Financial Statements
2022

Lifestyle Solutions

Lifestyle Solutions (Aust) Ltd
ABN 85 097 999 347
Annual report - 30 June 2022

Contents

The directors present their report on Lifestyle Solutions (Aust) Ltd (the "Company") for the year ended 30 June 2022.

Directors

The following persons were Directors of Lifestyle Solutions (Aust) Ltd during the whole of the financial year and up to the date of this report:

Julie Connolly (resigned 30 June 2022)
Dr Ronald Chalmers
Fiona Evans (resigned 10 September 2022)
Andrew Knight (resigned 24 February 2022)
Dean Laurence
Fiona Payne
Karen Woodford (resigned 29 April 2022)
Tony Pearson (appointed 30 June 2022)

Principal activities

The principal activities of the Company during the year was the provision of accommodation and care services for people with a disability and supported care services for children and young people.

There was no other significant change in the nature of the activity of the Company during the year.

Review of operations

A summary of the Company's income and results is set out below:

	2022	2021
	$	$
Total assets	**55,239,589**	60,566,579
Deficit for the year	**(8,202,728)**	(79,354)
Total revenue and other income/gains	**187,017,687**	187,112,722

Short term objectives

The Company's short-term objectives are:

- To be flexible, engaged and adaptive to key sector transformations and reforms;
- To provide quality services to the people we support;
- To ensure the highest level of safeguards and protections are in place for the people we support;
- To support, nurture and develop our staff;
- To achieve financially efficient and sustainable results;
- Best practice approach to governance, practice, management reporting and risk;
- To deliver an innovative and integrated IT platform across the national footprint.

Long term objectives

The Company's long-term objectives are encapsulated in the four strategic pillars:

- To be a provider of choice to people and organisations within the disability and out of home care sector;
- To be a leader in the sector and community in regard to disability and out of homecare;
- To be a values driven organisation that is recognised as a great place to work;
- To be known as delivering business excellence across our entire service delivery portfolio.

How principal activities assisted in achieving the objectives

The principal activities assisted the Company in achieving its objectives by:

- Creating solutions for people who require support;
- Commitment to person centred approaches;
- Delivering high quality innovative services and programs.

Performance measures

The following measures are used within the Company to monitor performance:

- Monthly review of actual income and expenses compared to budget at both program and organisational levels;
- Internal reviews and completion of any resulting corrective actions;
- Review of unresolved complaints;
- Review of instances of unmet contracted service delivery requirements.

Members guarantee

Lifestyle Solutions (Aust) Ltd is a Company limited by guarantee. In the event of, and for the purpose of winding up of the Company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to $50, subject to the provisions of the Company's constitution.

At 30 June 2022 the collective liability of members was $350 (2021: $350).

Significant changes in the state of affairs

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

Management changes

In the second half of the 2021/2022 financial year the CEO Andrew Hyland resigned and in July 2022 the CFO Brent Pitts also resigned.

The Directors would like to thank both Andrew and Brent for their contributions and wish them well in their future endeavours.

Likely developments and expected results of operations

The Directors expect that the Company will continue to carry out its principal activities as detailed above. Other than disclosed elsewhere in this report, there are no other known or likely developments which the Directors foresee which the Directors wish to disclose at this time.

Environmental regulation

The Directors are satisfied that adequate systems are in place for the management of the Company’s environmental responsibility and compliance with the various licence conditions and regulations. Further, the Directors are not aware of any material breaches of these requirements and to the best of their knowledge all activities have been undertaken in compliance with environmental requirements.

Information on Directors

Julie Connolly (resigned 30 June 2022)	Chairperson since November 2018, Director since November 2014
Qualifications and memberships	Master of Commerce, (International Finance, Marketing) Bachelor of Economics (Business, Corporate Law) Graduate Member Australian Institute of Company Directors Financial Services Institute of Australasia Australasian Investor Relations Association
Experience	Extensive experience as a Director, senior executive and advisor in stakeholder communications strategy and management, in both corporate and agency roles.
Special responsibilities	Member of the Governance, Nomination and Remuneration Committee

Dr Ronald Chalmers	Director since September 2018
Qualifications and memberships	Doctor of Philosophy Master of Education (Policy and Administrative Studies) Graduate Diploma in Educational Administration Teachers Higher Certificate Graduate Diploma in Education Bachelor of Arts Graduate Member Australian Institute of Company Directors Graduate Member Executive Fellows Program
Experience	Director General, Disability Services Commission (WA) Public Sector management roles Several years providing support to people with disability and their families/carers Teaching and educational administration Chair, Uniting WA
Special responsibilities	Chairperson of the Governance, Nomination and Remuneration Committee Member of the Quality and Safeguarding Committee

