

Carseldine Gardens Limited

ABN 17 606 191 271

General purpose (SDS) financial
report for the year ended

30 June 2022

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Directors' report

Your directors submit their report on Carseldine Gardens Limited (the "Company") for the year ended 30 June 2022.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period.

Damien Cronin

Todd Pepper

Morris Symonds

Names, qualifications and experience

Damien Cronin

Damien Cronin has over 20 years of finance and mergers and acquisitions experience, 13 in the corporate sector and 10 years in the Australian real estate sector. Damien holds a Bachelor of Commerce from the Australian National University, a Postgraduate Diploma in Business from Curtin University and a Graduate Diploma in Company Secretarial Practice. He is also a CPA and Chartered Company Secretary with postgraduate business and valuation qualifications.

Todd Pepper

Todd Pepper has over 20 years experience across a broad range of property sectors which includes valuation, sales and leasing, and development management and finance. Todd specialises in the area of Real Estate finance, feasibility analysis and transaction management with particular skills in development management and deal origination. Todd holds a Bachelor of Business degree (in Property Valuation) from University of QLD and a Post Graduate Diploma of Applied Finance and Investment from the Security Institute of Australia.

Morris Symonds

Morris Symonds is a long standing professional investor with substantial experience in equities, commodities, mergers and acquisitions and corporate restructuring. Morris holds a Bachelor of Commerce from University of NSW.

Company Secretary

Melanie Hedges and Shareen Ali

Melanie Hedges and Shareen Ali are the Company secretaries.

Dividends

The Company declared and paid a dividend of \$104,000 in the financial year (2021: \$200,500).

Principal activities

The principal activities of the Company during the year was the leasing of residential villages, consisting of one, two and three bedroom Independent Living Units (ILUs). The units are located in Carseldine, Queensland. The Company has entered into an agreement to sell off their management rights and will discontinue their principal activities in the next financial year.

There have been no significant changes in the nature of these activities during the year.

Review of operations

The net profit after tax of the Company for year ended 30 June 2022 was \$86,306 (2021: \$104,684).

The Directors have considered the implications of COVID-19 to the financial statements and are satisfied that any impact has been accurately reflected.

Directors' report (continued)

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Significant events after the reporting period

Management intends to deregister the Company in the fiscal year ending 30 June 2023. The anticipated settlement on the sale of management rights is on November 1, 2022. Accordingly, the financial report during the year is prepared on a liquidation basis.

There are five unconditional lots currently due to settle. Once these are completed, the remaining debt will be fully repaid. As a result, Macquarie has agreed to release the Bank's registrations over all the remaining lots, and the applicable entities, per the signed Discharge Authority Form.

There have been no other significant events occurring after the reporting period which may affect either the Company's operations or results of those operations or the Company's state of affairs.

Likely developments and expected results

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

Environmental regulation and performance

The Company is not subject to any particular or significant environmental regulation under laws of the Commonwealth or of a State or Territory.

Share options

No option to acquire shares in the Company has been granted to any person. No shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options. There are no unissued shares under option at the date of this report.

Indemnification of officers, directors and auditor

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

Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. The Company was not a party to any such proceedings during the year.

Auditor's independence

The directors have received a declaration from the auditor of Carseldine Gardens Limited. This has been included on page 4.

Directors' report (continued)

Directors' meetings

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

| | <u>Directors'</u> <u>meetings</u> | <u>Eligible to</u> <u>attend</u> |
|-------------------------------------|--------------------------------------|-------------------------------------|
| Number of meetings held: | 4 | 4 |
| Number of meetings attended: | | |
| Damien Cronin | 4 | 4 |
| Todd Pepper | 3 | 4 |
| Morris Symonds | 1 | 4 |

Signed in accordance with a resolution of the directors.



