The Argyle Trust
(Trustee: Chevron Corporation Pty Ltd)
ABN 37 347 620 876

Audited Financial Statements
For the year ended 30 June 2020

Approved Provider:
Chevron Corporation Pty Ltd
NAPS ID 536

RACS 3230 - The Argyle Court Hostel

The Argyle Trust
ABN 37 347 620 876

CONTENTS

Consolidated Statement of Profit or Loss & Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	Consolidated Group 2020 $	2019 $
Revenue	2	6,457,545	6,002,394
General & Administrative Expenses - external entities		122,498	87,345
General & Administrative Expenses - related entities	22 (b)	1,135,032	1,188,100
Occupancy Expenses - external entities		947,820	927,022
Operating Expenses - external entities		351,962	276,719
Employee Benefit Expenses - external entities		2,268,675	2,256,930
Resident Expenses - external entities		297,493	271,102
Financing Costs - external entities	3	828,359	32,720
Financing Costs - related entities	22(c)	353,800	455,446
Share of Equity Accounted Losses	1(o) & 9(a)	169,142	255,758
Total Expenses		6,474,781	5,751,142
Profit / (Loss) for the year before Income Tax		**(17,236)**	**251,252**
Income tax expense	1(b)	**-**	**-**
Net Profit / (Loss) after Income tax		**(17,236)**	**251,252**
Other Comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net fair value gain on other financial assets	1(i)/10	(228,333)	(25,000)
Total Comprehensive income for the period		**(245,569)**	**226,252**

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Financial Position

As at 30 June 2020

	Note	Consolidated Group 2020 $	Consolidated Group 2019 $
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	1,368,571	1,888,142
Trade and Other Receivables	5	14,651,797	1,966,694
Other Current Assets	6	373,169	364,815
TOTAL CURRENT ASSETS		16,393,537	4,219,651
NON-CURRENT ASSETS			
Property, Plant, Equipment & Capital Work In Progress	7	15,140,593	15,101,100
Right of Use Assets	21	4,175,875	-
Intangible Assets	8	1,040,000	1,040,000
Investments accounted for using the equity method	9	1,879,179	2,048,321
Other financial assets	10	746,667	875,000
Investments accounted for at Amortised Cost	11	600,000	200,000
TOTAL NON-CURRENT ASSETS		23,582,314	19,264,421
TOTAL ASSETS		39,975,851	23,484,072
CURRENT LIABILITIES			
Trade and Other Payables	12	20,272,424	19,896,542
Short Term Provisions	13	414,998	337,586
Non Interest Bearing Liabilities	15	318,508	141,078
Lease Liabilities	21	432,230	-
Financial Liabilities	16	800,000	-
TOTAL CURRENT LIABILITIES		22,238,160	20,375,206
NON-CURRENT LIABILITIES			
Long Term Provisions	14	29,597	36,223
Lease Liabilities	21	3,858,450	-
Financial Liabilities	16	11,200,000	-
TOTAL NON-CURRENT LIABILITIES		15,088,047	36,223
TOTAL LIABILITIES		37,326,207	20,411,429
NET ASSETS		2,649,644	3,072,643
EQUITY			
Issued Units		3,697,643	3,697,643
Fair value through OCI reserve	1(i)	(853,333)	(625,000)
Accumulated Profit/(losses)		(194,666)	-
		2,649,644	3,072,643

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2020

		Issued Units		Retained Earnings	Asset Revaluation Reserve	Total
		Units	$	$	$	$
Balance at 30 June 2018		3,697,643	3,697,643	(63,587)	(600,000)	3,034,056
Gain attributable to Trust		-	-	251,252	-	251,252
Trust Income Reserve		-	-	(98,514)	-	(98,514)
Other Comprehensive Income		-	-	-	(25,000)	(25,000)
Distribution to beneficiaries	22(b)	-	-	(89,151)	-	(89,151)
Balance at 30 June 2019		3,697,643	3,697,643	-	(625,000)	3,072,643
Gain (Loss) attributable to Trust		-	-	(17,236)	-	(17,236)
Other Comprehensive Income		-	-	-	(228,333)	(228,333)
Distribution to beneficiaries	22(b)	-	-	(177,430)	-	(177,430)
Balance at 30 June 2020		3,697,643	3,697,643	(194,666)	(853,333)	2,649,644

