MiCare Ltd

ABN 51 072 127 238

Annual Report - 30 June 2020

MiCare Ltd
Directors' report
30 June 2020

The directors present their report, together with the financial statements, on Micare Ltd (the 'Company') for the year ended 30 June 2020.

Directors

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

Mr Ignatius Oostermeyer
Mr Peter Vat
Mr Sebastian Reid
Mr Jos Van de Ven
Mr Glenn Bunney
Ms Petra Neeleman
Ms Loes Westerbeek-Veld (appointed 30/10/2019)
Mr Adrian Scholtes (appointed 30/10/2019)
Mr Richard Mendelsohn (appointed 29/07/2020)
Mr Pleun Van Duyn (resigned 30/10/2019)
Mr Henry Boegheim (resigned 30/10/2019)
Mr Henk Mollee (resigned 30/10/2019)
Mr Micha Helbig (resigned 31/08/2020)

Principal activities

During the year the principal continuing activities of the Company consisted of residential aged care services for the aged, with a specific focus on migrant communities; home-based care and support, including veterans; care and support for refugees and asylum seekers; social and wellbeing programs for older people; and administrative and support services that support all of MiCare Ltd's programs and services.

Impacts from COVID-19

During the year the Company experienced significant impacts as a result of responding to and managing COVID-19. These included additional expenses to protect Elders, families and employees, in addition to revenue impacts from a general reluctance to place Elders into residential care due to the significant restrictions aged care providers operated under. The Company’s responses have been in line with the aged care sector generally. The Company has had no COVID-19 cases.

Contributions on winding up

In the event of the MiCare being wound up, ordinary members are required to contribute a maximum of $100 each. Associate members are not required to contribute.

Significant events arising since the end of the reporting period

During the financial year the COVID-19 pandemic has had a significant impact upon the operations of the Company. Subsequent to balance date, a second wave of the COVID-19 pandemic has occurred within Victoria and other smaller isolated outbreaks in other parts of Australia. While the costs currently incurred by the Company in relation to COVID-19 are significant, the longer term impacts on the operations of the Company remain uncertain and cannot be quantified at this time.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s.60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is set out immediately after this directors' report.

Signed in accordance with a resolution of the Company.

On behalf of the directors

Mr Ignatius Oostermeyer
Director

Mr Peter Vat
Director

15 October 2020

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Auditor's Independence Declaration

To the Directors of MiCare Ltd

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of MiCare Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit Pty Ltd
Chartered Accountants

B L Taylor
Partner - Audit & Assurance

Melbourne, 15 October 2020

MiCare Ltd
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30 June 2020

MiCare Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue	3	53,414,443	48,864,388
Fair value (loss)/gain of financial assets		(22,897)	443,236
Expenses			
Finance costs	4	(3,005,213)	(259,683)
Property expenses		(2,829,434)	(2,687,962)
Recipient care expenses		(5,894,711)	(5,009,240)
Employee benefits expense		(37,228,825)	(33,244,911)
Food expenses		(1,968,457)	(2,044,074)
Depreciation and amortisation expense		(4,377,009)	(4,056,296)
Other expenses		(3,539,296)	(4,066,288)
Deficit for the year attributable to the members of MiCare Ltd		(5,451,399)	(2,060,830)
Other comprehensive income for the year		-	-
Total comprehensive deficit for the year attributable to the members of MiCare Ltd		(5,451,399)	(2,060,830)

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

MiCare Ltd
Statement of financial position
As at 30 June 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	5	7,181,123	10,949,036
Trade and other receivables	6	606,961	1,226,991
Inventories		-	33,239
Total current assets		7,788,084	12,209,266
Non-current assets			
Other financial assets	7	9,447,747	13,731,801
Independent living units (investment properties)	8	25,659,828	26,107,357
Property, plant and equipment	9	84,117,087	67,389,709
Intangibles	10	1,240,000	1,240,000
Total non-current assets		120,464,662	108,468,867
Total assets		128,252,746	120,678,133
Liabilities			
Current liabilities			
Trade and other payables	11	106,691,890	97,152,843
Interest bearing liabilities	12	425,706	250,000
Employee benefits	13	3,924,038	3,765,151
Total current liabilities		111,041,634	101,167,994
Non-current liabilities			
Interest bearing liabilities	12	6,758,021	4,029,167
Employee benefits	13	849,634	426,116
Total non-current liabilities		7,607,655	4,455,283
Total liabilities		118,649,289	105,623,277
Net assets		9,603,457	15,054,856
Equity			
Other contributed equity		6,348,923	6,348,923
Retained earnings		3,254,534	8,705,933
Total equity		9,603,457	15,054,856

