McLean Care Ltd

ABN 88 124 860 019

Financial Statements

For the Year Ended 30 June 2022

McLean Care Ltd

ABN: 88 124 860 019

Contents

For the Year Ended 30 June 2022

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Directors' Report
30 June 2022

1. General Information

Directors Information

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

Directors Name	Special Responsibilities	Period as Director	Qualifications and Experience
Rev. Jean Bell		Appointed 29-10-2007	Minister of the Word
Bruce Peasley		Appointed 31-01-2011	Retired
Colin Swanborough		Appointed 27-02-2014	NSW Police Officer
Manuel Meszaros	Chairperson	Appointed 06-05-2014	Principal Accountant and Business Adviser, CA, B.Bus (Accountancy), GradDipFinPlan
Debora Jackson	Vice Chairperson	Appointed 07-08-2017 Resigned 30-08-2021	Company Director
Mark Fenton		Appointed 29-11-2021	Company Director and Finance Executive, B. Bus, MBA, FCPA, FAICD
Sue Craig		Appointed 03-11-2020	Registered Nurse, B. SocSci (Nursing), PhD Bus and Health Informatics
Lia Mahony		Appointed 31-01-2022	Pharmacists, Company Director

Principal Activities

The principal activities of McLean Care Ltd during the financial year was the provision of aged and community care services in rural and remote NSW and Queensland. McLean Care also owns and operates independent living units at all aged care facilities.

No significant changes in the nature of the Company's activities occurred during the financial year.

Objectives and Measurement

The Company has developed a strategic plan which details objectives and measurement tools based on the application of the principal activities. The Company's mission is "To be inspired by our community to focus on you". The Company's vision is "Through the upholding of values and continuous realignment with our mission, we will enrich experiences beyond all boundaries". The strategic roadmap for the Company is founded on a clear appreciation of current and future external environments. The company's management team have carriage of delivering the objectives that will meet the requirements of the strategic plan. A structure of reporting to Directors and KPI's of management activities is in place to monitor the achievement of the business strategy and objectives.

Members' Guarantee

McLean Care Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the

Number of Members	Individual Members	Total Members
7	$ 10	$ 70

2. Operating Result and Review of Operations for the Year

Operating Results

The loss of the Company amounted to $(4,888,476) compared to a profit of $2,716,936 for 2021.

3. Other Items

Significant Changes in State of Affairs

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

Events After Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Environmental Matters

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory.

Contingencies

There are no contingencies.

Meetings of Directors

During the financial year, 17 meetings of directors (including committees of directors, including e-meetings) were held and the attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to attend	Number attended
Rev. Jean Bell	14	12
Bruce Peasley	14	13
Colin Swanborough	14	8
Manuel Meszaros	14	13
Debora Jackson	2	2
Mark Fenton	14	14
Sue Craig	14	14
Lia Mahony	5	5

Indemnification and Insurance of officers and auditors

During the financial year, McLean Care paid $16,085 to insure the directors and officers of the Company.

The liabilities insured are legal costs that may be incurred in defending civil and criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. The does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to insurance against legal costs and those relating to other liabilities.

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Directors' Report
30 June 2022

Auditors' Independence Declaration

The lead auditor's independence declaration in accordance with Section 60-40 of the *Australian Charities and Not-for-profits Commission* for the year ended 30 June 2022 has been received and can be found on page 4 of the financial report.

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

Manuel Meszaros
Chairperson

Dated this ……25th…………………………….. day of ……October…………………………….. 2022.

Bentleys
THINKING AHEAD

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES
AND NOT-FOR-PROFITS COMMISSION ACT 2012

TO THE DIRECTORS OF
MCLEAN CARE LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-Profit Commission Act 2012* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Bentleys

Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants

Stewart Douglas
Director
Brisbane
25 October 2022

McLean Care Ltd

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Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2022

	Note	2022 $	2021 $
Revenue from operations	4	46,105,436	41,554,743
Investment income	4	(4,604)	6,057,771
Total income		**46,100,832**	**47,612,514**
Depreciation and amortisation expense		(2,635,542)	(2,487,344)
Employee costs		(34,756,612)	(32,060,606)
Finance costs		(202,713)	(319,542)
Other operating expenses	5	(13,394,441)	(10,028,086)
Profit/(Loss) before income tax		**(4,888,476)**	**2,716,936**
Income tax expense	2(a)	-	-
Profit for the year		**(4,888,476)**	**2,716,936**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**$ (4,888,476)**	**$ 2,716,936**