Fiona Evans	Director since September 2018
Qualifications and memberships	Graduate Member Australian Institute of Company Directors Graduate Diploma in Marketing, Monash University Professional Year, Australian Institute of Chartered Accountants Bachelor of Commerce, University of Melbourne
Experience	Commercially and strategically focused non-executive Director who brings risk assessment, analysis and operational accountability to all phases of board governance. 20 plus years as high performance senior executive and business advisor with an emphasis on business development and organisation efficiency.
Special responsibilities	Member of the Audit, Risk and Compliance Committee

Information on Directors (continued)

Andrew Knight (resigned 24 February 2022)	Director since February 2015
Qualifications and memberships	Diploma in Law Graduate Member Australian Institute of Company Directors
Experience	Experienced lawyer specialising in commercial law, trusts and complex estate planning.
Special responsibilities	Member of the Governance, Nomination and Remuneration Committee Member of the Quality and Safeguarding Committee

Dean Laurence	Director since January 2020
Qualifications and memberships	Master of Commerce, Sydney University Master of Business Administration, UNE Graduate Diploma in Corporate Management, Governance Institute Fellow of the Australian Institute of Company Directors CPA Leadership Victoria Alumnus
Experience	Extensive c suite level experience across a range of industry sectors, including the past 9 years at Board level. A qualified CPA, bringing expertise in Strategy, Risk, IT and Finance. A long-standing member of the AICD, and an experienced business advisor, mentor and alumnus of Leadership Victoria. A passionate advocate on Mental Health and Disability issues, as well as Social Justice.
Special responsibilities	Chairperson of the Audit, Risk and Compliance Committee

Fiona Payne	Director since September 2018
Qualifications and memberships	Bachelor of Applied Science (Physiotherapy) Master of Science (Physiotherapy) Diploma Associate of Speech and Drama Australia Fellow of the Australian Institute of Company Directors Women on Boards Member
Experience	Values driven non-executive Director with extensive governance experience in the government and not for profit sectors.
Special responsibilities	Chairperson of the Quality and Safeguarding Committee Member of the Audit, Risk and Compliance Committee

Information on Directors (continued)

Karen Woodford (resigned 29 April 2022)	Director since October 2016
Qualifications and memberships	Bachelor of Arts Diploma of Education Diploma of Law Graduate Diploma of Legal Practice Certificate of Corporate Investigations Graduate Member Australian Institute of Company Directors
Experience	Extensive experience in public education. Early career as an infant and primary school teacher. After a short career as a solicitor in private practice, returned to the NSW Department of Education to work as a child protection investigator from 2003 until 2016. Experience in managing and leading a team of child protection investigators. Extensive experience working in a politically sensitive environment.
Special responsibilities	Member of the Governance, Nomination and Remuneration Committee

Tony Pearson	Chairperson since June 2022, Director since June 2022
Qualifications and memberships	B. Comm. (with Merit) (UNSW) Member, Australian Institute of Company Directors
Experience	Experienced international natural resources executive and company director. He is currently the Chair of ASX listed Cellnet, Deputy Chair of ASX listed Peak Rare Earths, a non-executive director of ASX listed Xanadu Mines, Trustee of the Royal Botanical Gardens & Domain Trust and a Non-Executive Director of Communicare Inc. Formerly a Commissioner at the Independent Planning Commission, and previously a group executive at TSX/HKEx listed SouthGobi Resources, based in Hong Kong responsible for the company's corporate and strategic initiatives. Fifteen years commercial and investment banking experience, covering the Asia Pacific natural resources industry, most recently as a Managing Director at HSBC.
Special responsibilities	Chairperson of the Board

Meetings of Directors

During the financial year;
- 13 meetings of Directors were held;
- 7 meetings of the Audit Risk and Compliance Committee were held;
- 9 meetings of the Governance, Nomination and Remuneration Committee were held;
- 5 meetings of the Quality and Safeguarding Committee were held.