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

MiCare Ltd
Statement of changes in equity
For the year ended 30 June 2020

	Other contributed equity $	Retained earnings $	Total equity $
Balance at 1 July 2018	6,348,923	10,766,763	17,115,686
Deficit for the year	-	(2,060,830)	(2,060,830)
Other comprehensive income for the year	-	-	-
Total comprehensive deficit for the year	-	(2,060,830)	(2,060,830)
Balance at 30 June 2019	6,348,923	8,705,933	15,054,856

	Other contributed equity $	Retained earnings $	Total equity $
Balance at 1 July 2019	6,348,923	8,705,933	15,054,856
Deficit for the year	-	(5,451,399)	(5,451,399)
Other comprehensive income for the year	-	-	-
Total comprehensive deficit for the year	-	(5,451,399)	(5,451,399)
Balance at 30 June 2020	6,348,923	3,254,534	9,603,457

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

MiCare Ltd
Statement of cash flows
For the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Receipts in the course of operations		49,821,099	46,284,847
Payments to suppliers and employees		(48,383,223)	(44,547,370)
Interest received		50,454	706,094
Finance costs paid		(204,355)	(259,683)
Net cash from operating activities		1,283,975	2,183,888
Cash flows from investing activities			
Proceeds from investments	7	4,261,157	1,252,343
Payments for investment property	8	(239,967)	(303,940)
Payments for property, plant and equipment	9	(20,516,265)	(9,100,863)
Proceeds from disposal of property, plant and equipment		105,700	454,545
Net cash used in investing activities		(16,389,375)	(7,697,915)
Cash flows from financing activities			
Proceeds from/(repayment of) borrowings		2,904,560	(3,366,450)
ILU entry contributions refunded		(2,421,491)	(1,236,487)
ILU entry contributions received		4,411,050	5,773,150
Accommodation Bonds/Refundable Accommodation Deposits refunded		(11,260,537)	(10,595,778)
Accommodation Bonds/Refundable Accommodation Deposits received		17,703,905	16,319,367
Net cash from financing activities		11,337,487	6,893,802
Net movement in cash and cash equivalents		(3,767,913)	1,379,775
Cash and cash equivalents at the beginning of the financial year		10,949,036	9,569,261
Cash and cash equivalents at the end of the financial year	5	7,181,123	10,949,036

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

General information

The financial statements cover MiCare Ltd as an individual entity. The financial statements are presented in Australian dollars, which is MiCare Ltd's functional and presentation currency.

MiCare Ltd (the 'Company') is a not-for-profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors.

New or amended Accounting Standards and Interpretations adopted

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company, unless otherwise stated below.

The following Accounting Standards and Interpretations are most relevant to the Company:

AASB 15 Revenue from Contracts with Customers

The Company has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in the Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the resident's payment.

The application of AASB 15 means that deferred management fee revenue on Independent Living Units (ILU) is now recognised over the average life of a unitholder. In prior year this revenue was recognised in accordance with the unitholders' agreements. AASB 15 has been applied retrospectively with the cumulative effect of application recognised in equity. The cumulative impact to the Company was $nil.

The application of AASB 15 has not had any other impact on the financial statements on the Company.

Note 1. Significant accounting policies (continued)

AASB 16 Leases
The Company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

For lessor accounting, the standard does not substantially change how a lessor accounts for leases. However, resident agreements are considered a lease under AASB 16.