McLean Care Ltd

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Statement of Financial Position
as at 30 June 2022

	Note	2022 $	2021 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	10,890,126	12,917,588
Trade and other receivables	7	1,030,001	604,312
Inventories	8	-	-
Financial assets	9	27,724,761	27,694,877
Other current assets	10	405,834	781,830
TOTAL CURRENT ASSETS		**40,050,722**	**41,998,606**
NON CURRENT ASSETS			
Property, plant and equipment	11	39,130,165	40,104,429
Right-of-use assets	12	2,522,340	2,334,337
Intangible assets	13	402,627	351,522
TOTAL NON CURRENT ASSETS		**42,055,132**	**42,790,288**
TOTAL ASSETS		**82,105,854**	**84,788,895**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	1,495,474	1,411,836
Borrowings	15	(4,344)	9,805
Provisions	16	3,174,923	3,304,624
Lease Liabilities	12	231,139	212,073
Other liabilities	17	48,234,146	46,169,597
TOTAL CURRENT LIABILITIES		**53,131,338**	**51,107,935**
NON CURRENT LIABILITIES			
Provisions	16	431,984	499,984
Lease Liabilities	12	2,451,713	2,201,681
TOTAL NON CURRENT LIABILITIES		**2,883,697**	**2,701,665**
TOTAL LIABILITIES		**56,015,035**	**53,809,600**
NET ASSETS		**26,090,819**	**30,979,295**
EQUITY			
Retained earnings		26,090,819	30,979,295
TOTAL EQUITY		**26,090,819**	**30,979,295**

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Statement of Changes in Equity
For the Year Ended 30 June 2022

	Retained Earnings $	Total $
Balance at 1 July 2020	28,262,359	28,262,359
Profit for the year		
Total comprehensive income	2,716,936	2,716,936
Transfers to/(from) reserves	-	-
Balance at 30 June 2021	**30,979,295**	**$ 30,979,295**
Profit for the year		
Total comprehensive income	(4,888,476)	(4,888,476)
Transfers to/(from) reserves	-	
Balance at 30 June 2022	**26,090,819**	**$ 26,090,819**

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Statement of Cash Flows
For the Year Ended 30 June 2022

	Note	2022 $	2021 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		45,024,019	41,435,031
Payments to suppliers and employees		(47,906,115)	(42,885,257)
Interest received		1,023,085	650,816
Interest expense on leases		(130,747)	(105,816)
Finance costs		(71,966)	(213,725)
Net cash provided by (used in) operating activities		**(2,061,723)**	**(1,118,951)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from / (payment for) investments		-	(12,435,186)
Net proceeds from / (payment for) business combinations - Mackellar		-	9,247,733
Proceeds from sale of property, plant and equipment		184,323	(435,614)
Purchase of intangible assets		(139,195)	(185,959)
Purchase of property, plant and equipment		(1,609,781)	(542,344)
Net cash provided by (used in) investing activities		**(1,564,653)**	**(4,351,370)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash receipts of accommodation deposits and entry contributions		15,335,919	1,933,845
Refunds of accommodation deposits and entry contributions		(13,584,925)	(6,414,065)
Lease payments		(137,930)	(147,534)
Proceeds from borrowings		(14,149)	(1,711,020)
Net cash (used in) provided by financing activities		**1,598,915**	**(6,338,774)**
Net increase (decrease) in cash held		**(2,027,462)**	**(11,809,094)**
Cash at the beginning of the financial year		12,917,588	24,726,683
Cash at the end of the financial year	6	**10,890,126**	**12,917,588**

McLean Care Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2022

The financial statements cover McLean Care Ltd as an individual entity. McLean Care Ltd is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of McLean Care is Australian dollars.

Note 1: Basis of Preparation

The general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Simplified Disclosure Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') as appropriate for not-for-profit oriented entities and the Australian Charities and Not-for-Profits Commission Act 2012.