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	Consolidated Group 2020 $	Consolidated Group 2019 $
Cash Flows from Operating Activities			
Receipts from Residents		5,903,594	5,794,654
Payments to Suppliers & Employees		(4,356,445)	(5,164,976)
Finance Costs		(633,974)	(488,166)
Interest Received		182,319	219,599
Net Operating Cash Flows		1,095,494	361,111
Cash Flows from Investing Activities			
Payment for Property, Plant, Equipment and Capital Work in Progress	7	(519,098)	(375,777)
Payment for Investment in Simavita Ltd - Shares	10	(100,000)	(500,000)
Payment for Investment in Cann Ltd - Convertible Notes	11	(400,000)	-
Payment for Investment in Simavita Ltd - Convertible Notes	11	-	(200,000)
Net Investing Cash Flows		(1,019,098)	(1,075,777)
Cash Flows from Financing Activities			
Receipts from accommodation bonds and deposits		612,840	1,422,410
Proceeds of Bank Loans	16	12,000,000	-
Payments to beneficiaries		-	(50,000)
Receipts from/(loans to) other related parties		(12,776,072)	293,591
Repayment of Lease Liabilities (AASB 16)	21	(432,735)	-
Net Financing Cash Flows		(595,967)	1,666,001
Net Increase / (decrease) in Cash Held		(519,571)	951,335
Cash at Beginning of Financial Year		1,888,142	936,807
Cash at End of Financial Year	4	1,368,571	1,888,142

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The consolidated financial statements and notes represent those of Argyle Trust and Controlled Entity (the “Group”). The separate financial statements of the parent entity, Argyle Trust, have not been presented within these financial statements.

The Argyle Trust has elected to adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board, Australian Accounting Interpretations, and the Aged Care Act 1997. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

These financial statements cover The Argyle Trust which is a unit trust, established and domiciled in Australia. The approved provider is Chevron Corporation Pty Ltd.

Reporting Basis and Conventions

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 Australian dollar.

Going Concern Basis

The Group recorded a loss for the year ended 30 June 2020 of $17,236 (2019: $251,252 profit). Before accounting for fair value gains / (losses) through equity, as at 30 June 2020 the Group had a net asset position of $3,502,977 (2019: $3,697,643). After accounting for fair value gains / (losses) through equity, as at 30 Jun 2020 the group had a net asset position of 2,649,644 The Group maintained a closing cash balance at 30 June 2020 of $1,368,571 (2019: $1,888,142).

As detailed in Note 12, accommodation bonds ("Bonds") /refundable accommodation deposits held at 30 June 2020 amount to $9,079,590 and represent the Group's major liability. It is considered unlikely that a significant number of bond/Refundable Accommodation Deposits would be called upon for repayment at any one time. Furthermore, demand is expected to continue for accommodation placements ensuring that any accommodation bonds and Deposits called upon would be replaced by incoming residents’ refundable Accommodation deposits. Therefore it is not anticipated that the accommodation bond/refundable accommodation deposit liabilities will cause future cash flow concerns.

After making reasonable enquires, the Director has a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of these financial statements without any intention or necessity to liquidate or wind up operations. Accordingly the financial statements have been prepared on a going concern basis.

Assets and liabilities have been recorded on the basis that the Group will be able to generate sufficient positive cash flows to meet its financial obligations and realise its assets and discharge its liabilities in the normal course of business.

Notes to the Financial Statements
For the Year Ended 30 June 2020

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impact of New Accounting Standards

i. Impact of AASB 16 - 'Leases'

Effective 1 July 2019 the Trust adopted AASB 16 'Leases' replacing AASB 117 'Leases'.

The adoption of this new standard in the 2020 financial year resulted in the group recognising a right-of-use asset and related lease liabilitiy in connection with all former operating leases except for those identified as low value or having a remaining lease term of less than 12 months from the date of initial application

The new standard was applied using the modified retrospective approach. Under this method the right of use asset is measured equal to the lease liability at initial adoption thus there was no opening adjustment to equity.