Todd Pepper
Brisbane
11 October 2022

AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As auditor for the audit of Carseldine Gardens Limited for the period ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Dated at Sydney on the 11th of October 2022



ESV Business Advice and Accounting



**Chris Kirkwood
Partner**

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

| | Notes | 2022 \$ | 2021 \$ |
|--|-------|----------------|------------------|
| Rental income | | 804,816 | 996,062 |
| Revenue from contract with customers | 4 | 148,978 | 148,367 |
| Revenue | | 953,794 | 1,144,429 |
| Other income | 5 | 1,001 | 10,000 |
| Marketing expenses | | (11,620) | (2,742) |
| Occupancy expenses | | (749,189) | (922,794) |
| Administrative expenses | | (38,620) | (47,027) |
| Other operating expenses | | (40,291) | (45,216) |
| Profit before income tax | | 115,075 | 136,650 |
| Income tax expense | 6 | (28,769) | (31,966) |
| Profit for the year | | 86,306 | 104,684 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 86,306 | 104,684 |

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

Statement of financial position

As at 30 June 2022

| | Notes | 2022 \$ | 2021 \$ |
|------------------------------|-------|----------------|----------------|
| Assets | | | |
| Cash | 7 | 89,245 | 130,600 |
| Trade and other receivables | 8 | 7,015 | 2,683 |
| Prepayments | | 8,378 | 7,378 |
| Income tax receivables | | 1,481 | - |
| Deferred tax assets | 6 | 458 | - |
| Total assets | | 106,577 | 140,661 |
| Liabilities | | | |
| Trade and other payables | 10 | 88,471 | 99,136 |
| Employee benefit liabilities | 11 | 10,208 | 6,467 |
| Income tax payable | | - | 9,238 |
| Deferred tax liabilities | 6 | - | 228 |
| Total liabilities | | 98,679 | 115,069 |
| Net assets | | 7,898 | 25,592 |
| Equity | | | |
| Issued capital | 12 | - | - |
| Retained earnings | | 7,898 | 25,592 |
| Total equity | | 7,898 | 25,592 |

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

Statement of changes in equity

For the year ended 30 June 2022

| | issued capital (Note 12) | Retained earnings | Total equity |
|---|--------------------------------|----------------------|---------------|
| | \$ | \$ | \$ |
| At 1 July 2021 | - | 25,592 | 25,592 |
| Profit for the year | - | 86,306 | 86,306 |
| Other comprehensive income | - | - | - |
| Total comprehensive income for the year | - | 86,306 | 86,306 |
| Dividends paid (Note 13) | - | (104,000) | (104,000) |
| At 30 June 2022 | - | 7,898 | 7,898 |
| At 1 July 2020 | - | 121,408 | 121,408 |
| Profit for the year | - | 104,684 | 104,684 |
| Other comprehensive income | - | - | - |
| Total comprehensive income for the year | - | 104,684 | 104,684 |
| Dividends paid (Note 13) | - | (200,500) | (200,500) |
| At 30 June 2021 | - | 25,592 | 25,592 |

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

Statement of cash flows

For the year ended 30 June 2022

| | 2022 | 2021 |
|---|------------------|------------------|
| Note | \$ | \$ |
| Operating activities | | |
| Receipts from customers | 1,045,842 | 1,273,579 |
| Payments to suppliers and employees | (938,009) | (1,109,332) |
| Income tax paid | (40,174) | (34,487) |
| Net cash flows from operating activities | 67,659 | 129,760 |
| Investing activities | | |
| Net cash flows from/(used in) investing activities | - | - |
| Financing activities | | |
| Amounts paid to related parties | (5,014) | (12,776) |
| Dividends paid | 13 (104,000) | (200,500) |
| Net cash flows used in financing activities | (109,014) | (213,276) |
| Net decrease in cash and cash equivalents | (41,355) | (83,516) |
| Cash and cash equivalents at 1 July | 130,600 | 214,116 |
| Cash and cash equivalents at 30 June | 7 89,245 | 130,600 |

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

Notes to the financial statements

For the year ended 30 June 2022

1. Corporate information

The financial statements of Carseldine Gardens Limited (the "Company") for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on the date the directors declaration was signed.

Carseldine Gardens Limited is a for-profit company limited by shares incorporated and domiciled in Australia.

The registered office of the Company is 42 Barkly Street, St Kilda, Melbourne, VIC 3182.