Attendances by each Director during the year were as follows:

	Directors Meetings		Audit Risk and Compliance Committee Meetings		Governance, Nomination and Remuneration Committee Meetings		Quality and Safeguarding Committee Meetings	
	A	B	A	B	A	B	A	B
Julie Connolly	13	13	-	-	5	5	-	-
Dr Ronald Chalmers	13	13	-	-	9	9	5	5
Fiona Evans	13	13	1	1	7	7	-	-
Andrew Knight	8	8	-	-	7	7	4	3
Dean Laurence	13	13	7	7	-	-	-	-
Fiona Payne	13	13	7	6	-	-	5	5
Karen Woodford	10	10	5	5	2	2	-	-
Tony Pearson	1	1	-	-	-	-	-	-

A = Number eligible to attend
B = Number attended

Insurance of officers and indemnities

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company (as named above) and officers of the Company against liability incurred as such a Director or officer to the extent permitted by the *Australian Charities and Not-for-profits Commission Act*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Event since the end of the financial year

On 12 September 2022, the Directors of Possability Group Ltd (Possability) and Lifestyle Solutions (Aust) Ltd signed a Merger Implementation Deed. The structure proposed is for Possability to become the single member of Lifestyle Solutions (Aust) Ltd and for the combined organisation to be governed by a single board of directors and management team. Once completed the merger will strengthen both organisations and maximise services and outcomes for all clients, families, and staff. The merger is expected to complete on or around 13 October 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8. PricewaterhouseCoopers Australia (PwC) continues in office.

Rounding of amounts

Amounts in the Director's report have been rounded off in accordance with the instrument to the nearest dollar.

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

Dean Laurence
Director

Tony Pearson
Director

Newcastle
10 October 2022

Auditor's Independence Declaration

As lead auditor for the audit of Lifestyle Solutions (Aust) Ltd for the year ended 30 June 2022, 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.

VINCENZO DEDE'

Vincenzo Dede
Partner
PricewaterhouseCoopers

Newcastle
10 October 2022

PricewaterhouseCoopers, ABN 52 780 433 757
Level 3, 45 Watt Street, PO Box 798, NEWCASTLE NSW 2300
T: +61 2 4925 1100, F: +61 2 4925 1199, www.pwc.com.au

Lifestyle Solutions (Aust) Ltd
ABN 85 097 999 347
Financial report - 30 June 2022

Contents

These financial statements are the financial statements of Lifestyle Solutions (Aust) Ltd as an individual entity.

The financial statements are presented in the Australian dollars.

Lifestyle Solutions (Aust) Ltd is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Lifestyle Solutions (Aust) Ltd
33 Fern Street
Islington NSW 2296

A description of the nature of the entity's operations and its principal activities is included in the Director's report on page 1, which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 10 October 2022. The Directors have the power to amend and reissue the financial statements.

	Notes	**2022** **$**	2021 $
Revenue from contracts with customers	3	**186,309,172**	186,486,664
Other income	4	**466,966**	372,459
Other gains	5	**241,549**	253,599
Employee benefits expense		**(151,702,654)**	(144,561,874)
Agency staffing		**(10,589,008)**	(9,861,501)
Depreciation and amortisation expense		**(5,605,731)**	(5,590,135)
Client expenses		**(9,470,864)**	(9,754,764)
Occupancy expenses		**(9,295,842)**	(9,019,598)
Other expenses		**(8,039,568)**	(7,791,336)
Finance costs	6	**(516,748)**	(612,868)
Deficit before income tax		**(8,202,728)**	(79,354)
Income tax benefit/(expense)		**-**	-
Deficit for the year		**(8,202,728)**	(79,354)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of land and buildings		**367,420**	890,000
Other comprehensive income for the year, net of tax		**367,420**	890,000
Total comprehensive (loss)/income for the year		**(7,835,308)**	810,646

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

	Notes	2022 $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	7	**5,735,408**	15,007,862
Trade receivables	8	**2,453,593**	2,242,985
Financial assets at amortised cost	9	**239,776**	137,196
Other current assets	10	**13,619,032**	10,912,681
Total current assets		**22,047,809**	28,300,724
Non-current assets			
Property, plant and equipment	11	**23,905,225**	21,684,885
Right-of-use assets	12	**9,047,988**	10,580,970
Intangible assets	13	**238,567**	-
Total non-current assets		**33,191,780**	32,265,855
Total assets		**55,239,589**	60,566,579
LIABILITIES			
Current liabilities			
Trade and other payables	14	**13,606,723**	11,530,713
Contract liabilities		**2,398,670**	1,215,383
Borrowings	15	**1,340,971**	756,900
Lease liabilities	12	**2,260,807**	2,386,940
Employee benefit obligations	16	**9,025,015**	8,591,585
Provisions	17	**203,837**	2,560,344
Total current liabilities		**28,836,023**	27,041,865
Non-current liabilities			
Trade and other payables	14	**-**	1,455,865
Borrowings	15	**2,601,154**	2,065,028
Lease liabilities	12	**7,158,700**	8,503,005
Employee benefit obligations	16	**1,677,750**	1,430,849
Provisions	17	**3,113,614**	382,311
Total non-current liabilities		**14,551,218**	13,837,058
Total liabilities		**43,387,241**	40,878,923
Net assets		**11,852,348**	19,687,656
EQUITY			
Revaluation reserve		**3,482,521**	3,115,101
Retained earnings		**8,369,827**	16,572,555
Total equity		**11,852,348**	19,687,656

