

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

A.B.N. 57 006 305 844

**GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

UKRAINIAN ELDERLY PEOPLE'S HOME LTD. TRADING AS KALYNA CARE
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GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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The Directors present their report on the Company for the financial year ended 30 June 2021.

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 in October 2020 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 2021 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 Surplus

Total Comprehensive surplus for the financial year was \$464,866. This year was a challenging year for everyone due to the Covid-19 outbreak and subsequent lockdowns and the loss of many of our residents. Because of the outbreak and its associated uncertainties, there remains a general community reluctance to send their loved ones to residential Aged Care facilities. This has resulted in a sharp decline in the number of residents and an increase in the cost of infection control and hiring of additional staff etc. To mitigate this impact, federal and state governments have implemented several programmes such as Job Keeper, Aged Carer Employee Retention Bonus, and Reimbursement of Covid-19 related expenses.

3. Cash Flow from Operating Activities

Cash outflow from operating activities for the financial year was \$1,664,333 compared to the cash inflow from operating activities for 2020 of \$ 578,289. This significant cash outflow from operating activities was due to the COVID-19 pandemic. To mitigate this situation the Department of Health has provided funding support to meet our short-term cash deficit. Further, an additional grant was provided to prepare and utilise a Business Improvement Plan.

4. Membership

Membership for the financial year was 93 (2020 - 113).

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 \$13,523,626 as at 30 June 2021

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.

UKRAINIAN ELDERLY PEOPLE'S HOME LTD. TRADING AS KALYNA CARE
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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 2021)	88
Total	93

Director 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
Halja Bryndzia Chair	Remuneration and Nominations (Chair) Capital Projects	Appointed 26/04/2012 Appointed Chair 16/11/2014	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.
Dr. Igor Jakubowicz Deputy Chair	Audit, Risk and Compliance (Chair) Remuneration and Nominations Capital Projects	Appointed 28/04/2016 Appointed Deputy Chair 19/11/2017	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	Capital Projects (Chair from Sep 2018) Remuneration & Nomination	Appointed 24/04/2013	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.
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 Pryslak	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	Chartered Accountant; Professional member of CPA; Tax Agent; Registered Auditor SMSF; Public Practice certificate.
Peter Iwaniw	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).

Meetings of Directors

During the financial year, 12 (twelve) 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
Hajja Bryndzia (Chair)	12	12
Dr. Igor Jakubowicz (Deputy Chair)	12	12
Basil Chamula	12	11
Roman Chamula	12	12
Peter Iwaniv	12	10
Roman Rozek	12	12
Luba Pyslak	12	12

Note: In addition, due to the Covid-19 outbreak from July-October 2020, Board Members attended more than 20 additional meetings either of the Board or the Board with external Commission and Health Department representatives. As well as this, clinically qualified members of the Board participated in daily meetings with the Commission and Health Department for the majority of this period.

There were no changes to the Board of Directors during 2020/21 financial year.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2021 has been received and is included in this report on Page 4.

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

Hajja Bryndzia (Director & Chair)

Dr. Igor Jakubowicz (Director & Deputy Chair)

22nd day of October 2021

22nd day of October 2021





Collins & Co Audit Pty Ltd

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF UKRAINIAN ELDERLY PEOPLE'S HOME LTD TRADING AS KALYNA CARE A.B.N. 57 006 305 844

I declare that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2021 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 contravention of any applicable code of professional conduct in relation to the audit.