Right of Use Assets

The Trust recognises right-of-use assets at the commencement of the lease (that is the date the asset becomes available for use). Right of Use Assets are measured at cost, less any accumulated depreciation and adjusted for any subsequent remeasurement of the lease liability. Unless the Trust is reasonably certain to obtain ownership of the leased asset at the end of the lease term the right-of-use asset is depreciated on a straight line basis over the lease term.

Lease Liabilities

At the commencement date of the lease, the Trust measures lease liabilities as equal to the net present value of lease payments to be made over the life of the lease. Lease payments include fixed payments and variable payments which depend on an index or a rate.

To calculate the present value of current and future lease payments at the commencement of the lease the Trustee elected to use an incremental borrowing rate equivalent to the rate provided by financiers for funding of other long term assets. In adopting this approach, the Trustee viewed that an interest rate implicit in the lease was not readily determinable. After the lease commencement date the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of the lease liability is re-measured if there is a modification, a significant re-assessment of the incremental borrowing rate, re-assessment of future lease payments, change in the lease term or reassessment of probability of exercising options to renew over the life of the lease.

Significant Accounting Judgements and Assumptions

In applying AASB 16 the Trustee has made the following judgements:

In determining the lease term used to ascertain lease payments the Trustee considers all facts and circumstances that create an economic benefit to exercise an extension option.

It is the Director's judgement that it is reasonably certain that all renewal options will be exercised to extend the lease term until the expiration of the lease. Thus the Trust has included renewal periods in the term of the lease for calculating the lease liability.

In the absence of a readibly determinable interest rate implicit in the lease the Trustee has applied an incremental borrowing rate (IBR) being a weighted average of the interest rate the lessee would have to pay to fund long term assets on an unsecured and secured commercial basis. This has been measured with reference to the actual interest rate paid on secured commercial borrowings (see note 16) and an estimated interest rate on unsecured borrowings given the Trusts expected credit rating. These rates have been applied at the commencement of the lease and at reporting date.

To estimate increases in future lease payments the Trustee has applied a long-term growth rate equivalent to long-term CPI (5 yr avg. to 31 Mar 20).

At reporting date:	Assumption
Trusts Incremental Borrowing Rate (IBR)	3.23%
Trust's long term growth rate (long-term CPI)	1.69%
Expiration date	Feb-31

Impact of adoption of the new standard on the profit and loss has been noted at note 21

At reporting date the carrying value of the lease liability and right-of-use asset have been measured taking into consideration all circumstances which are within the control of the Trust and all information which is available to the Director with respect to current and future lease payments.

ii. Impact of AASB 16 - 'Accounting for Refundable Accommodation Deposits ('RAD's) and Accommodation Bonds'

Effective 1 July 2019 total revenue and expenses includes the provision of accommodation which is accounted for in accordance with AASB 16.

Total revenue includes imputed non cash lease income for residents who have elected to pay a lump sum RAD or accommodation bond.

Total expenditure includes an imputed non cash interest charge relating to the liabilities held for residents who have elected to pay a lump sum RAD or accommodation bond.

The Trustee determined the use of the Maximum Permissable Interest Rate (MPIR) as the interest rate to be used to calculate the imputed charge or daily equivalent accommodation charge.

The MPIR is the interest rate calculated in accordance with section 6 of the Fees and Payments Principles 2014 (No. 2) and made under section 96-1 of the Aged Care Act 1997.

The charge has been calculated during the year for all days where an lump sum deposit was held in respect of an occupied bed. The MPIR has been adjusted during the year for all change made by the Department of Health (DoH). At reporting date the MPIR used to calculate the daily accommodation charge under AASB 16 was 4.89%

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounting Policies

a) Principles of Consolidation

The consolidated financial statements comprise the financial statements of The Argyle Trust and its subsidiaries (as outlined in note 22) as at 30 June each year. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the group. Investments in subsidiaries held by the Argyle Trust are accounted for at cost in the separate financial statements of the parent entity less any impairment charges.

b) Income tax

Under current legislation, the trust is not fully liable for income tax provided its taxable income is fully distributed to beneficiaries.

c) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the residents.
Revenue received from government subsidies is recognised at fair value when the right to receive the income has been established.
Interest revenue is recognised when received. All revenue is stated net of the amount of Goods and Services Tax (GST).
The Trust also earns rental income from an operating lease of its investment property. Rental income is recognised on a straight-line basis over the term of the lease.

d) Cash and Cash Equivalents

Cash and cash equivalents included cash on hand, in banks and deposits at call.

e) 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

f) Property, Plant & Equipment

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

Land & Buildings

Land and Buildings are stated at cost less where applicable, any accumulated depreciation or amortisation and impairment losses.