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

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

Note 2: Summary of Significant Accounting Policies

(a) Income Tax

The company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997* .

(b) Inventories

Inventories are measured at the lower of cost and net realisable value.

Inventories held for sale are measured at the lower of cost and net realisable value. Inventories held for distribution are measured at cost adjusted, when applicable, for any loss of service potential.

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

(c) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limitations).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Note 2: Summary of Significant Accounting Policies

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Land and buildings

Freehold land and buildings are shown at historical cost less any accumulated depreciation and any accumulated impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.
The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining the recoverable amounts.

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. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated over their useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
Buildings and Improvements	2.5 - 4%
Motor Vehicles	18 - 25%
Plant and Equipment	5 - 50%
Furniture, Fixtures and Fittings	5 - 15%

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

An assets' carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

(e) Financial Instruments

Initial recognition and measurement

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

Note 2: Summary of Significant Accounting Policies

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- Amortised cost; or

- Fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- held for trading; or

- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;

- part of a portfolio where there is an actual pattern of short-term profit taking; or

- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.
The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

Note 2: Summary of Significant Accounting Policies

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

A financial liability cannot be reclassified.

Financial Assets:

Financial assets are subsequently measured at:

- Amortised cost; or

- Fair value through other comprehensive income; or

- Fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- The contractual cash flow characteristics of the financial asset; and

- The business model for managing financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- The financial asset is managed solely to collect contractual cashflows; and

- The contractual terms within the financial asset give rise to cashflows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently ,measured at fair value through other comprehensive income:

- The contractual terms within the financial asset give rise to cashflows that are solely payments of principal and interest on the principal amount outstanding on specified dates;

- The business model for managing the financial assets compromises both contractual cashflows and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through comprehensive income are subsequently measured at fair value through profit and loss.

Financial guarantee contracts

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and

- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;

- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and

- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Company made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investments will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Company's accounting policy.

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

Note 2: Summary of Significant Accounting Policies

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;

- all risk and rewards of ownership of the asset have been substantially transferred; and

- the Company no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the Company elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Note 2: Summary of Significant Accounting Policies

Impairment

The Company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;

- lease receivables;

- contract assets (e.g. amount due from customers under construction contracts);

- loan commitments that are not measured at fair value through profit or loss; and

- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or

- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Company uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

- the general approach;

- the simplified approach;

- the purchased or originated credit impaired approach; and

- low credit risk operational simplification.

Note 2: Summary of Significant Accounting Policies

General approach

Under the general approach, at each reporting period, the Company assessed whether the financial instruments are credit impaired, and:

- if the credit risk of the financial instrument increased significantly since initial recognition, the Company measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and

- if there was no significant increase in credit risk since initial recognition, the Company measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables or contract assets that result from transactions that are within the scope of AASB 15: Revenue from Contracts with Customers, and which do not contain a significant financing component; and

- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

(f) Impairment of Assets

At the end of each reporting period, the company assesses whether there is objective evidence that an asset has been impaired. If such indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in the profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

Impairment testing is performed annually for intangible assets with indefinite lives.

Note 2: Summary of Significant Accounting Policies

(g) Intangibles

Software

Software is recognised at cost of acquisition. Software has finite life and is carried at cost less any accumulated amortisation and any impairment losses. Software is amortised over its useful life of 2 - 10 years. The current amortisation charges for intangible assets are included under depreciation expense per the income statement.

Bed Licences

Bed licences have indefinite lives and are carried at cost less any accumulated impairment losses. Bed licences are tested for impairment annually.

Goodwill

Goodwill representing the excess of the purchase consideration plus incident costs over the fair value of the identifiable net assets acquired, is capitalised as an intangible asset. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

(h) Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

Provision is made for employees’ long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(i) Provisions

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

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

Note 2: Summary of Significant Accounting Policies

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(k) Revenue

Rendering of Services
Resident fees from services rendered are recognised in profit or loss as the service is performed and only when it is probable that the economic benefits associated with the transactions will flow to the Company.

Government operating grants
When the Company receives operating grant revenue, it assesses whether the contract is enforceable and has sufficiently met specific performance obligations in accordance with AASB 15.