Frederik Ryk Ludolf Eksteen CA
ASIC Auditor Registration Number 421448

Collins & Co Audit Pty Ltd
127 Paisley Street
FOOTSCRAY VIC 3011

Dated this 22th day of October 2021

Ukrainian Elderly Peoples Home Ltd.**ACN 006 305 844****Statement of Financial Performance & Statement of Comprehensive Income***For the year ended 30 June 2021*

	<i>Note</i>	2021	2020
		\$	\$
Income			
Resident Fees		1,483,639	2,412,469
Government Subsidies		4,607,937	6,487,959
Donations		1,434	9,658
Bequests		-	-
Interest Received		26,123	104,196
Grants Received		3,000,000	804,000
Miscellaneous Income		6,098,752	167,479
	2	15,217,885	9,985,761
Expenses			
Overheads		4,583,566	858,823
Utilities		390,830	351,934
Food		294,406	399,792
Employee Benefits	3	8,297,586	7,575,779
Repairs & Maintenance		327,283	275,032
Depreciation & Amortisation	4	763,563	682,428
Loan Interest		95,787	7,830
		14,753,021	10,151,618
Surplus/ (Deficit) for the year		464,864	(165,857)
Other Comprehensive Income/ (Expenses)			
Revaluation increment		-	-
Other	2a		1,423
Total Comprehensive Surplus/ (Deficit) for the year		464,864	(164,434)

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 2021

	<i>Note</i>	2021	2020
		\$	\$
Current Assets			
Cash and cash equivalents	5	1,620,320	2,872,244
Trade and other receivables	6	530,721	230,838
Financial Assets	7	-	3,866,947
Other Assets	8	33,183	115,877
Total Current Assets		2,184,224	7,085,906
Non-Current Assets			
Financial Assets	7	-	-
Property, Plant & Equipment	9	36,213,443	30,242,925
Total Non-Current Assets		36,213,443	30,242,925
Total Assets		38,397,667	37,328,831
Current Liabilities			
Trade and other payables	10	1,494,716	1,218,945
Borrowings	11	9,040,726	13,699,825
Provisions	12	1,376,144	1,238,315
Other Liabilities	13	144,686	2,248,083
Total Current Liabilities		12,056,272	18,405,168
Non-Current Liabilities			
Borrowings	11	13,523,626	6,568,780
Provisions	12	60,308	62,286
Total Non-Current Liabilities		13,583,934	6,631,066
Total Liabilities		25,640,206	25,036,234
Net Assets		12,757,461	12,292,597
Equity			
Assets Revaluation Reserve		3,332,369	3,332,369
Bequest Reserve	14	752,824	752,824
Accumulated Funds		8,672,268	8,207,404
Total Equity		12,757,461	12,292,597

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 2021*

2021	Assets			Total Equity
	Accumulated Funds	Revaluation Reserve	Bequest 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

2020	Assets			Total Equity
	Accumulated Funds	Revaluation Reserve	Bequest Reserve	
	\$	\$	\$	\$
Total Equity At The Beginning Of The Financial Year	8,371,838	3,332,369	752,824	12,457,031
Total Comprehensive Surplus for the year	(164,434)	-	-	(164,434)
Transfer to bequest reserve	-	-	-	-
Total Equity At The End Of The Financial Year	8,207,404	3,332,369	752,824	12,292,597

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 2021*

	<i>Note</i>	2021	2020
		\$	\$
		Inflows (Outflows)	Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments (inclusive of goods and services tax)			
Employee costs		(8,050,717)	(6,498,178)
Interest on loan		(188,023)	(7,830)
Payments to suppliers & others		(5,511,156)	(2,171,155)
		<u>(13,749,897)</u>	<u>(8,677,163)</u>
Receipts (inclusive of goods and services tax)			
Resident Fees		1,574,546	2,423,777
Interest		26,123	168,956
Other		75,095	962,277
Government Receipts			
Subsidies		10,409,800	5,700,442
		<u>12,085,564</u>	<u>9,255,452</u>
Net cash provided by operating activities	17	<u>(1,664,333)</u>	<u>578,289</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for:			
Property, plant and equipment		(6,734,081)	(12,825,254)
Investment in term deposit		-	-
Proceeds from government grant for refurbishment		1,000,000	2,800,000
Proceeds on disposal on property, plant and equipment		-	1,932
Net cash used in investing activities		<u>(5,734,081)</u>	<u>(10,023,322)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment /Proceeds from Resident/Unit Bonds/ RADs		(4,675,305)	710,977
Repayment /Proceeds from Mortgage Loans		6,954,849	6,568,779
Net cash provided by financing activities		<u>2,279,543</u>	<u>7,279,756</u>
NET INCREASE/(DECREASE) IN CASH HELD		(5,118,871)	(2,165,277)
Cash at the beginning		6,739,191	8,904,468
CASH AT THE END	5	<u><u>1,620,320</u></u>	<u><u>6,739,191</u></u>

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

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.