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

	Revaluation reserve $	Retained earnings $	Total equity $
Balance at 1 July 2020	2,225,101	16,651,909	18,877,010
Deficit for the year	-	(79,354)	(79,354)
Other comprehensive income	890,000	-	890,000
Total comprehensive income/(loss) for the year	**890,000**	**(79,354)**	**810,646**
Balance at 30 June 2021	**3,115,101**	**16,572,555**	**19,687,656**
Balance at 1 July 2021	3,115,101	16,572,555	19,687,656
Deficit for the year	-	(8,202,728)	(8,202,728)
Other comprehensive income	367,420	-	367,420
Total comprehensive income/(loss) for the year	**367,420**	**(8,202,728)**	**(7,835,308)**
Balance at 30 June 2022	**3,482,521**	**8,369,827**	**11,852,348**

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

	Notes	**2022** **$**	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**26,324,292**	22,408,575
Payments to suppliers and employees (inclusive of GST)		**(196,702,888)**	(194,203,464)
Receipts from government funding		**167,974,550**	174,594,800
		(2,404,046)	2,799,911
Interest received		**1,574**	-
Interest paid		**(597,053)**	(716,145)
Net cash (outflow) inflow from operating activities		**(2,999,525)**	2,083,766
Cash flows from investing activities			
Payments for property, plant and equipment		**(6,438,648)**	(4,687,843)
Proceeds from sale of property, plant and equipment		**515,961**	398,513
Net cash outflow from investing activities		**(5,922,687)**	(4,289,330)
Cash flows from financing activities			
Proceeds from borrowings		**72,469**	88,499
Proceeds/(repayment) of borrowings		**663,663**	(1,403,359)
Proceeds from motor vehicle loans		**1,278,681**	652,754
Repayment of motor vehicle loans		**(894,616)**	(1,313,825)
Principal elements of lease payments		**(1,470,439)**	(1,035,057)
Net cash outflow from financing activities		**(350,242)**	(3,010,988)
Net decrease in cash and cash equivalents		**(9,272,454)**	(5,216,552)
Cash and cash equivalents at the beginning of the financial year		**15,007,862**	20,224,414
Cash and cash equivalents at end of year	7	**5,735,408**	15,007,862

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

Contents of the notes to the financial statements

1 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for Lifestyle Solutions (Aust) Ltd as an individual entity.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and *Australian Accounting Standards - Simplified Disclosure Requirements* and comply with other requirements of the law. Lifestyle Solutions (Aust) Ltd is a not for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with Australian Accounting Standards - Simplified Disclosure Requirements

The financial statements of the Company comply with *Australian Accounting Standards - Simplified Disclosures* as issued by the Australian Accounting Standards Board (AASB).

(ii) Historical cost convention

The financial statements have been prepared on an accruals basis and are based on historical cost, modified where applicable, by the measurement at fair value of certain classes of property. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

(iii) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(iv) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time in their annual reporting period commencing 1 July 2021:

- AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

The Company adopted AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* in the current year. Other than the limited changes in disclosure requirements, the adoption of AASB 1060 has no significant impact on the financial statements because the Company previously complied with *Australian Accounting Standards - Reduced Disclosure Requirements* in preparing its financial statements.

The other amendments listed above also did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(v) Going concern

The financial statements are prepared on a going concern basis. At the balance sheet date, the Company's current liabilities exceed current assets in the amount of $6,788,214.

Included in current liabilities are amounts relating to employee entitlements and contract liabilities of $4,381,807 that the Company does not anticipate will be liable in the next 12 months. This view is based on historical analysis of leave taken and the conservative basis for provisioning such entitlements.

The Company also has a loss of $8,202,728 for the financial year, which was mainly due to the wider operational disruptions associated with Covid-19 and the associated labour cost increases for staff and requirements to use agency staff to backfill.

Management have prepared cash flow forecasts for the next twelve months from the date of approval of the financial statements. These forecasts show adequate generation of cashflows and sufficient cash resources to pay debts when they fall due. Management considers that based on conservatively estimated trading conditions adequate cash resources will be available to cover the Company requirements for working capital and capital expenditure for this period and beyond. Management is also in the process of implementing business development and operational initiatives to deliver revenue and expense optimization from early FY23.

On this basis the Directors are of the opinion that the use of the going concern assumption is appropriate.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars ($), which is Lifestyle Solutions (Aust) Ltd's functional and presentation currency.

(c) Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities using the methods outlined below.

