian Elderly People's Home is a approved Aged Care Services provider. Commonwealth Government provide funding for Aged Care service providers according to the Aged Care Act 1997 and based on Aged Care Funding Instrument (From 1st October 2022 this instrument was changed to Australian National Aged Care Classification). This funding is the main source of income of the company. The directors of the company have no reason to believe that the government will discontinue its support to Aged Care Service Providers particularly Ukrainian Elderly People's Home

UKRAINIAN ELDERLY PEOPLE'S HOME LTD. TRADING AS KALYNA CARE

A.B.N. 57 006 305 844

DIRECTORS' DECLARATION

The responsible persons declare that in the responsible persons' opinion:

1. there are reasonable grounds to believe that the responsible entity is able to pay all of its debts, as and when they become due and payable; and
2. the financial statements and notes satisfy the requirements of the Australian Charities and Not-for-profits Commission Act 2012.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013.



Dr. Igor Jakubowicz (Director & Chair)



Roman Rozek (Director)



Assured Super Pty Ltd
ABN: 87 259 056 581

832 High Street
Kew East, VIC 3102

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UKRAINIAN ELDERLY PEOPLE'S HOME LTD T/A KALYNA CARE

Opinion

I have audited the accompanying financial report of Ukrainian Elderly People's Home Ltd T/A Kalyna Care (the company), which comprises the statement of financial position as at 30 June 2022, the statement of financial performance and comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company

In my opinion the financial report of the company is in accordance with the Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 including:

- I. giving a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- II. complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for Opinion

I conducted our audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to Going Concern

I draw attention to Going Concern paragraph in Note 1 in the financial report, which indicates that the company incurred a net loss before the comprehensive income, on account of gain on revaluation of land and building, of \$2,669,871 during the year ended 30 June 2022 and, as of that date, the registered entity's current liabilities exceeded its total current assets by \$15,230,114. As stated in Going Concern paragraph in Note 1, these events or conditions, along with other matters as set forth in Going Concern paragraph in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the registered entity's ability to continue as a going concern. My opinion is not modified in respect of this matter.

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 presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the 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 ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and Liability limited by a scheme approved under Professional Standards Legislation

using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

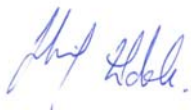
Auditor's Responsibilities for the Audit of the Financial Report

My 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of the responsible entities' 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 registered entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My 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 registered entity 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.

I communicate with the responsible entities regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



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Sharif Eldebs
Principal

Assured Super Pty Ltd

832 High Street Kew VIC 3102

Dated this 31st day of October 2022

Auditor's registration number: 438678