Depreciation

The depreciable amount of all fixed assets are depreciated on a straight line basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Leasehold Improvements	10% - 33%
Plant & Equipment	10% - 33%
Buildings	2.50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. 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. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss & Other Comprehensive Income.

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to Profit or Loss. Impairment testing is performed annually for intangible assets with indefinite lives, intangible assets with definite lives are tested if there is an indication of impairment in accordance with AASB 136 impairment of assets.

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

h) Operating leases (Before 1 July 2019)

The minimum rental revenue of operating leases with fixed rental increases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are recognised on a straight-line basis. Revenue from other leases is recognised in accordance with the lease agreement, which is considered to best represent the pattern of service rendered through the provision of the leased asset.

i) Financial Instruments

Equity instruments at fair value through other comprehensive income (Equity FVTOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVTOCI. Under this category, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend income is taken to profit or loss unless the dividend clearly represents return of capital.

The Trust's investment in Simavita Ltd is considered an investment in an equity instrument at fair value through other comprehensive income (Equity FVTOCI) . The fair value of the investment was calculated at reporting date with reference to the quoted price at the close of trading.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

The Trust's investment in convertible notes issued by Simavita Ltd is considered a held to maturity investment in a debt instrument. At reporting date the asset was recognised at amortised cost

The Trust's investment in convertible notes issued by Cann Group Ltd is considered a held to maturity investment in a debt instrument. At reporting date the asset was recognised at amortised cost

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment of financial assets

The Expected Credit Loss (ECL) impairment model is forward looking and depends on whether there has been a significant increase in credit risk for loan recivables since initial recognition. Where there is no signifciant increase in credit risk, impairment is based on possible loss events for the next 12 months. Where there is a significant increase in credit risk impairment is based on possible loss events for the lives of the loans.

At reporting date the Trusts investments in investments meausred at amortised cost were reviewed for impairment. All investments at amortised cost were not impaired as at 30 June 2020

Reconciliation of financial instruments measured in accordance with AASB 9

The table below shows the classification of each class of financial asset and financial liability under AASB 9 as at 30 June 2020

	AASB 9 classification	AASB 9 carrying amount
Financial assets		
Trade and other receivables	Amortised cost	14,650,786
Listed shares	Equity FVTOCI	746,667
Convertible notes held to maturity	Amortised cost	600,000
Other receivables	Amortised cost	373,169
Financial liabilities		
Trade and other payables	Amortised cost	20,272,424

j) Accommodation Bonds and Refundable Accommodation Deposits

Provision is made for the Group's liability to repay resident entry bonds & Refundable Accommodation Deposits. Bonds and Refundable Accommodation Deposits paid by residents less any retention amounts payable to the Group are payable to residents when they leave the facility or their estate upon the grant of probate. Bonds and Refundable Accommodation Deposits are measured at their nominal amounts.

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k) Accommodation Bonds and Refundable Accommodation Deposits

Effective 1 October 2011 clearer and stronger arrangements exist regarding the use of accommodation bonds and refundable accommodation Deposits. These changes limit the permitted uses for accommodation bonds and refundable Accommodation Deposit such that approved providers may only use accommodation bonds and refundable accommodation Deposits for capital works, investment in particular financial products, loans for these purposes and refunding accommodation bonds and Refundable Accommodation Deposits. Effective 1st July 2014, accommodation bonds are known as Refundable Accommodation Deposits ('RAD').

l) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Long Service Leave is accrued pro rata in respect of all employees based on the probability of the employee reaching eligibility. Probability of reaching elibibility has been calculated based on six years historical data.

m) Related Parties

The director of the entity controls Residential Aged Services Pty Ltd ("RAS"). RAS provides management services to the entity. Amounts paid or payable to RAS are disclosed in the financial statements. The director also controls a number of other entities that operate in the aged care sector. Loans have been made between the entity and RAS or the other as controlled by this director and are disclosed in the notes to the accounts.