(i) Rendering of services (client fees)

The Company provides accommodation and care services for people with a disability as well as supported care for children and young people. Revenue is recognised once the services have been provided to the clients and is measured at the fair value of the consideration received or receivable. See note 2 for significant estimates made in relation to the recognition of accrued revenue.

Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

(ii) Grant revenue

Grant revenue is recognised in the profit or loss when the Company obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

1 Summary of significant accounting policies (continued)

(c) Revenue recognition (continued)

(ii) Grant revenue (continued)

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor.

When, the Company receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

Repayment of government grants previously recognised as income is recognised as an expense in the year of repayment.

(iii) Donations

Donations and bequests are recognised as revenue when control passes, which is normally on receipt, or where special terms and conditions are attached to them, in accordance with those terms and conditions.

(iv) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(v) Other revenue

Other income is recognised when it is received or when the right to receive payment is established.

(d) Income tax

No provision for income tax has been raised as the Company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(e) Leases

The Company leases office spaces. Rental contracts are typically made for fixed periods.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Company under residual value guarantees,
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

1 Summary of significant accounting policies (continued)

(e) Leases (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Lifestyle Solutions (Aust) Ltd, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Extension and termination options
Extension and termination options are included in a number of property and equipment leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company’s operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

(f) Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets are reviewed for possible reversal of the impairment at the end of each reporting year.

1 Summary of significant accounting policies (continued)

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 14 days and are therefore all classified as current. Trade 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 receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Company applies the AASB 9 *Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 month before 30 June 2022 or 1 July 2021 respectively and the corresponding historical credit losses experienced within this period.

(i) Financial instruments

Financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company only hold financial assets measured at amortised cost during the year.

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The Company's financial assets at amortised cost includes cash and cash equivalents, accrued income, staff loans and other receivables.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset. 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.

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value.

Subsequent measurement of financial at amortised cost are using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

1 Summary of significant accounting policies (continued)

(i) Financial instruments (continued)

Financial assets (continued)

(iv) Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by AASB 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 1(h) for further details.

Financial liabilities

(i) Recognition and derecognition

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables and borrowings.

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 and other comprehensive income.

(ii) Measurement

Subsequent to initial recognition financial liabilities are recognised at amortised cost using the effective interest method.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(j) Property, plant and equipment

Land and buildings are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. A revaluation surplus is credited to other reserves in shareholders' equitys. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

1 Summary of significant accounting policies (continued)

(j) Property, plant and equipment (continued)

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, with their depreciation rates as follows:

• Buildings	2.5%
• Plant and equipment	5% - 40%
• Motor vehicles	8% - 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(k) Intangible assets

(i) Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 to 5 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(m) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the year of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the year of the facility to which it relates.

1 Summary of significant accounting policies (continued)

(n) Borrowings (continued)

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

(o) Borrowing costs

Borrowing costs are expensed in the year in which they are incurred.

(p) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Make good provisions
The Company reviews the assumptions used in estimating the amount of make good provision required for operating leases at the end of each reporting period. Consistent with last period, the Directors have assumed that the make good provision relating to properties where the lease has expired are due and payable within twelve months at reporting date.

(q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period 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 end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Company pays contributions to publicly or privately administered defined contribution superannuation plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1 Summary of significant accounting policies (continued)

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or 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 taxation authority, are presented as operating cash flows.

(s) Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

2 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

(a) Critical estimates and judgements

The areas involving significant estimates or judgements are:

(i) Accrued income

As at 30 June 2022 the Company recognised $11,829,638 (2021: $9,094,286) of accrued income related to services provided for out of home care, residential disability and foster care services. This is estimated by management as the expected revenue that will be received based on services provided prior to 30 June 2022. Fees charged for care or services provided to clients are recognised when the performance obligation, being the provision of services, is fulfilled and it is probable that the consideration for services will be collected. Revenue is also recognised when the contract in place with the customer is implied through past service history. Where a contract for services has been agreed or is implied with the customers but not yet paid, income is accrued. This estimate considers the age of the accrued income and the historical evidence of amounts actually received from the relevant government agencies. The accrued income is expected to be received within the next 12 months.

(ii) Loss allowance on receivables

As at 30 June 2022 the Company's current receivables were $2,453,593 (2021: $2,242,985) (net of expected credit losses). At each balance sheet date the Company evaluates the collectability of trade receivables and records loss allowance based on experience including comparisons of the relative age of accounts and consideration of actual write-off history.

Significant judgment is required in determining the collectability of the receivables. When the expected payments from the government are different from the fair value such differences will impact the valuation of the receivable.