The Company has applied the practical expedient with regards to low-value and short-term leases and as such, from the perspective of a lessee there is no material impact on the financial statements for the year ended 30 June 2020. The Company was not party to any leases, as a lessee or lessor, as at 30 June 2019 which are not deemed to be low-value or a short-term lease, therefore there is no impact on the comparative period and no opening balance impact as a result of the adoption of AASB 16.

AASB 1058 Income of Not-for-Profit Entities
The Company has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

The application of AASB 1058 has not had any impact on the financial statements on the Company.

The Company has elected not to disclose volunteer services.

Going concern
The financial report has been prepared on a going concern basis. This anticipates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

As at 30 June 2020 the Company had a net working capital deficiency, being current assets less current liabilities, of \$103,253,550 (2019: \$88,958,728) and a net loss after tax of \$5,451,399 for the year ended 30 June 2020 (2019: \$2,060,830).

Note 1. Significant accounting policies (continued)

The Directors have considered the performance and position of the Company and consider that the going concern basis is appropriate for the preparation of the financial report due to the following factors:

- Accommodation Bonds/Refundable Accommodation Deposits and ILU Entry Contributions, amounting to $97,101,895 as at 30 June 2020 (2019: $89,888,419) are classified as current liabilities on the basis they are repayable to residents when they leave the facility or unit, which can be at any time. The Directors do not expect the balance of Accommodation Bonds/Refundable Accommodation Deposits and ILU Entry Contributions to reduce significantly on an annual basis. The Accommodation Bonds/Refundable Accommodation Deposits and ILU Entry Contributions liabilities are therefore considered to form a part of the long term funding of the facility/unit;
- The Company recorded operating cash inflows for the year ended 30 June 2020 of $1,283,975 (2019: $2,183,888);
- The Company maintains a positive net asset position as at 30 June 2020 of $9,603,457 (2019: $15,054,856);
- As at 30 June 2020 the Company has $15,795,440 of unused bank loans which can be utilised to fund the costs and expenses of the redevelopment of the Company's Avondrust Lodge residential aged care facility; and
- The Company, as at 30 June 2020, has $9,447,747 (2019:$13,731,801) in shares in listed entities that are classified as non-current other financial assets as they do not meet the criteria to be classified as current assets. The Directors are of the opinion that a significant portion of these assets are able to be converted to cash at short notice.

This 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 might be necessary should the Company not continue as a going concern.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for not-for-profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Consistency of accounting policies
The accounting policies included in the notes to the financial statements have been consistently applied, unless otherwise stated.

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

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 principal 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 interests. 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.

Note 1. Significant accounting policies (continued)

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

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

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

Impairment of assets
The Company assesses impairment of assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

Business combinations
The Company applies the acquisition method in accounting for business combinations. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Company recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date carrying value.

Goodwill, if any, is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquire, and (c) acquisition-date value of any existing equity interest in the acquiree, over the acquisition-date carrying value of identifiable net assets. If the carrying value of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Other contributed equity
Applying paragraph 33 of AASB 3: Business combinations, the carrying value of net assets obtained from business combinations are recognised directly to equity rather than through profit or loss where nominal consideration is transferred. As such other contributed equity represents the carrying value of net assets obtained from business combinations for which nominal consideration is transferred as part of the business combination.

Note 2. Critical accounting judgements, estimates and assumptions

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

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Fair value measurement hierarchy
The Company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

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

Bed licences
The Company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether bed licences, accounted for as indefinite life intangible assets, have suffered any impairment, in accordance with the accounting policy stated in notes. The recoverable amounts of cash-generating units have been determined based on fair value less costs to sell. The best evidence of fair value is current prices in an active market for similar assets. Where such information is not available the Directors consider information from a variety of sources and requires the use of estimation.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision
As discussed in note 1, 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.

As discussed in note 15, the Company has assessed its arrangements with its current and former casual employees and has identified that it did not meet the majority of the facts of the employment arrangements considered in the Workpac v Rossato case. Judgement was applied when forming this assessment. The Company will continue to assess its obligations to its current and former casual employees in respect of this Federal Court ruling in the Workpac v Rossato case and monitor the ongoing development of the appeal.