When both of these conditions are satisfied, the Company:
- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement;
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently met specific performance obligations, the Company:
- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (AASB 1058, AASB 9, AASB 16, AASB 166 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer);
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Company recognises income in profit and loss when or as it satisfies its obligations under the contract.

Donations
Donations and bequests are recognised as revenue when received.

Other Income - Daily Accommodation Payments (DAP)
Where a resident has not paid the required refundable accommodation deposit, a DAP is payable. This is considered lease income and is separately disclosed from resident fees as accommodation income. This is recognised as other income in accordance with the resident contract, on an accruals basis.

Other Income - Retentions
Retentions are recognised as income on a straight-line basis over the time the resident occupies the independent living unit. In order to determine the amount each year, the Company estimates the tenure of its residents to determine the estimated total deferred management fees, and then divides this by the expected tenure.

Other Income - Accommodation charges
Recurrent charges are recognised as income over the time the resident occupies the independent living unit.

Interest Income
Interest income is recognised using the effective interest method, for which the floating rate for the financial asset is the rate inherent in the instrument.

Note 2: Summary of Significant Accounting Policies

Dividend Income

The Company recognises dividends in profit or loss only when the Company's right to receive the payment of the dividend is established.

(l) Trade and Other Payables

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

(m) Borrowing Costs

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

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(n) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Commitments and contingencies are disclosed on a gross basis.

(o) Comparative Figures

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

(p) Accommodation Bonds/Deposits

Bonds and RADs from residents are recognised as a liability upon entry. Unpaid bonds are recorded as an asset and interest is charged on the outstanding amount. Retentions deducted from bonds and RADs are accounted for at the end of each month. Where a refund is required, the retentions are calculated to the date the amount is required to be repaid, and not until the date it is repaid.

Entry Contributions from Independent Living Unit residents are recognised as a liability upon entry. Retentions are deducted from entry contributions on a straight-line basis over the time of the estimated resident's occupancy. Where a refund is required, the retentions are calculated to the exit date.

As there is no unconditional right to defer settlement of accommodation bonds/deposits and entry contributions for at least 12 months after the reporting date, in accordance with AASB101: *Presentation of Financial Statements* all bonds, RADs and entry contributions have been recognised as a current liability.

Note 2: Summary of Significant Accounting Policies

It is however, not expected, that full repayment of all bonds and RADs and entry contributions will occur in any given year and in the experience of the Company, repayments during any financial year is expected to be approximately 20% of the total accommodation bond liability. It is also expected that any new residents entering a residential facility will pay an accommodation bond upon entry that will offset the cash outflow from the refund of bonds upon a resident's departure.

Bonds, RADs and entry contributions are classified as a financial liability and measured using the basis in Note 2(e).

(q) Resident Funds Held in Trust

Each resident has monies, which are held in Trust by the Company for their use. These funds held in Trust are recognised on the Trust's statement of financial position as part of cash and cash equivalents assets, which is offset by a corresponding current liability.

(r) New, Revised or Amending Accounting Standards and Interpretations Adopted

The entity has assessed applicable Accounting Standards which have been issued or amended but not yet effective, and do not believe any of them to have a material impact if they were to be adopted for the period ending 30 June 2022. No standards issued but not yet effective have been early-adopted.

(s) Leases

The company as a lessee

At the inception of a contract, the Company assesses if there is a lease present as a lessee. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Company where the Company is a lessee. However, all contracts classified as a short-term lease (lease with remaining lease term of 12 month or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:
- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index rate, initially measured using the index or ate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments for penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Company anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The Company as a Lessor

Upon entering into each contract as a lessor, the Company assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases are recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (for example legal costs, cost to setup) are included in the carrying amount of the leased asset and recognised as an expenses on a straight-line basis over the lease term.

Rental income due under finance leases are recognised as receivables at the amount of the Company's net investment in the leases.

When a contract is determined to include lease and non-lease components, the Company applies AASB15 to allocate the consideration under the contract to each component.

The only leases that the company enters into as lessor is in relation to the accommodation component of residential aged care agreements and independent living unit arrangements. See note 2(k) for further information on how the revenue is recognised.