3 Revenue from contracts with customers

	2022	2021
	$	$
Client fees	**21,599,426**	21,700,261
Grant funding	**161,537,595**	164,627,903
Other revenue	**3,172,151**	158,500
	186,309,172	186,486,664

The Company derives all revenue from the transfer of services over time.

4 Other income

	2022	2021
	$	$
Interest income	**1,574**	-
Donations	**9,405**	1,130
Community grants	**-**	39,768
Trading income	**366,734**	218,790
Other items	**89,253**	112,771
	466,966	372,459

5 Other gains

	2022	2021
	$	$
Net gains on disposal of property, plant and equipment	**241,549**	253,599

6 Finance costs

	2022	2021
	$	$
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	**102,373**	125,648
Interest and finance charges paid/payable for lease liabilities	**414,375**	487,220
	516,748	612,868

7 Cash and cash equivalents

	2022	2021
	$	$
Current assets		
Cash at bank	**5,735,408**	15,007,862

Bank Guarantees

The Company has bank guarantees with the bank as the bond for certain rental properties. This amounted to $376,499 (2021: $314,129).

8 Trade receivables

	2022 $	2021 $
Current assets		
Trade receivables	**2,976,981**	3,405,004
Loss allowance	**(523,388)**	(1,162,019)
	2,453,593	2,242,985

Impairment recovered on trade receivables amounted to $35,434 were recognised as an expense during the year (2021: $403,516 impairment loss).

9 Financial assets at amortised cost

	2022 $	2021 $
Current assets		
Staff loans	**6,628**	11,963
Other receivables	**233,148**	125,233
	239,776	137,196

10 Other current assets

	2022 $	2021 $
Current assets		
Prepayments	**1,316,175**	985,390
Accrued income	**11,829,638**	9,094,286
GST receivables	**-**	172,384
Other items	**473,219**	660,621
	13,619,032	10,912,681

11 Property, plant and equipment

Non-current assets	Land and buildings at fair value $	Plant and equipment $	Motor vehicles $	Total $
At 30 June 2021				
Cost	15,085,850	12,004,445	8,422,952	35,513,247
Accumulated depreciation	-	(7,841,750)	(5,986,612)	(13,828,362)
Net book amount	15,085,850	4,162,695	2,436,340	21,684,885
Year ended 30 June 2022				
Opening net book amount	15,085,850	4,162,695	2,436,340	21,684,885
Revaluation surplus	367,420	-	-	367,420
Additions	1,111,282	2,411,444	1,185,199	4,707,925
Disposals	(5,000)	(172,977)	(81,079)	(259,056)
Depreciation charge	-	(1,644,492)	(951,457)	(2,595,949)
Closing net book amount	16,559,552	4,756,670	2,589,003	23,905,225
At 30 June 2022				
Cost	16,559,552	13,723,412	8,786,543	39,069,507
Accumulated depreciation	-	(8,966,742)	(6,197,540)	(15,164,282)
Net book amount	16,559,552	4,756,670	2,589,003	23,905,225

(a) Asset revaluations

The Directors have established a policy that a full independent and external valuation will be obtained at least every three years. Directors' valuations are determined in the intervening period. In the current period, a mixture of independent valuations and Directors' valuations were obtained. The assumptions underlying the values for land and buildings (including those made by the valuers) were reviewed by the Directors on 30 June 2022. The fair value assessment of land and buildings at 30 June 2022 had been conducted using the information available at the time of the preparation of the financial statements and best estimates of future performance.

The valuation resulted in a revaluation increment of $367,420 (2021: $890,000) being recognised in the revaluation reserve for the year ended 30 June 2022.

(b) Restricted assets

The Company's financial statements include assets which are restricted by externally imposed conditions, for example funding agreement requirements. The titles of these assets are held by the Company.

These assets are only available for application in accordance with the terms of the funding agreement. Should the services cease for which the funding was provided, or the funding withdrawn, the assets are required to be returned to the government entity or to another organisation as directed by the government entity.

	2022 **$**	2021 $
Land and buildings	**7,207,000**	9,360,000

11 Property, plant and equipment (continued)

(c) Leasehold assets

The Company's financial statements include Crown Reserves within the land and buildings balance on the statement of financial position over which the Company has been appointed Trust Manager. Lifestyle Solutions has constructed a building upon this land which is carried at fair value.

12 Leases

This note provides information for leases where the Company is a lessee.