Note 3. Revenue

	2020 $	2019 $
Government contributions	38,736,344	35,926,593
Resident and client fees	10,849,977	10,837,820
Bequests, donations & fundraising	133,494	153,511
Other operating revenue	3,529,598	1,126,400
Interest	50,454	706,094
Other income	114,576	113,970
Revenue	53,414,443	48,864,388

Aged care and home care
The Company recognises revenue from aged care and home care services over time as performance obligations are satisfied, which is as the services are rendered, primarily on a daily or monthly basis. Revenue arises from discretionary and non-discretionary services, as agreed in a single contract with the resident. Fees received in advance of aged care and home care services performed are recognised as contract liabilities.

Independent living units
The Company recognises revenue from independent living unit services over time as performance obligations are satisfied, which is as the services are rendered. Revenue arises from deferred management fees and short-term rentals, as agreed in a single contract with the resident. Revenue from deferred management fees is recognised over the expected length of stay of a resident. The expected length of stay of a resident is estimated based on historical tenure data, including industry data. The difference between revenue recognised and contractual deferred management fees earned is recognised as a contract liability. Revenue from short-term rentals is recognised on a daily basis as services are provided.

Note 3. Revenue (continued)

Type of revenue	Description
Government contributions (aged care and home care)	Government revenue reflects the Company's entitlement to revenue from the Australian Government based upon the specific care and accommodation needs of the individual residents. Government revenue comprises of basic subsidy amounts calculated in accordance with the Aged Care Funding Instrument ('ACFI'), accommodation supplements, funding for short-term 'respite' residents, HCP subsidies and other Government incomes. Revenue is recognised over time as services are provided and performance obligations fulfilled. Funding claims are submitted/updated daily and Government revenue is usually payable within approximately one month of services having been performed.
Resident and client fees (aged care)	Residents are charged a basic daily fee as a contribution to the provision of care and accommodation. The quantum of resident/client basic daily fees is regulated by the Government and typically increases in March and September each year. Resident/client basic daily fee revenue is recognised over time as services are provided and performance obligations fulfilled. Residents/clients are invoiced on a monthly basis and revenue is usually payable within 30 days. Other resident/client revenue represents other fees charged to residents/clients in respect of care and accommodation services provided by the Company and includes means tested care fees, Daily Accommodation Payment (DAP)/Daily Accommodation Contribution (DAC) revenue, additional services revenue and other income. Other resident/client revenue is recognised over time as services are provided and performance obligations fulfilled. Residents/clients are invoiced on a monthly basis and revenue is usually payable within 30 days.
Deferred management fees ('DMF') (independent living units)	DMF revenue represents a fee that is contractually deducted from the ongoing contribution that is paid back to a resident upon exit from an independent living unit. DMF revenue is recognised over the expected length of stay of a resident.
Other operating revenue (aged care, home care and independent living units)	Other operating revenue comprises rental income and other sundry revenue. Revenue is recognised over time as services are provided and performance obligations fulfilled. Residents/clients are typically invoiced on a monthly basis and revenue is usually payable within 30 days. For residential aged care accommodation arrangements where the resident has elected to pay a Refundable Accommodation Deposit ('RAD') or Accommodation Bonds (prior to July 2014), the Company receives a financing benefit, being non-cash consideration, in the form of an interest free loan. The fair value of this non-cash consideration is required, under AASB 16 and AASB 9 to be recognised as rental income (to reflect the resident's occupancy of the room) and corresponding interest expense (to record the financial liability associated with RADs and bonds at fair value) with no net impact on profit or loss. Where residents have elected to pay a DAP, the DAP is recognised as resident/client fees as disclosed above. This is calculated based on average RAD / accommodation bond balances, excluding any RADs/accommodation bonds awaiting refund/probate divided by the Maximum Permissible Interest Rate (MPIR), which is a Commonwealth Government set interest rate used to calculate the Daily Accommodation Payment (DAP) to applicable residents. This resulted in the Company recognising additional rental income and interest expense of $2,800,858 for the 2020 financial year.

Bequests, donations and fundraising revenue
Donations, bequests and fundraising revenue are recognised only when the Company gains control of the funds and when the funds do not give rise to a performance obligation which would require the need for a contract liability to be recognised.