Policies Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements 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.

Historical cost convention

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

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 statements are prepared on a going concern basis.

The statement of financial position shows a deficit in working capital (current assets less current liabilities) at 30 June 2021 of \$9,872,048 (2020: \$11,319,262). Current liabilities include resident funded loans in the form of residents' entry contributions, accommodation bonds and refundable accommodation deposits (RAD's) which are repayable at call, subject to applicable conditions. According to historical turnover statistics, only a small percentage of resident funded loans were likely to be required to be repaid within the next twelve months, with resident numbers that remained fairly consistent. However, the COVID-19 Pandemic had a significant impact on the percentage of resident funded loans that had to be paid out during the year.

On 26 July 2020, Kalyna Care experienced its first Covid case and the ensuing outbreak resulted in a number of residents passing away and the subsequent decrease in admission of new residents into the facility.

The Department of Health is aware of the significant cash outflow of RAD refunds being experienced by many aged care providers during these unprecedented times. Kalyna Care secured several grant schemes put forward by state and federal government agencies. These grant schemes include Job Keeper, Aged Care worker retention bonus, reimbursement of Covid-19 related expenses and the Business Improvement Fund grant.

Further, in June 2021, Kalyna Care signed two loan agreements amounting to \$ 4.27 million with G & C Bank to fund payments of outstanding RADs and Capital expenditure.

Notwithstanding the above circumstances, the Directors believe operational resources and cash reserves are sufficient to meet all financial commitments as and when they fall due for the coming 12-month period. Therefore, the Directors have determined that it is appropriate for the financial statements to be prepared on a going concern basis.

Accounting Policies

a. Property, Plant and Equipment

Property

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. 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.

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.

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.

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 are capitalised during the construction period. Borrowing costs are expensed after the construction finishes.

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.
ACN 006 305 844
Notes to the Financial Statements
For the year ended 30 June 2021

	2021 \$	2020 \$
Note 2 REVENUE FROM CONTINUING OPERATIONS		
ORDINARY ACTIVITIES		
Resident Fees	1,483,639	2,412,469
Government Subsidies	4,607,937	6,487,959
Donations	1,434	9,658
Bequests	-	-
Interest Received	26,123	104,196
Grants Received	3,000,000	804,000
Miscellaneous Income	6,098,752	167,479
TOTAL	<u>15,217,885</u>	<u>9,985,761</u>

Miscellaneous Income consists of: COVID-19 related grants of \$6,024,795. Expense Reimbursement From Residents & Staff Lunches \$19,481, WorkCover reimbursements \$43,979 and various other sundry income.

Note 2a COMPREHENSIVE INCOME/ (EXPENSES) - OTHER

Profit on sale of assets		1,423
	-	<u>1,423</u>

Note 3 EMPLOYEE BENEFIT EXPENSE

Wages and salaries	7,201,999	6,418,636
Superannuation	617,082	596,647
Other employment costs (includes WorkCover and oncosts)	478,505	560,496
	<u>8,297,586</u>	<u>7,575,779</u>

Note 4 DEPRECIATION AND AMORTISATION EXPENSES

Depreciation and Amortisation was charged in respect of:

Buildings & Improvements	486,485	444,107
Furniture & Fixtures	118,138	92,606
Office Equipment	26,732	25,599
Plant & Equipment	113,799	91,778
Motor Vehicles	10,203	10,395
Computer Software	13,361	12,789
Work-in-Progress	(5,155)	5,155
	<u>763,563</u>	<u>682,429</u>