The Argyle Trust provides no compensation to its director or other key management personnel. All such compensation is provided by RAS.

n) Intangibles

Bed Licences

Bed Licences are recognised at the cost of acquisition. Bed Licences are considered to have an indefinite useful life based upon the ongoing operation of the entity as an approved provider. Accordingly, bed licences are not subject to amortisation. They are tested annually for impairment and carried at cost less accumulated impairment losses.

o) Investments in Associates

Associates are those entities over which the trust is able to exert significant influence but which are not subsidiaries. The trust holds 2,600,000 units in Exotic Marigold Prahran Trust, constituting 28.88% of total unit holdings and therefore investment is considered an investment in associates. In accordance with AASB 128 investment in associates and Joint ventures, the trust is considered to have significant influence over the operations,strategy and direction of Exotic Marigold Prahran trust due to the common directorship of Peter Reilly who is a director on the board of all other entities that are unit holders in the Exotic Marigold Prahran Trust.

Investments in Associates are accounted for using the equity method

Any goodwill or fair value adjustment attributable to the Trust's share in the associate is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates is increased or decreased to recognise the trust's share of the profit or loss and other comprehensive income of the associate adjusted where necessary to ensure consistency with the accounting policies of the trust.

p) Investments in Joint Arrangements

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. The Trust's investment in The Maview Property Trust, constituting 50% of total unit holdings, is considered an investment in a joint venture. The venturers have a contractual obligation establishing joint control over the operations, strategy and direction of The Maview Property Trust. Joint control exists with one other partner, The Maeven Property Trust (see 9b).

Investments in joint ventures are accounted for using the equity method.

The carrying amount of the investment in joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

q) Critical Accounting Estimates and Judgements

The trustees evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the trust.

r) Critical Accounting Estimates and Judgements

Key estimates — Provisions

A provision has been calculated for employee benefits relating to long service leave for employees. 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 upon six years of historical data. The measurement and recognition criteria for employee benefits has been included in Note 14.

Key estimates — Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, and for unamortised intangibles, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key estimate – Coronavirus (COVID-19)

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout Australia. The spread of COVID-19 has caused significant volatility in Australia and International markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the Australia and international economies. The longer term impacts of COVID-19 on the operations of the Trust remain uncertain and cannot be quantified at this time

The financial statements were authorised for issue by a resolution of the director of the trustee company on 21st September 2020

Notes to the Financial Statements
For the Year Ended 30 June 2020

		Note	Consolidated Group 2020 $	2019 $
2	**REVENUE**			
	Commonwealth Funding		3,810,795	3,716,248
	Resident Contributions		1,048,592	1,015,480
	Bond Retentions		-	6,620
	Other Income		5,574	7,181
	Interest from Other Persons		180,620	205,727
	Interest from related entities	22(d)	1,699	13,872
	Rental Income from related parties	22(b)	1,036,284	1,036,284
	Rental Income from other persons		1,491	982
	Imputed revenue on RAD and Bond balances under AASB 16		372,490	-
	Total Revenue		6,457,545	6,002,394

Revenues received from both internal and external entities.

		Note	2020 $	2019 $
3	**PROFIT AND LOSS ITEMS**			
	Profit from ordinary activities has been determined after:			
	Depreciation			
	Depreciation of Property, Plant & Equipment		479,604	386,043
	Depreciation of Right of Use Assets (AASB 16)		371,845	
			851,449	386,043
	Rental expenses			
	Rent		-	425,088
	Other Expenses Items			
	Provision for Employee Entitlements		444,595	373,809
	Finance Costs - External entities			
	Imputed Interest Cost on RAD and Bond Balances under AASB 16	1	372,490	-
	Interest Expense on leases under AASB 16	21	175,695	-
	Interest Expense on RADs for departed residents		34,715	32,720
	Interest Expense on Bank Loans	16	245,459	-
	Total Finance Costs - External entities		828,359	32,720
	Superannuation expense			
	Superannuation		184,522	179,928
4	**CASH AND CASH EQUIVALENTS**			
	Cash and cash equivalents		1,368,571	1,888,142
5	**TRADE AND OTHER RECEIVABLES**			
	Trade debtors		-	(153)
	Net Trade debtors		-	(153)
	GST receivable		7,606	24,641
	Other receivables		29,380	72,878
	Loans to related parties	22(e)	14,614,811	1,869,328
	Net loans to related parties		14,614,811	1,869,328
	Total Trade and Other Receivables		14,651,797	1,966,694
6	**OTHER CURRENT ASSETS**			
	Prepayments		23,169	14,815
	Deposit On Property Located at 135 Duff St Cranbourne	(a)	350,000	350,000
	Total Other Current Assets		373,169	364,815