Note 3. Revenue (continued)

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income
Other income is recognised when it is received or when the right to receive payment is established, when the income does not give rise to an obligation.

The Company, as private sector not-for-profit entities, has elected not to recognise the financial impact of any volunteer services provided.

Note 4. Finance costs

	2020 $	2019 $
Interest expenses	93,947	133,093
Interest on refundable ingoings	2,911,266	126,590
	3,005,213	259,683

Accounting policy for finance costs

Interest expense is recognised on an effective interest rate method in relation to the outstanding financial liability. All other finance costs are recognised as an expense in the period when incurred, if they are not directly attributable to the acquisition, construction or production of a qualifying asset.

Note 5. Cash and cash equivalents

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	2020 $	2019 $
Current assets		
Cash at bank	7,181,123	10,949,036

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Accounting policy for cash and cash equivalents
For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash, with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position

Note 6. Trade and other receivables

	2020 $	2019 $
Current assets		
Trade receivables	312,323	342,338
Prepayments	323,540	462,457
Other receivables	112,583	422,196
Less: Allowance for expected credit losses	(141,485)	-
	606,961	1,226,991

Accounting policy for trade and other receivables
Trade debtors are recognised at original invoice amounts less an allowance for any uncollectible amounts. No interest is charged on trade debtors with the exception of accommodation deposits, as accommodation bonds receivable are charged interest at rates determined by the Government.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Note 7. Other financial assets

	2020 $	2019 $
Non-current assets		
Shares in listed entities - fair value through profit or loss	9,447,747	13,731,801

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2020	2019
Opening fair value	13,731,801	14,540,908
Disposals	(4,261,157)	(1,252,343)
Fair value movement	(22,897)	443,236
Closing fair value	9,447,747	13,731,801

Accounting policy for other financial assets
All investments are initially recognised at cost, being the fair value consideration given and including acquisition charges associated with the investment. After initial recognition, investments are measured at fair value using the latest bid price at reporting date. Gains and losses on investments are recognised through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Note 8. Independent living units (investment properties)

	2020 $	2019 $
Non-current assets		
Investment property - at cost	31,127,222	30,887,275
Less: Accumulated depreciation	(5,467,394)	(4,779,918)
	25,659,828	26,107,357

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

	2020 $	2019 $
Opening written down value	26,107,357	26,719,827
Additions	239,947	303,940
Depreciation expense	(687,476)	(916,410)
Closing written down value	25,659,828	26,107,357

Accounting policy for investment properties
Independent living units are property which is held to earn rental income, or for capital appreciation, or for both.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Independent living units are carried at cost less, where applicable, any accumulated depreciation and impairment losses. Cost includes all directly attributable expenditure incurred including costs to get the asset ready for its use.

The depreciable amount of independent living units are depreciated on a straight-line basis over their useful lives, being 25 to 40 years, commencing from the time the asset is ready for use. The depreciable amount is the carrying value of the asset less estimated residual amounts. The residual amount is based on what a similar asset of the expected condition of the asset at the end of its useful life could be sold for.

Residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. These estimates could change significantly as a result of 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. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss.

The Company assesses impairment of retirement living assets at each reporting date by evaluating conditions specific to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 9. Property, plant and equipment

	2020 $	2019 $
Non-current assets		
Land and buildings - at cost	85,052,658	62,762,202
Less: Accumulated depreciation	(13,466,732)	(11,883,025)
	71,585,926	50,879,177
Plant and equipment - at cost	15,640,284	13,414,773
Less: Accumulated depreciation	(6,939,704)	(4,998,141)
	8,700,580	8,416,632
Motor vehicles - at cost	966,420	1,043,263
Less: Accumulated depreciation	(588,450)	(552,157)
	377,970	491,106
Work in progress	3,452,611	7,602,794
	84,117,087	67,389,709

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

	Land & buildings $	Plant & Equipment $	Motor vehicles $	Work in progress $	Total $
Balance at 1 July 2019	50,879,177	8,416,632	491,106	7,602,794	67,389,709
Additions (net of transfers)	22,290,456	2,225,511	150,481	(4,150,183)	20,516,265
Disposals/write-offs	-	-	(99,354)	-	(99,354)
Depreciation expense	(1,583,707)	(1,941,563)	(164,263)	-	(3,689,533)
Balance at 30 June 2020	71,585,926	8,700,580	377,970	3,452,611	84,117,087

Accounting policy for property, plant and equipment
Property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Cost includes all directly attributable expenditure incurred including costs to get the asset ready for its use.