Note 5 CASH AND CASH EQUIVALENTS

Cash on hand	1,263	1,676
Cash at bank	1,619,057	2,870,568
	<u>1,620,320</u>	<u>2,872,244</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	1,620,320	2,872,244
Add Investments (see Note 7)		3,866,947
Balances per cash flow statement	<u>1,620,320</u>	<u>6,739,191</u>

	2021 \$	2020 \$
Note 6 TRADE AND OTHER RECEIVABLES		
Resident Fees	258,977	179,409
Interest receivable on Bond Held	-	5,943
Accrued Income	136,100	45,486
Net GST Recoverable	135,644	-
	<u>530,721</u>	<u>230,838</u>
Note 7 FINANCIAL ASSETS		
Current		
Cash Management Account	-	100
Term of Investment - 3 months	-	3,866,847
	<u>-</u>	<u>3,866,947</u>
Total Financial Assets	<u>-</u>	<u>3,866,947</u>
All investments are at call or term deposits held with Dnister Ukrainian Credit Co-Operative Limited. These investments are currently earning between 1.73% and 1.75% per annum.		
Note 8 OTHER ASSETS		
Prepayments	33,183	115,877
	<u>33,183</u>	<u>115,877</u>
Note 9 PROPERTY, PLANT & EQUIPMENT		
Land & Building		
Land & Buildings - At Fair Value	21,869,892	21,813,929
Less Accumulated Depreciation	(2,405,123)	(1,917,780)
	<u>19,464,769</u>	<u>19,896,149</u>
Furniture & Fixtures		
At Cost	1,143,340	1,074,766
Less Accumulated Depreciation	(878,615)	(761,334)
	<u>264,725</u>	<u>313,432</u>
Office Equipment		
At Cost	256,894	250,849
Less Accumulated Depreciation	(221,278)	(194,547)
	<u>35,616</u>	<u>56,302</u>
Plant & Equipment		
At Cost	643,650	568,441
Less Accumulated Depreciation	(417,115)	(303,316)
	<u>226,535</u>	<u>265,125</u>
Motor Vehicles		
At Cost	117,817	117,817
Less Accumulated Depreciation	(78,753)	(68,550)
	<u>39,064</u>	<u>49,267</u>
Computer Software		
Computer Software		
At Cost	62,290	62,290
Less Accumulated Depreciation	(46,027)	(32,666)
	<u>16,263</u>	<u>29,624</u>
Capital Works in Progress		
At Cost	16,166,471	9,638,181
Less Accumulated Depreciation	-	(5,155)
	<u>16,166,471</u>	<u>9,633,026</u>
Total Property, Plant & Equipment	<u>36,213,443</u>	<u>30,242,925</u>

As at 30 June 2021, 98% of Kalyna Care's 40 Bed Aged Care Expansion Project had been completed. Total cost of \$16,166,471 had been incurred as of 30th June 2021 (30th June 2020 it was \$ 9,638,181). The project was funded through Mortgage Loans, Government Grants, and our own funds. Kalyna Care has recognised the Building Work in Progress under Property, Plant & Equipment (Note 9) and associated liability (Note 11).

Notes to the Financial Statements

For the year ended 30 June 2021

2021	Land, Buildings & Improvements	PROPERTY, PLANT & EQUIPMENT	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
Disposals	-	-	-	-	-	-	-	-
*Revaluations	-	-	-	-	-	-	-	-
Depreciation/Amortisation	(487,343)	(117,280)	(26,732)	(113,799)	(10,203)	(13,361)	5,155	(763,563)
Write-offs	-	-	-	-	-	-	-	-
WDV of assets sold	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
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

2020	Land, Buildings & Improvements	Furniture & Fixtures	Office Equipment	Plant & Equipment	Motor Vehicle	Computer Software	Capital Works in Progress	TOTAL
Carrying amount at 1/7/19	16,908,044	160,218	56,517	179,433	59,662	30,145	708,015	18,102,034
Additions	3,431,212	246,988	25,384	179,236	-	12,268	8,930,166	12,825,254
Disposals	-	(168)	-	(1,766)	-	-	-	(1,934)
*Revaluations	-	-	-	-	-	-	-	-
Depreciation/Amortisation	(444,107)	(92,606)	(25,599)	(91,778)	(10,395)	(12,789)	(5,155)	(682,429)
Write-offs	-	-	-	-	-	-	-	-
WDV of assets sold	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
Carrying amount at 30/6/20	19,895,149	314,432	56,302	265,125	49,267	29,624	9,633,026	30,242,925

*The revaluation of the land and buildings as at 30 June 2018 was based on an independent valuation by PP&E Valuations Pty Ltd.