a) On the 10 May 2017 the Trust executed an agreement with the vendor (Kameel Pty Ltd) to purchase 135 Duff St Cranbourne at a total purchase price of $7,000,000. A deposit of $350,000 was paid in May 2017. At reporting date the vendor and the Trust had not agreed a settlement date. The balance of $6,650,000 is payable at settlement.

At Settlement all the rights and benefits held by Kameel Pty Ltd (Landlord) under the existing lease will be assigned to The Argyle Trust. The tenant under the existing lease is the Director related party Willow Wood Cranbourne Aged Services Trust. At reporting date no variation to the lease had been made to set out the monthly rental amounts payable to The Argyle Trust following settlement

Notes to the Financial Statements
For the Year Ended 30 June 2020

		Note	Consolidated Group 2020 $	2019 $
7	**PROPERTY, PLANT & EQUIPMENT**			
	LAND & BUILDINGS			
	At Cost		14,975,105	14,912,519
	Accumulated Depreciation		(633,242)	(338,119)
	Total Land & Buildings		14,341,863	14,574,400
	CAPITAL WORK IN PROGRESS		208,254	197,575
	LEASEHOLD IMPROVEMENTS			
	At cost		582,816	318,418
	Accumulated Depreciation		(136,035)	(165,767)
	Total Leasehold Improvements		446,781	152,651
	PLANT & EQUIPMENT			
	At cost		241,238	647,600
	Accumulated Depreciation		(97,543)	(471,126)
	Total Plant & Equipment		143,695	176,474
	Total Property, Plant, Equipment & Capital Work in Progress		15,140,593	15,101,100
	(a) Movements in Carrying Amounts:			
	Land & Buildings			
	Opening Carrying Amount		14,574,400	14,805,979
	Additions		62,586	63,025
	Depreciation		(295,123)	(294,604)
	Closing Carrying Amount		14,341,863	14,574,400
	Capital Work in progress			
	Opening Carrying Amount		197,575	172,916
	Additions / (Completions)		10,679	24,659
	Closing Carrying Amount		208,254	197,575
	Leasehold Improvements			
	Cost			
	Opening Carrying Amount		152,651	31,274
	Additions		400,984	161,643
	Disposals		(136,585)	-
	Accumulated Depreciation on Disposals		136,585	
	Depreciation for the year		(106,854)	(40,266)
	Closing Carrying Amount		446,781	152,651
	Plant & Equipment			
	Cost			
	Opening Carrying Amount		176,474	101,197
	Additions		44,849	126,450
	Disposals		(451,211)	-
	Accumulated Depreciation on Disposals		451,211	
	Depreciation for the year		(77,627)	(51,173)
	Closing Carrying Amount		143,695	176,474
8	**INTANGIBLE ASSETS**			
	Bed Licences		1,040,000	1,040,000
	Net carrying amount		1,040,000	1,040,000

Bed Licences have an indefinite useful life. The indefinite useful life exists because the licence is expected to be perpetually renewed without substantial expenditure that is significant compared to future economic benefits that the licence can generate.

Value in use of the bed licences was determined by discounting the future cash flows generated from the continuing use and was based on the following assumptions:

- Cash flows were projected based on a projected cash flow range of five (5) years, before a terminal value is calculated;
- A growth rate in the cash flow projections of 2.5% p.a. for all revenues and expenses other than wages (1.75% growth rate));
- A terminal growth rate of 2.5%; and
- An after-tax discount rate of 5.97% was used in discounting the projected future cash flows.