Note 3: Critical Accounting Estimates and Judgements

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

Receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Estimation of useful lives of assets

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

Note 3: Critical Accounting Estimates and Judgements

Impairment of non-financial assets

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

Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the entity expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12 month period that follows (despite an informal internal policy that requires annual leave to be used within 24 months, i.e. no more than 8 weeks accrued at any time), the directors believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

Refundable accommodation deposits (RADs)

For residential aged care accommodation arrangements where the resident has elected to pay a RAD, McLean Care receives a financing benefit in the form of an interest-free loan. Adoption of AASB16 requires recognition of interest expense and corresponding income to reflect the financing benefit received. This has no net impact on profit or loss. McLean Care has concluded that the impact of this assessment is immaterial as the resident agreement only requires 7 days written notice to vacate and there is no economic incentive for the resident to stay at any specific home given the comparable alternative homes available. Given the non-cancellable period of the lease term is 7 days, the difference between the fair value of the refundable deposit and the nominal amount of the RAD would be negligible.

McLean Care Ltd

ABN 88 124 860 019

Notes to the Financial Statements
For the Year Ended 30 June 2022

	Note	2022 $	2021 $
Note 4: Revenue and Other Income			
Revenue from contracts with customers:			
Services revenue		10,875,817	9,757,150
Government subsidies		32,205,797	29,867,796
Donations		603,843	37,257
Other income:			
Accommodation charges		1,518,322	1,357,348
Entry contribution retentions		354,052	260,000
Rental income		47,914	32,101
Interest received		15,325	10,040
Project/Sundry income		484,366	233,051
Total revenue from operating activities		**46,105,436**	**$ 41,554,743**
Investment income:			
(a) Investment income from Financial Assets:			
- fair value gain (loss) from hybrids		(1,027,689)	734,064
- dividends/distributions/ interest revenue from financial institutions		1,023,085	650,816
		$ (4,604)	**$ 1,384,880**
(b) Gains on Acquisition:			
- discount on business combination		-	4,672,891
		$ (4,604)	**$ 6,057,771**
Note 5: Other operating expenses			
- Insurance		382,344	353,411
- Minor equipment		287,389	202,576
- Rates and utilities		1,266,628	1,060,305
- Repairs and maintenance		1,600,533	990,184
- Strategic costs and consulting fees		1,282,164	1,330,757
- Supplies and provisions		4,392,085	4,381,824
- Loss on impairment of goodwill		-	-
- Other administrative expenditure		4,183,298	1,709,029
		$ 13,394,441	**$ 10,028,086**
Depreciation and Amortisation		**$ (2,635,542)**	**$ (2,487,343)**
Employee Costs		**$ (34,756,612)**	**$ (32,060,606)**
Note 6: Cash and Cash Equivalents			
Cash on hand		12,350	7,187
Cash at bank		3,639,083	6,402,740
Short-term deposits		7,238,693	6,507,661
		$ 10,890,126	**$ 12,917,588**

	Note	2022 $	2021 $
Note 7: Trade and Other Receivables			
CURRENT			
Trade receivables		1,016,904	601,515
Less: Provision for impairment		(207,285)	(107,885)
GST Refund Due		220,382	110,682
Other receivables		-	-
		$ 1,030,001	**$ 604,312**
Note 8: Inventories			
CURRENT			
At cost			
Inventory		-	-
		$ -	**$ -**
Note 9: Financial assets			
- Term deposits		-	-
- Listed bonds		27,724,761	27,694,877
		27,724,761	**27,694,877**
Less non-current portion		**-**	-
Current portion		**$ 27,724,761**	**$ 27,694,877**

Investments at fair value through profit or loss comprise term deposits with financial institutions, that have fixed rate returns upon maturity of these assets. The bonds held offer variable rates and will be either redeemed by the issuer at face value at a set call date or will convert into ordinary shares.