(a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2022	2021
	$	$
Right-of-use assets		
Buildings	**9,014,136**	10,580,970
Motor vehicles	**33,852**	-
	9,047,988	10,580,970

	2022	2021
	$	$
Lease liabilities		
Current	**2,260,807**	2,386,940
Non-current	**7,158,700**	8,503,005
	9,419,507	10,889,945

Future lease payments in relation to lease liabilities as at year end are as follows:

	2022	2021
	$	$
Within one year	**2,580,866**	3,276,052
Later than one year but not later than five years	**6,038,419**	7,541,169
Later than five years	**800,221**	72,725
	9,419,506	10,889,946

Additions to the right-of-use assets during the 2022 financial year were $1,035,589 (2021: $1,589,958).

(b) Amounts recognised in the statement of profit or loss and other comprehensive income

The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	2022	2021
	$	$
Depreciation charge of right-of-use assets		
Buildings	**2,986,549**	2,761,232
Motor vehicles	**23,233**	-
	3,009,782	2,761,232

13 Intangible assets

Non-current assets	**Software $**	**Total $**
At 30 June 2021		
Cost	-	-
Accumulated amortisation and impairment	-	-
Net book amount	-	-
Year ended 30 June 2022		
Opening net book amount	-	-
Additions	238,567	238,567
Amortisation charge	-	-
Closing net book amount	238,567	238,567
At 30 June 2022		
Cost	238,567	238,567
Accumulated amortisation and impairment	-	-
Net book amount	238,567	238,567

14 Trade and other payables

	2022			2021		
	Current $	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Trade payables	**2,931,178**	**-**	**2,931,178**	2,177,078	-	2,177,078
Accrued expenses	**8,563,091**	**-**	**8,563,091**	6,770,757	1,455,865	8,226,622
GST payables	**65,559**	**-**	**65,559**	-	-	-
Other payables	**2,046,895**	**-**	**2,046,895**	2,582,878	-	2,582,878
	13,606,723	**-**	**13,606,723**	11,530,713	1,455,865	12,986,578

15 Borrowings

	2022			2021		
	Current $	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Secured						
Bank loans	**116,994**	**1,530,712**	**1,647,706**	92,292	818,323	910,615
Motor vehicle loans	**1,223,977**	**1,070,442**	**2,294,419**	664,608	1,246,705	1,911,313
Total secured borrowings	**1,340,971**	**2,601,154**	**3,942,125**	756,900	2,065,028	2,821,928

15 Borrowings (continued)

(a) Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	2022 $	2021 $
Non-current assets		
Land and buildings	**16,559,552**	15,085,850
Plant and equipment	**4,756,670**	4,162,695
Motor vehicles	**2,589,003**	2,436,340
	23,905,225	21,684,885

The bank loans is secured by a registered first mortgage over certain freehold properties owned by the Company.

Borrowings are secured by way of a fixed and floating charge over the assets of the Company.

The Company has complied with the financial covenants during the financial year.

Total finance cost on borrowings was $182,678 (2021: $228,927) at an average interest rate of 4.63% (2021: 4.46%). The loans mature between 2 July 2022 and 24 March /2037.

(b) Bank loan facility

As at 30 June 2022 the Company had unused bank facilities of $2,329,082 (2021: $2,613,270).

The facilities in place are:

	2022 $	2021 $
Finance leasing facility	**4,500,000**	4,500,000
Business lending – bank guarantees	**500,000**	500,000
	5,000,000	5,000,000

16 Employee benefit obligations

	2022 Current $	2022 Non-current $	2022 Total $	2021 Current $	2021 Non-current $	2021 Total $
Leave obligations	**9,025,015**	**1,677,750**	**10,702,765**	8,591,585	1,430,849	10,022,434

(a) Leave obligations

The leave obligations cover the Company's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits, as explained in note 1(q).

(b) Amounts recognised in profit and loss in relation to defined contribution plans

The Company has recognised expenses of $11,727,383 in the current period (2021: $10,949,716) in relation to defined contribution plans which are included in employee benefit expenses in the statement of profit or loss and other comprehensive income.

17 Provisions

	2022			2021		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	$	**$**	**$**	$	$	$
Make good provision (a)	**203,837**	**3,113,614**	**3,317,451**	2,560,344	382,311	2,942,655

(a) Information about individual provisions

Make good provision

The Company reviews the assumptions used in estimating the amount of make good provision required for operating leases at the end of each reporting period. The Company has estimated that using a rolling average of the properties the Company vacates each year gives an accurate representation of the expected make good provision to be used in the next 12 months.