2021 **2020**
\$ **\$**

Note 10 TRADE AND OTHER PAYABLES

Current

Accrued Expenses	295,497	1,139,742
Payables	1,127,273	79,203
PAYG Withholding Tax	71,946	-
	<u>1,494,716</u>	<u>1,218,945</u>

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

Note 11 BORROWINGS

Current

Refundable Accommodation Deposit - RAD	7,942,682	11,972,866
Accommodation Bonds - Residents	657,210	1,280,832
Accommodation Bonds - Independent Living Units	440,834	446,127
	<u>9,040,726</u>	<u>13,699,825</u>

Non Current

Mortgage Loans	<u>13,523,626</u>	<u>6,568,780</u>
	13,523,626	6,568,780

Total Borrowings

22,564,352 20,268,605

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.

During the year ended 30 June 2020, Kalyna Care entered into Mortgage loan agreements with the Dnister Ukrainian Credit Co-Operative Ltd, Community First Credit Union, South West Credit and G&C Mutual Bank to fund \$10.4m to construct new 40 bed Aged Care Facility at Kalyna Care site. The loan is repayable after 2023.

In June 2021, Kalyna Care entered into two additional loan agreements with G & C Mutual Bank for \$ 4.27 Million. These funds are intended for on going construction works of the new 40 bed facility and repayment of outstanding RADs. These loans are repayable after 14 months.

	2021	2020
	\$	\$
Note 12 PROVISIONS		
Current - Employee Benefits		
Annual Leave	627,175	525,070
Long Service Leave	748,969	713,245
	<u>1,376,144</u>	<u>1,238,315</u>
Non-Current - Employee Benefits		
Long Service Leave	60,308	62,286
	<u>60,308</u>	<u>62,286</u>
Provision for Annual Leave		
Balance at the beginning of the year	525,070	445,578
Amount charged to the provision during the year	(202,416)	(335,565)
Amount provided during the year	304,521	415,057
Balance at end of the year	<u>627,175</u>	<u>525,070</u>
Provision for Long Service Leave		
Balance at the beginning of the year	775,531	680,032
Amount charged to the provision during the year	11,807	(51,511)
Amount provided during the year	21,939	147,010
Balance at end of the year	<u>809,277</u>	<u>775,531</u>
Note 13 OTHER LIABILITIES		
Current		
Government Subsidy paid in advance	-	2,040,077
Income received in advance	139,841	203,650
Prepaid membership fees	4,845	4,356
	<u>144,686</u>	<u>2,248,083</u>
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 Rokitianskyj	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>724,257</u>	<u>687,380</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>17,425</u>	<u>17,425</u>

	2021 \$	2020 \$
Note 17 RECONCILIATION OF (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES		
Total Comprehensive Surplus	464,864	(164,434)
Capital Grant classified as investment cash flow	(3,000,000)	
<u>Non cash items</u>		
Provision for Doubtful Debts	17,597	250
Depreciation	763,563	682,428
	<u>(2,218,839)</u>	<u>682,679</u>
<u>Change in operating assets and liabilities</u>		
Decrease (Increase) in trade and other receivables	(97,165)	4,438
Decrease (Increase) in accrued income	(90,614)	64,759
Decrease (Increase) in other debtors	(129,702)	-
Decrease (Increase) in other assets	82,694	(30,786)
Increase (Decrease) in trade and other payables	275,769	631,218
Increase (Decrease) in other creditors	(87,191)	(784,677)
Increase (Decrease) in provisions	135,851	175,091
	<u>89,642</u>	<u>60,044</u>
Net cash inflow (outflow) from operating activities	<u>(1,664,333)</u>	<u>578,289</u>