The depreciable amount of property, plant and equipment is depreciated on a straight-line over their useful lives, commencing from the time the asset is ready for use. The depreciable amount is the carrying value of the asset less estimated residual amounts. The residual amount is based on what a similar asset of the expected condition of the asset at the end of its useful life could be sold for. Land and WIP are not depreciated.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	10-40 years
Motor vehicles	3-4 years
Plant and equipment	3-6 years

Residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. These estimates could change significantly as a result of 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. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss.

Note 9. Property, plant and equipment (continued)

The Company assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 10. Intangibles

	2020 **$**	**2019** **$**
Non-current assets		
Bed licences - at deemed cost	1,240,000	1,240,000

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

	Bed licences $	Total $
Balance at 1 July 2019	1,240,000	1,240,000
Balance at 30 June 2020	1,240,000	1,240,000

Accounting policy for intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Bed licences have been initially recognised at fair value upon issue from the Government which is deemed to represent cost under AASB 138 Intangible Assets and AASB 1058 Income of not-for-profit entities. Licences acquired through business acquisition have been recognised at fair value at the time of acquisition.

The entity considers the licences to have an indefinite useful life and as such does not amortise them. The licences are reviewed annually to assess whether there has been any impairment in their value as further explained in impairment of non-financial assets note. Where the balance exceeds the value of the expected future benefits, the difference is charged to profit or loss.

The related intangible asset value is supported through a fair value calculation and no impairment has been recognised (2019: $nil).

Note 11. Trade and other payables

	2020 $	2019 $
Current liabilities		
Trade payables	3,272,301	1,300,106
Accommodations Bonds/Refundable Accommodation Deposits	61,724,942	55,463,666
ILU Entry Contributions	35,376,953	34,424,753
Contract liabilities	5,024,959	3,654,667
Other payables	1,292,735	2,309,651
	106,691,890	97,152,843

Accounting policy for trade and other payables
Trade and other payables include trade payables, sundry payables and accrual, other payables, deferred revenue and Accommodation Bonds/Refundable Accommodation Deposits and Independent Living Unit ("ILU") Entry Contributions.

Trade payables and other payables
These amounts represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. The normal credit terms are usually net 30 days. No interest is charged on external trade and other payables while the invoice is current. Specific suppliers may choose to charge interest after that period however the Company monitors cash flow so that suppliers are paid within normal credit terms.

Contract liabilities
Contract liabilities represent the Company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Company has transferred the goods or services to the customer.

Accommodation Bonds/Refundable Accommodation Deposits and ILU Entry Contributions
In accordance with the Aged Care Act 1997, Refundable Accommodation Deposits ("RADs") and Accommodation Bonds may be charged to a resident on entry to an aged care facility. Refundable Accommodation Deposits and Accommodation Bonds are recognised at an amount equal to the proceeds received and are classified as a current liability due to:
- RAD’s being repayable on demand and when a resident departs the facility; and
- Accommodation Bonds being repayable when a resident departs the facility.

Periodical amounts (retentions) are retained from Accommodation Bonds received prior to 1 July 2014 in accordance with the Act and recorded as income in the year in which they are retained.

ILU Entry Contributions are the refundable portion of ingoing contributions made in respect of Independent Living Units subject to the Retirement Villages Act in each respective State and Territory of Australia. ILU Entry Contributions are returned to tenants net of deferred management fee (if applicable) upon expiry of the lease or when they vacate the property.