The principal place of business of the Company is Level 26, 1 O'Connell Street, Sydney, NSW 2000.

The nature of the operations and principal activities of the Company are described in the directors' report.

2. Significant accounting policies

2.1 Basis of preparation

These general purpose financial statements have been prepared in compliance with the requirements of the *Corporations Act 2001* and *Australian Accounting Standards - Simplified Disclosures*. The Company is a for-profit, private sector entity which is not publicly accountable for the purposes of preparing these financial statements.

The financial report has been prepared on a liquidation basis given the directors have concluded the going concern assumption is no longer appropriate due to the intention to deregister the Company in the fiscal year ending 30 June 2023.

Assets are recorded at amounts expected to be realised on sale and liabilities are recorded at amounts expected to be paid to settle the liabilities as part of the winding-up of the business.

The statement of financial position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items.

The financial report is presented in Australian dollars with all values rounded to the nearest dollar (\$).

2.2 Changes in accounting policies, disclosure, standards and interpretations

New and amended standards and interpretations

The new and amended Australian Accounting Standards and Interpretations that apply for the first time in 2022 do not materially impact the financial statements of the Company.

Accounting standards and interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ended 30 June 2022. The directors intend to adopt these new and amended standards and interpretations, when they become effective.

2.3 Summary of significant accounting policies

a) Cash

Cash in the statement of financial position comprise cash at banks and on hand.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash as defined above.

Notes to the financial statements (continued)

For the year ended 30 June 2022

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

b) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

c) Rental income

Rental income recorded relates to rent earned on the renting of residential villas and is recorded on accrual basis.

d) Finance income

Interest income is recorded using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss and other comprehensive income.

e) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed in section (c) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

The Company's financial assets at amortised cost includes trade and other receivables.

Notes to the financial statements (continued)

For the year ended 30 June 2022

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

e) Financial instruments (continued)

Trade and other receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). They are generally due for settlement within 30-60 days and therefore are all classified as current. Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value. The Company holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the EIR method.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as payable as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

Subsequent measurement

Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Notes to the financial statements (continued)

For the year ended 30 June 2022

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

e) Financial instruments (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

f) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income as an expense.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

g) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the financial statements (continued)

For the year ended 30 June 2022

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

h) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Notes to the financial statements (continued)

For the year ended 30 June 2022

2. Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

h) Taxes (continued)

Goods and services tax (GST) (continued)

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

i) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

(i) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income is recorded in the statement of profit or loss and other comprehensive income on an accrual basis. Contingent rents are recognised as revenue in the period in which they are earned.

The Company has an agreement with a related party from which it leases all its property from. The property is then sub-leased individually to the customers of the Company.

j) Dividend

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws of Australia, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

k) Employee benefit liabilities

Wages, salaries and sick leave

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave which are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave and annual leave

The Company does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Company recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Notes to the financial statements (continued)

For the year ended 30 June 2022

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Notes to the financial statements (continued)

For the year ended 30 June 2022

4. Revenue from contracts with customers

| | <u>2022</u> | <u>2021</u> |
|--|-----------------------|-----------------------|
| | \$ | \$ |
| Type of goods or service | | |
| Commission from services | 148,978 | 148,367 |
| Total revenue from contracts with customers | <u>148,978</u> | <u>148,367</u> |
| Geographical markets | | |
| Australia | 148,978 | 148,367 |
| Total revenue from contracts with customers | <u>148,978</u> | <u>148,367</u> |
| Timing of revenue recognition | | |
| Services transferred over time | 148,978 | 148,367 |
| Total revenue from contracts with customers | <u>148,978</u> | <u>148,367</u> |

5. Other income

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|----------------------|
| | \$ | \$ |
| Interest income | 1 | - |
| COVID-19 subsidies | - | 10,000 |
| Net gain on disposal of property, plant and equipment | 1,000 | - |
| | <u>1,001</u> | <u>10,000</u> |