Note 18 RELATED PARTIES

Directors

The names of persons who were directors of the Company at 30 June 2021 were:

Halja Bryndzia (Chair)
 Dr. Igor Jakubowicz (Deputy Chair)
 Basil Chamula
 Roman Chamula
 Peter Iwaniw
 Roman Rozek
 Luba Pryslak

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 2020 the number of members was 93 (2020 - 113) .

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.

Note 22 EVENTS SUBSEQUENT TO REPORTING DATE

The Covid-19 pandemic has continued into 2021, morphing into a Delta variant. Actions taken by both Federal and State governments to contain the virus have affected economic activity. We have continued with our safety and health measures to monitor and mitigate the effects of COVID-19 for our staff and residents (such as social distancing, Infection Control measures and working from home). We also continue to follow all government guidelines as the government plans to ease restrictions. We are also enacting our Business Improvement Plan to increase our occupancy and have already noted a gradual increase in new resident admissions.

Kalynda Care and Dept of Health entered into a grant agreement to provide a further \$ 1.37 million to meet the liquidity requirements until 30th June 2022.

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

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	2020
		\$	\$
Financial assets			
Cash and cash equivalents	5	1,620,320	2,872,244
Trade and other receivables	6	530,721	230,838
Financial assets- held to maturity investments	7	-	3,866,947
Other Assets	8	33,183	115,877
Total financial assets		<u>2,184,224</u>	<u>7,085,906</u>
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	10	1,494,716	1,218,945
Borrowings	11	22,564,352	20,268,605
Other	13	144,686	2,248,083
Total financial liabilities		<u>24,203,754</u>	<u>23,735,633</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

		2021	2020
		\$	\$
Capital Expenditure Commitments			
Less than 1 Year		<u>128,951</u>	<u>5,989,541</u>

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

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.

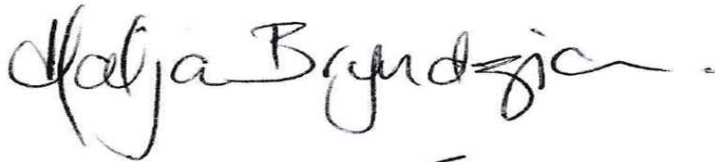
Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013.

Halja Bryndzia (Director & Chair)

Dr. Igor Jakubowicz (Director & Deputy Chair)

22nd day of October 2021

22nd day of October 2021









Collins & Co Audit Pty Ltd

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Footscray VIC 3011
Australia

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**UKRAINIAN ELDERLY PEOPLE'S HOME LTD TRADING AS KALYNA CARE
A.B.N. 57 006 305 844
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**

Opinion

I have audited the accompanying financial report of Ukrainian Elderly People's Home Ltd trading as Kalyna Care (the company), which comprises the statement of financial position as at 30 June 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the statement by the Board of Directors.

In my opinion, the accompanying financial report of Ukrainian Elderly People's Home Ltd trading as Kalyna Care is in accordance with Division 60 of the ACNC Act 2012, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2021 and of its performance and cash flows for the year ended on 30 June 2021; and
- ii. complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis of Opinion

I conducted my 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 auditor independence requirements of the ACNC Act 2012 and 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 my audit of the financial report in Australia. I have also fulfilled our other ethical responsibilities in accordance with the Code.

I confirm that the independence declaration required by the ACNC Act 2012, which has been given to the directors of the Company would be on the same terms if given to the directors as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determines 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, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.



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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 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 the financial report.

As part of an audit in accordance with 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 the 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 my 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that I identify during my audit.

Frederik Ryk Ludolf Eksteen CA
ASIC Auditor Registration Number 421448
Collins & Co Audit Pty Ltd
127 Paisley Street, FOOTSCRAY VIC 3011

Dated this 22nd day of October 2021