(b) Movements in provisions

Movements in each class of provision during the financial year are set out below:

2022	**Make good provision $**
Carrying amount at start of year	2,942,655
Charged/(credited) to profit or loss	(385,157)
- additional provisions recognised	759,953
Carrying amount at end of year	3,317,451

18 Revaluation reserve

	2022	2021
	$	$
Revaluation surplus - Land and buildings	**3,482,521**	3,115,101

Movements:		
Revaluation surplus - Land and buildings		
Opening balance	**3,115,101**	2,225,101
Revaluation	**367,420**	890,000
Balance 30 June	**3,482,521**	3,115,101

Nature and purpose of other reserves

Revaluation surplus - Land and buildings

Land and buildings revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings, see accounting policy note 1(j) for details.

19 Financial instruments

The following table shows the carrying amounts of financial assets and financial liabilities.

	2022 $	2021 $
Financial assets measured at amortised cost		
Cash and cash equivalents	**5,735,408**	15,007,862
Trade receivables	**2,453,593**	2,242,985
Staff loans	**6,628**	11,963
Other receivables	**233,148**	125,233
	8,428,777	17,388,043
Financial liabilities measured at amortised cost		
Trade payables	**2,931,178**	2,177,078
Borrowings	**3,942,125**	2,821,928
Lease liabilities	**9,419,507**	10,889,945
	16,292,810	15,888,951

20 Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditor of the entity:

PricewaterhouseCooopers Australia (PwC)

(i) Audit and other assurance services

	2022 $	2021 $
Audit and review of financial statements	**92,675**	90,500
Total remuneration for audit and other assurance services	**92,675**	90,500

(ii) Other services

	2022 $	2021 $
Other non-assurance services	**33,960**	29,950
Compilation of financial statements	**5,200**	5,200
Total remuneration for other services	**39,160**	35,150
Total remuneration of PricewaterhouseCoopers Australia (PwC)	**131,835**	125,650

21 Contingent liabilities and contingent assets

The Company had no material contingent assets and liabilities at 30 June 2022 (2021: nil).

22 Commitments

(a) Capital commitments

The Company had no capital commitments at 30 June 2022 (2021: nil).

(b) Non-cancellable short term leases

Non-cancellable short term leases commitments are made up of non-cancellable property leases of less than 12 months duration with rent payable in advance and operating leases for vehicles between 9 and 12 months.

Property lease terms and provisions are negotiated on a lease-by-lease basis and may include provisions for minimum lease payments to be indexed in line with CPI each year. Property leases under a week-by-week arrangement have been included at their statutory notice period. These leases may be cancelled by either party subject to statutory lease requirements. Lease commitments of greater than 12 months duration are now included in assets and liabilities. Refer to note 12 for further information regarding accounting for leases.

Non-cancellable short term leases contracted for but not recorded as liabilities in the financial statements:

	2022 **$**	2021 $
Commitments for minimum lease payments in relation to non-cancellable short term leases are payable as follows:		
Within one year	**537,487**	426,717

23 Related party transactions

(a) Key management personnel compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity is considered key management personnel.

	2022 **$**	2021 $
Total key management personnel compensation	**1,871,297**	1,718,772

(b) Transactions with related parties

There were no transactions between related parties during the year. If there are related party transactions they are conducted on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

24 Events occurring after the reporting period

On 12 September 2022, the Directors of Possability Group Ltd (Possability) and Lifestyle Solutions (Aust) Ltd signed a Merger Implementation Deed. The structure proposed is for Possability to become the single member of Lifestyle Solutions (Aust) Ltd and for the combined organisation to be governed by a single board of directors and management team. Once completed the merger will strengthen both organisations and maximise services and outcomes for all clients, families, and staff. The merger is expected to complete on or around 13 October 2022.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial years.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 9 to 32 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

  (i) complying with Accounting Standards - Simplified Disclosure Requirements, and the *Australian Charities and Not-for-profits Commission Regulation 2013;* and

  (ii) giving a true and fair view of the entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date, and

(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.

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

Dean Laurence
Director

Tony Pearson
Director

Newcastle
10 October 2022

Independent auditor's report

To the members of Lifestyle Solutions (Aust) Ltd

Our opinion

In our opinion:

The accompanying financial report of Lifestyle Solutions (Aust) Ltd (the Company) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended;

(b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2022;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the notes to the financial statements, which include significant accounting policies and other explanatory information;
- the directors' declaration.

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

Independence

We are independent of the Company in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual 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.

PricewaterhouseCoopers, ABN 52 780 433 757
Level 3, 45 Watt Street, PO Box 798, NEWCASTLE NSW 2300
T: +61 2 4925 1100, F: +61 2 4925 1199

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 on the other information that we obtained prior to the date of this auditor's report, 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 management and the directors for the financial report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the 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, Management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either 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 the 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/ar3.pdf. This description forms part of our auditor's report.

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VINCENZO DEDE'

Vincenzo Dede
Partner

Newcastle
10 October 2022