Reconciliation of Bed licences

	2020 $	2019 $
Opening Balance	1,040,000	1,040,000
Closing Balance	1,040,000	1,040,000

Notes to the Financial Statements
For the Year Ended 30 June 2020

	Note	Consolidated Group 2020 $	2019 $
9 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD			
a) Investment In Associates - The Exotic Marigold Prahran Trust		2,600,000	2,600,000
Share of net losses from associates accounted for using the equity method	1(o)	(721,121)	(551,978)
		1,878,879	2,048,022
Reconciliation of Equity Accounted Investments			
Balance at beginning of year		2,048,021	2,303,779
Investment in Equity Accounted Investments		-	-
Equity Accounted Losses in Year	1(o)	(169,142)	(255,758)
Closing Carrying Value		1,878,879	2,048,021
b) Investment in The Maview Property Trust	1(p)	300	300
Carrying Amount of Investments Accounted For Using The Equity Method		1,879,179	2,048,321

On 1 July 2017 the Trust acquired an additional 1,600,000 units in the Exotic Marigold Prahran Trust (increasing their unitholding to 28.89%).

In May 2016 the Trust acquired units in The Maview Property Trust. The Maview Property Trust has been established to develop a property located at 161 - 169 Jells Rd Wheelers Hill, with the intention of leasing for the purposes of providing residential aged care places. The Trust has invested as an equal partner with an external investor and holds a 50% equity interest in the Property Trust (see note 22a)

10 INVESTMENTS IN EQUITY INVESTMENTS

	Note	2020 $	2019 $
Fair value through other comprehensive income investments		746,667	875,000
Reconciliation of Investments in Financial Assets			
Balance at beginning of year		875,000	400,000
Additions	1(i)	100,000	500,000
Fair Value Gain / (Loss) - Equity FV - OCI		(228,333)	(25,000)
Closing Carrying Value		746,667	875,000

In May 2017 the Trust acquired shares in Simavita Ltd (ASX listed company: SVA). At reporting date the asset was recognised at fair value with reference to the assets quoted price at close of trading. Fair value losses were taken to a separate component of equity ('Available for sale Reserve') in prior year and (FV OCI reserve) in current year (refer to note 1(j)) . The Trust has elected to early adopt the pronouncements in AASB 9: Financial Instruments, Trust has elected to classify the equity investment as fair value through other comprehensive income (FV OCI).

In Oct 2018 the Trust made a further investment, acquiring additional shares in Simavita Ltd at a cost of $500,000 issued as CDI's (3c p/s).
In Feb 2020 the Trust made a further investment acquiring additional shares at a cost of $100,000 issued as CDI's (2c p/s)

Historical summary of investments at cost

Date	Tranche	#	Votes	Per Share ($)	Total Cost ($)
May-17	1	25,000,000	9.50%	$0.04	$1,000,000.00
Oct-18	2	16,666,667	12.27%	$0.03	$500,000.00
Feb-20	3	5,000,000	8.28%	$0.02	$100,000.00
At Reporting date		46,666,667	8.28%	$0.03	$1,600,000.00

At reporting date the Trust held approximately 8.28% votes in the company

11 INVESTMENTS ACCOUNTED FOR AT AMORTISED COST

	Note	2020 $	2019 $
Held to maturity debt investments		600,000	200,000
Reconciliation of Investments in Held to maturity debt invetments			
Balance at the begginning of year		200,000	-
Additions	1(i)	400,000	200,000
Amortisation		-	-
Closing Carrying Value		600,000	200,000

In May 2019 the Trust acquired convertible notes in Simavita (ASX listed company: SVA). At reporting date the asset was recognised at amortised cost with accrued interest taken to the profit and loss at the instruments coupon rate.

In Feb 2020 the Trust acquired convertible notes in Cann Group (ASX listed company: CAN). At reporting date the asset was recognised at amortised cost with accrued interest taken to the profit and loss at the instruments coupon rate.