From 1 July 2007, pursuant to the Aged Care Act 1997, interest is paid on accommodation deposits following departure (or death) of a resident. Interest is required to be paid at two different rates:

- at the base interest rate for the period between when the resident leaves the care service or dies and the earlier of the date the deposit balance is refunded or the date the legislated timeframe for the refund of the deposit balance expires; and

- at the maximum permissible interest rate for the period after the end of the legislated time frame (or the time set out in the Formal Agreement) until the deposit or entry contribution is refunded.

Rates are amended quarterly. Base rate varied from 2.25% to 3.75% for the year ended 30 June 2020 and was 3.75% for the year ended 30 June 2019 and maximum permissible rates varied from 4.89% to 5.54% for the year ended 30 June 2020 and from 4.98% to 5.54% for the year ended 30 June 2019.

Note 12. Interest bearing liabilities

	2020 $	2019 $
Current liabilities		
Federal Government - zero real interest loan	250,000	250,000
Bank loans	175,706	-
	425,706	250,000
Non-current liabilities		
Federal Government - zero real interest loan	3,729,167	4,029,167
Bank loans	3,028,854	-
	6,758,021	4,029,167
	7,183,727	4,279,167

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

	2020 $	2019 $
Total facilities		
Bank loans	19,000,000	19,000,000
Used at the reporting date		
Bank loans	3,204,560	-
Unused at the reporting date		
Bank loans	15,795,440	19,000,000

Accounting policy for interest bearing liabilities
Financial liabilities are initially measured at fair value adjusted by transactions costs, and are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on an effective yield basis. The effective interest method calculates amortised cost and allocated interest expense over the relevant period so that the estimated future cash payments are exactly discounted over the expected life of the liability. Financial liabilities required to be settled within the next 12 months from the reporting date are classified as current and all other financial liabilities are classified as non-current.

During the year the Company entered into a financing agreement with National Australia Bank to fund the redevelopment of Avondrust Lodge, located at 1105 Frankston-Dandenong Road Carrum Downs. The bank loan is secured by a first registered mortgage over the situated at 1105 Frankston-Dandening Road Carrum Downs, and a first priority General Security Agreement over all present and after-acquired property dated 31 January 2012. Covenants imposed by the lender require a loan to value ratio and a loan to cost ratio to be maintained. All financial covenants were met during the period.

The Federal Government provided the loan to assist in financing the redevelopment of 62 Collingwood Road, Birkdale (QLD). Interest charges for this loan are fixed to the Australian inflation rate. Principal payments are made monthly.

Note 13. Employee benefits

	2020 $	2019 $
Current liabilities		
Employee benefits - annual leave	2,467,949	1,925,553
Employee benefits - long service leave	1,456,089	1,839,598
	3,924,038	3,765,151
Non-current liabilities		
Employee benefits - long service leave	849,634	426,116
	4,773,672	4,191,267

Accounting policy for employee benefits
Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Measurement of short-term and long-term employee benefits
Short-term employee benefits are those benefits that are expected to be settled within 12 months of the end of the reporting period, and are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. They include wages and salaries that are expected to be settled within 12 months of the end of the reporting period.

On-costs
Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

Superannuation
Contributions are made by the Company to various accumulation superannuation funds and are charged as expenses when incurred.

Provisions
Provisions are recognised when a legal or constructive obligation exists, 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.

Other long-term employee benefits
Long-term employee benefits are those benefits that are not expected to be settled within 12 months, and are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date. They include annual leave and long service leave.

The present value of long-term employee benefits is calculated in accordance with AASB 119 Employee Benefits. Long-term employee benefits are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national high quality corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Note 14. Key management personnel disclosures

Compensation
Directors are not paid remuneration by MiCare Ltd and they are not entitled to accrue leave entitlements. The other key management personnel received the following remuneration.

	2020 $	2019 $
Aggregate compensation	1,691,273	1,320,645

Note 15. Contingent liabilities

On 20 May 2020, the Federal Court made a ruling in the Workpac v Rossato case that identified that certain casual employees should receive annual, personal and compassionate leave, in addition to any remuneration previously received. This ruling has the potential to have widespread impacts across all industries that utilise casual workers. The Company, as with many aged care providers, has many workers employed on a "casual" basis to provide care and services to its Elders and clients. The Company has considered the impact arising from the ruling and has not recognised a provision for any additional leave benefits at 30 June 2020. This is based on an assessment of casual employment contracts entered into by the Company, and the fact that they do not meet the majority of the facts of the employment contracts considered in Workpac v Rossato. The Company will continue to assess its obligations to its casual employees in respect of this ruling and monitor the ongoing development of the appeal.