	2022 $	2021 $
Note 10: Other Assets		
CURRENT		
Accrued income	21,369	14,257
Other assets	37,202	67,849
Prepayments	347,263	699,724
	405,834	**781,830**

	Note	2022 $	2021 $
Note 11: Property, Plant & Equipment			
Land and Buildings (at cost)			
Land		**2,527,063**	**2,527,063**
Buildings		48,765,940	48,697,137
Less: Accumulated depreciation		(16,460,043)	(15,025,002)
		32,305,897	**33,672,135**
Total Land and Buildings		**$ 34,832,960**	**$ 36,199,198**
Plant and Equipment (at cost)			
Plant and equipment		7,443,363	6,771,783
Less: Accumulated depreciation		(5,190,740)	(4,688,454)
		2,252,623	**2,083,329**
Furniture, fixture and fittings		3,541,098	3,152,558
Less: Accumulated depreciation		(2,146,809)	(1,944,865)
		1,394,289	**1,207,693**
Motor vehicles		1,286,483	1,141,916
Less: Accumulated depreciation		(636,190)	(527,707)
		650,293	**614,209**
Total Plant and Equipment		**4,297,205**	**3,905,231**
Total Property, Plant and Equipment		**$ 39,130,165**	**$ 40,104,429**

(a) Movements in carrying amounts

	Land and Buildings	Plant and Equipment	Total
Balance at the beginning of the year	36,199,198	3,905,231	40,104,429
Additions	68,803	1,401,783	1,470,586
Additions from business combination	-	-	-
Disposals	-	(116,422)	(116,422)
Depreciation expense	(1,435,041)	(893,387)	(2,328,428)
Carrying amount at the end of the year	**34,832,960**	**4,297,205**	**39,130,165**

McLean Care Ltd

ABN 88 124 860 019

Notes to the Financial Statements
For the Year Ended 30 June 2022

	Note	2022 $	2021 $
Note 12: Right of Use Assets and Lease Liabilities			
Right-of-use assets			
Kolora property lease		3,177,022	2,662,718
Less: Accumulated depreciation		(654,682)	(328,381)
		2,522,340	**2,334,337**
Lease Liabilities			
Current		231,139	212,073
Non-Current		2,451,713	2,201,681
		2,682,852	**2,413,754**

Within the statement of profit and loss and other comprehensive income, the following amounts are included:

		2022 $	2021 $
Interest expense		130,747	105,816
Depreciation of right-of-use assets		219,025	184,621

Note 13: Intangible Assets

	2022 $	2021 $
Bed licences (at cost)	1,216,000	1,216,000
Less: accumulated amortisation	(1,216,000)	(1,216,000)
	-	**-**
Goodwill (at cost)	179,203	179,203
Less: accumulated amortisation	**-**	-
	179,203	**179,203**
Computer software (at cost)	1,129,192	989,998
Less: Accumulated amortisation and impairment	- 905,768	(817,679)
	223,424	**172,319**
	$ 402,627	**$ 351,522**

(a) Movements in carrying amounts

	Bed Licences	Goodwill	Computer Software	Total
Balance at the beginning of the year	-	179,203	172,319	351,522
Additions	-	-	139,194	139,194
Additions from business combination	-	-	-	-
Disposals	-	-	-	-
Impairment	-	-	-	-
Amortisation	-	-	(88,089)	(88,089)
Carrying amount at the end of the year	**$ -**	**$ 179,203**	**223,424**	**$ 402,627**

	Note	2022 $	2021 $
Note 14: Trade and Other Payables			
CURRENT			
Unsecured liabilities;			
Trade payables		932,456	598,532
Sundry payables and accrued expenses		261,966	531,613
Accrued employee entitlements		296,173	275,626
Other payables		4,879	6,065
		1,495,474	**$ 1,411,836**

Note 15: Borrowings

	Note	2022 $	2021 $
CURRENT			
Secured liabilities:			
Business loan		-	-
		$ -	**$ -**
Unsecured liabilities:			
Credit card		(4,344)	9,805
		$ (4,344)	**$ 9,805**

(a) Total current and non-current secured liabilities:

	2022	2021
Business loan	-	-
Credit card	(4,344)	9,805
	$ (4,344)	**$ 9,805**

	2022 $	2021 $

Note 16: Provisions

Analysis of total provisions

	2022 $	2021 $
Current	3,174,923	3,304,624
Non-current	431,984	499,984
	$ 3,606,907	**$ 3,804,608**

Provision for employee benefits

A provision has been recognised for employee entitlements relating to annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in note 2(h) to this report.