6. Income tax

The major components of income tax expense for the years ended 30 June 2022 and 2021 are:

| | <u>2022</u> | <u>2021</u> |
|---|----------------------|----------------------|
| | \$ | \$ |
| Current income tax: | | |
| Current income tax charge | 29,455 | 31,738 |
| Deferred tax: | | |
| Deferred tax (benefit)/ charge | (686) | 228 |
| Income tax expense reported in the statement of profit or loss | <u>28,769</u> | <u>31,966</u> |

Notes to the financial statements (continued)

For the year ended 30 June 2022

6. Income tax (continued)

Reconciliation of tax expense and the accounting profit multiplied by Australia's domestic tax rate for 2022 and 2021:

| | 2022 | 2021 |
|---|---------------|---------------|
| | \$ | \$ |
| Accounting profit before income tax | 115,075 | 136,650 |
| At Australia's statutory income tax rate of 25% (2021: 26%) | 28,769 | 35,529 |
| Non assessable income | - | (2,600) |
| Others | - | (963) |
| Aggregate income tax expense | 28,769 | 31,966 |

Deferred tax

Deferred tax relates to the following:

| | Statement of financial position | | Statement of profit or loss and other comprehensive income | |
|--|---------------------------------|--------------|--|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$ | \$ | \$ | \$ |
| Prepayments | (2,094) | (1,844) | (250) | (1,844) |
| Provision for annual leave | 2,552 | 1,616 | 936 | 1,616 |
| Deferred tax benefit/(expense) | | | 686 | (228) |
| Deferred tax assets/(liabilities) | 458 | (228) | | |
| Reflected in the statement of financial position as follows: | | | | |
| Deferred tax assets | 458 | - | | |
| Deferred tax liabilities | - | (228) | | |
| Deferred tax assets/(liabilities) | 458 | (228) | | |

7. Cash

| | 2022 | 2021 |
|--------------------------|--------|---------|
| | \$ | \$ |
| Cash at bank and on hand | 89,245 | 130,600 |

For the purpose of the statement of cash flows, cash and cash equivalents comprise the above.

8. Trade and other receivables

| | 2022 | 2021 |
|-------------------|-------|-------|
| | \$ | \$ |
| Trade receivables | 7,015 | 2,683 |

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. For terms and conditions relating to related party receivables, there are no specific repayment terms.

Notes to the financial statements (continued)

For the year ended 30 June 2022

9. Leases

Company as a lessee

The Company has an agreement with a related party from which it leases all its property. The property is then sub-leased individually to the tenants. The lease payments are based on 70% of lease receipts (from tenants) and are deemed to be variable leases that do not depend on an index or a rate. During the year the Company has exercised an option period of 3 years, the new expiry of the lease is 22 July 2024. As per the lease agreement there is a further option period of 3 years that the Company can exercise.

The following are the amounts recognised in profit or loss:

| | 2022 | 2021 |
|-------------------------|----------------|----------------|
| | \$ | \$ |
| Variable lease payments | <u>668,356</u> | <u>801,100</u> |

Company as a lessor

Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2022 are as follows:

| | 2022 | 2021 |
|---|----------------|----------------|
| | \$ | \$ |
| Within one year | 543,484 | 666,475 |
| After one year but not more than five years | 209,002 | 244,331 |
| | <u>752,486</u> | <u>910,806</u> |

10. Trade and other payables

| | 2022 | 2021 |
|------------------------|---------------|---------------|
| | \$ | \$ |
| Trade payables | 47,504 | 63,276 |
| Goods and services tax | 7,184 | 7,691 |
| Other payables | 33,783 | 28,169 |
| | <u>88,471</u> | <u>99,136</u> |

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms.
- Other payables are non-interest bearing and have an average term of 1 month.
- For terms and conditions with related parties, there are no specific repayment terms.

11. Employee benefit liabilities

| | 2022 | 2021 |
|--------------|---------------|--------------|
| | \$ | \$ |
| Annual leave | <u>10,208</u> | <u>6,467</u> |

Notes to the financial statements (continued)

For the year ended 30 June 2022

12. Issued capital

| <i>Movements of ordinary shares on issue</i> | No. of shares | \$ |
|--|----------------------|-----------|
| At 1 July 2020 | <u>13,000,000</u> | - |
| At 30 June 2021 | <u>13,000,000</u> | - |
| At 30 June 2022 | <u>13,000,000</u> | - |

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

13. Dividends paid and proposed

In respect of the financial year ended 30 June 2022, the Company declared and paid a fully franked dividend of \$104,000 (2021: \$200,500).