During the year ended 30 June 2014, a Zero Real Interest loan agreement was entered with the Government to expand the Birkdale facility. Loan proceeds of $5,000,000 were drawn down during the construction phase. The Company will be required to repay the Government the extent of drawn funds if the Company discontinues, for any reason, the provision of aged care services or sells the property. The loan will be repaid by the end of the 2036 financial year.

The Company confirms that it has no plans to discontinue its aged care services or to sell the Birkdale facility.

Note 16. Commitments

	2020 $	2019 $
Lease commitments - short-term leases		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	35,400	136,399
One to five years	115,050	437,010
	150,450	573,409
Capital commitments - ongoing capital works projects		
Within one year	10,996,969	13,676,502
One to five years	-	10,996,969
	10,996,969	24,673,471

There are no other commitments for expenditure as at 30 June 2020 (2019: $nil)

Note 17. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 14.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from, or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 18. Events after the reporting period

During the financial year the COVID-19 pandemic has had a significant impact upon the operations of the Company. Subsequent to balance date, a second wave of the COVID-19 pandemic has occurred within Victoria and other smaller isolated outbreaks in other parts of Australia. While the costs currently incurred by the Company in relation to COVID-19 are significant, the longer term impacts on the operations of the Company remain uncertain and cannot be quantified at this time.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

MiCare Ltd
Directors' declaration
30 June 2020

In the directors' opinion:

- The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012 and comply with Accounting Standards - Reduced Disclosure Requirements

- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

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

Signed in accordance with a resolution of directors.

On behalf of the directors

Mr Ignatius Oostermeyer
Director

Mr Peter Vat
Director

15 October 2020

Grant Thornton

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Independent Auditor's Report

To the Members of MiCare Ltd

Report on the audit of the financial report

Qualified opinion

We have audited the financial report of MiCare Ltd (the "Company"), which comprises the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Directors' declaration.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the financial report of MiCare Ltd has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

b complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for qualified opinion

The Company have not recognised identifiable assets acquired and liabilities assumed in a business combination in the 2018 financial year at their acquisition-date fair value but have stated them at their acquisition-date carrying amount, which constitutes a departure from Australian Accounting Standards. The Company's records indicate that, had the assets acquired and liabilities assumed from the acquisition of the Netherlands Retirement Village Association of Queensland been recognised at their acquisition-date fair on 1 July 2017, the net assets recognised directly in equity from the business combination, being the identifiable net assets assumed of $24,387,530 less the consideration transferred of $1, would have been $24,387,529, representing a $20,096,257 increase to the amount recognised on 1 July 2017. Accordingly, intangible assets, property, plant and equipment and investment properties would have increased by $8,620,000, $1,194,138 and $10,282,118 respectively on acquisition on 1 July 2017. Consequently, cumulative depreciation since the date of acquisition to 30 June 2020 would have increased by $938,607, represented by a $312,869 increase in depreciation for the year ended 30 June 2020, $312,869 increase in depreciation for the year ended 30 June 2019 and $312,869 increase in depreciation recognised prior to 1 July 2018.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional 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. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Bed Licences

The Company holds 128 active bed licences which were obtained for $nil consideration. The Directors have not recognised these bed licences. The Company's records indicate that had these licences would have been recognised at a fair value of $2,540,000 as at 30 June 2020. Our report is not modified in respect of this matter.

Emphasis of matter – COVID-19

We draw attention to Note 18 of the financial report, which describes the circumstances relating to the subsequent event regarding COVID-19 and the uncertainty surrounding any potential financial impact on the financials. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Grant Thornton Audit Pty Ltd
Chartered Accountants

B L Taylor
Partner – Audit & Assurance

Melbourne, 15 October 2020