Note 17: Other Liabilities

	2022 $	2021 $
CURRENT		
Monies held in trust	29,195	33,394
Accommodation deposits / entry contributions	45,173,294	43,988,672
Other deferred income	3,031,657	2,147,531
Deposit paid for business acquisition	-	-
	$ 48,234,146	**46,169,597**

Due to the nature of accommodation bonds the total amount owing at 30 June 2022 is recorded as a current liability. However based on experience the Director's believe that the following split is reflective of actual cash outflows based on the adopted liquidity strategy.

	2022 $	2021 $
Payable within 12 months	9,740,275	5,001,585
Payable greater than 12 months	35,433,019	38,987,087
	$ 45,173,294	**$ 43,988,672**

Note 18: Capital Commitments

	2022 $	2021 $
Budgeted Capital expenditure commitments for:		
Major capital items	1,435,500	2,130,418
Minor capital items	1,813,500	214,559
	$ 3,249,000	**$ 2,344,977**
Payable:		
- not later than 12 months	3,249,000	2,344,977
	$ 3,249,000	**$ 2,344,977**

There are no contractual agreements as at 30 June 2022 (2021: Nil).

Note 19: Key Management Personnel

	2022 $	2021 $
Key management personnel compensation	1,215,131	1,372,014
	$ 1,215,131	**$ 1,263,256**

The totals represent the remuneration paid to key management personnel (KMP) of the organisation.

Note 20: Related Party Transactions

Directors Remuneration

The totals of remuneration paid to Directors during the year are as follows:

	2022 $	2021 $
Fees	124,986	121,378
Superannuation	11,091	10,165
	136,077	**$ 131,543**

Other Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties were:

	2022 $	2021 $
Skybridge Financial		
- Management Fee	63,420	29,025
	$ 63,420	**$ 29,025**

Skybridge Financial is a financial advisory business located in Inverell, NSW. Skybridge Financial has two main segments of their business, investment management and small business taxation and accounting advisory. Skybridge financial advisory services are engaged to assist manage the investment portfolio of McLean Care.

Skybridge Financial is considered a related entity as the Chairman of the McLean Care Board is also a Principal for Skybridge. The Chairman receives no remuneration from Skybridge as a result of Skybridge's transactions with McLean Care Ltd.

Note 21: Events Subsequent to Reporting Date

As at reporting date, McLean Care continues to face the challenges of the COVID-19 pandemic which commenced in March 2020. In the event of an outbreak, McLean Care is well prepared to deal with this and will enact the COVID-19 pandemic crisis plan. Approximately $1,546,000 has been expended in the FY2021-22 for additional costs associated with managing the pandemic as it has continued.

Note 22: Company Details

The registered office and principal place of business is:

McLean Care Ltd
67 Killean Street
INVERELL NSW 2360

McLean Care Ltd

ABN 88 124 860 019

Director's Declaration
For the Year Ended 30 June 2022

The directors of the company declare that, in the directors' opinion:

1. the financial statements and notes, as set out in pages 5 to 30, are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, and:

    (a) comply with Australian Accounting Standards - Reduced Disclosure requirements ; and

    (b) give a true and fair view of the financial position of the company as at 30 June 2022 and of its performance for the

2. 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 Board of Directors in accordance with section 60.15(2) of the Australian Charities and Not-for-Profits Commission Regulation 2013

Manuel Meszaros
Director

Dated this ……………25th…………………….. day of ……………October…………………….. 2022.

Bentleys
THINKING AHEAD

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MCLEAN CARE LTD

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Mclean Care Ltd (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, notes comprising a summary of significant accounting policies and other explanatory information, and the director's declaration.

In our opinion the financial report of McLean Care Ltd has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the year then ended; and
(ii) complying with Australian Accounting Standards Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-Profits Commission Regulations 2013*.

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 ethical requirements of the Australian 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.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Act 2012,* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the 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 the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MCLEAN CARE LTD
(Continued)

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Bentleys

Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants

Stewart Douglas

Stewart Douglas
Director
Brisbane 25 October 2022