The franking credits available as at 30 June 2022 for use in subsequent financial years based on a tax rate of 25% are \$5,508 (2021: \$Nil).

14. Related party disclosures

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

| | | Occupancy expenses | Amounts owed to related parties* |
|------------------------------|-------------|---------------------------|---|
| | | \$ | \$ |
| Other related parties | 2022 | 668,356 | 45,952 |
| | 2021 | 801,100 | 63,169 |

*The amount is classified as trade and other payables.

Terms and conditions of transactions with related parties

The purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Notes to the financial statements (continued)

For the year ended 30 June 2022

14. Related party disclosures (continued)

Compensation of key management personnel of the Company

| | 2022 | 2021 |
|--|----------|----------|
| | \$ | \$000 |
| Total compensation paid to key management personnel | <u>-</u> | <u>-</u> |

There were no other transactions with key management personnel during the year.

15. Commitments and contingencies

Contingent assets

The Company did not have any contingent assets as at 30 June 2022 (2021: \$nil).

Contingent liabilities

The Company has participated with four other unrelated entities to provide a guarantee during the year to Macquarie Bank Limited in respect of Carseldine Gardens Trust's obligations under its bank loan facility. At the end of the reporting period, Carseldine Gardens Trust is in a sound financial position and is not likely to default on the facility. The outstanding debt balance as at year end is \$3,777,645, the maximum amount of the guarantee is \$19,175,000. The facility was renewed for 2 years from 31 August 2022 to 31 August 2024 with the same terms.

16. Events after the reporting period

Management intends to deregister the Company in the fiscal year ending 30 June 2023. The anticipated settlement on the sale of management rights is on November 1, 2022. Accordingly, the financial report during the year is prepared on a liquidation basis.

There are five unconditional lots currently due to settle. Once these are completed, the remaining debt will be fully repaid. As a result, Macquarie has agreed to release the Bank's registrations over all the remaining lots, and the applicable entities, per the signed Discharge Authority Form.

There have been no other significant events occurring after the reporting period which may affect either the Company's operations or results of those operations or the Company's state of affairs.

17. Auditor's remuneration

The auditor of Carseldine Gardens Limited is ESV Business Advice and Accounting.

| | 2022 | 2021 |
|--|---------------|---------------|
| | \$ | \$ |
| <i>Amounts received or due and receivable by ESV Business Advice and Accounting for:</i> | | |
| An audit of the financial report of the entity | <u>14,000</u> | <u>14,000</u> |

Directors' declaration

In accordance with a resolution of the directors of Carseldine Gardens Limited (the "Company"), I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2022 and its performance for the year ended on that date; and
 - (ii) complying with *Australian Accounting Standards - Simplified Disclosures* and the *Corporations Regulations 2001*.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board



Todd Pepper
Brisbane
11 October 2022

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CARSELDINE GARDENS LIMITED

Opinion

We have audited the financial report of Carseldine Gardens Limited (the 'Company'), which comprises the statement of financial position as at 30 June 2022, 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, the accompanying financial report of Carseldine Gardens Limited is in accordance with the *Corporations Act 2001*, including:

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional 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 opinion.

Emphasis of Matter – Going concern basis no longer appropriate

Without qualifying our conclusion, we draw attention to the following matter. As indicated in Note 2.1 to the financial report, the directors of the Company intend to deregister the Company during financial year ending 30 June 2023. As a result, the financial statements have been prepared on liquidation basis and not on a going concern basis.

Other Information

The directors of the company are responsible for the other information. The other information comprises the Directors' Report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

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

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

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

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CARSELDINE GARDENS LIMITED

Responsibilities of the directors for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

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.

Dated at Sydney on the 11th of October 2022



ESV Business Advice and Accounting



**Chris Kirkwood
Partner**