Note Issuer	Coupon rate (%)	Issue Date	Maturity Date	Secured / Unsecured	Face Value ($)
Simavita Ltd	10.00%	30-Apr-19	30-Apr-21	Secured	$200,000
Cann Group Ltd	9.50%	12-Feb-20	12-Feb-22	Unsecured	$400,000
At reporting date					$600,000

Future conversion of these notes is dependent on the occurrence of qualifying events taking place and the agreed conversion price when event take place. The Trust has the ability to convert these notes under terms agreed in the note deeds.

At reporting date, based on all information available the Director's intention was to hold each note to maturity.

12 TRADE AND OTHER PAYABLES

	Note	2020 $	2019 $
Unsecured Liabilities			
Trade Payables		133,229	241,596
Payroll Liabilities		63,784	103,055
Sundry Payables		264,775	323,506
Loans from Director related parties	22(f)	10,731,046	10,761,635
Accommodation Bonds & Deposits Payable		9,079,590	8,466,750
Total Trade and Other Payables		20,272,424	19,896,542

Notes to the Financial Statements
For the Year Ended 30 June 2020

		Note	Consolidated Group 2020 $	2019 $
13	**SHORT TERM PROVISIONS**			
	Employee Benefits	1(l)	414,998	337,586
14	**LONG TERM PROVISIONS**			
	Employee Benefits	1(l)	29,597	36,223
a)	**Aggregate Employee Entitlements**		444,595	373,809

Provision for Long Term Employee Benefits

A provision has been recognised for employee benefits relating to long service leave for employees. 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 upon six years of historical data. The measurement and recognition criteria for employee benefits has been included in Note 1(l).

		Note	2020 $	2019 $
15	**NON INTEREST BEARING LIABILITIES**			
	Investor - Beneficiary loans	22(g)	318,508	141,078
	Total Non Interest Bearing Liabilities		318,508	141,078
16	**FINANCIAL LIABILITIES**			
	The National Australia Bank - Current Liability		800,000	-
	The National Australia Bank - Non-current Liability		11,200,000	
	Total Financial Liabilities		12,000,000	

On the 18th October 2019 the Trust agreed to refinance a loan owing to the National Australia Bank (NAB) in relation to the development at Prahran. The facility was originally taken out by the Exotic Marigold Prahran Trust in May 2015 with the proceeds used to purchase non-residential land and buildings in Prahran for a future aged care development. Interest rate on the loan is the BBSW rate (plus 2% margin) - at reporting date 2.68%. Interest rate is floating and is adjusted quarterly.

Security has been provided in the form of a charge over all the present and future rights, property and undertaking of the Trust.
Additional security has been provided by related parties in the form of a registered mortgage over the property held by the Exotic Marigold Prahran trust located at 42 Charles Street Prahran VIC, and 70-88 Greville Street Prahran Vic. Further security has also been provided by other members of the Lifeview Group

The Trust is required to make principal repayments of $200,000 per quarter. Accordingly $800,000 will be repaid to the National Australia Bank within the 12 months after the end of the reporting date.

17 ECONOMIC DEPENDENCE

The Argyle Trust is dependent upon funding provided by the Commonwealth Government and Residents (including accommodation bonds and deposits).

18 CONTINGENT LIABILITIES

On 14 October 2019 The Trust agreed to provide a guarantee in respect of a loan owed by Residential Aged Services Nominees Pty Ltd to it's financiers (National Australia Bank). As at 30 June 2020 the amount Residential Aged Services Nominees Pty Ltd owed to National Australia Bank was $6,945,000

19 FINANCIAL INSTRUMENTS

Categories of financial instruments

	Consolidated Group 2020 $	2019 $
Financial Assets		
Cash and cash equivalents	1,368,571	1,888,142
Trade and other receivables	14,651,797	1,966,694
Total Financial Assets	16,020,368	3,854,836
Financial Liabilities:		
Trade and other payables	20,272,424	19,896,542
Beneficiary Loans	318,508	141,078
Total Financial Liabilities	20,590,932	20,037,620

20 COMMITMENT TO PURCHASE WILLOW WOOD PROPERTY

On 10 May 2017 the Trust executed an agreement with Kameel Pty Ltd to purchase the property located at 135 Duff St Cranbourne

A $350K deposit has been paid for the property. The balance of $6,650,000 is payable on settlement. At reporting date settlement date had not been agreed.

Reconciliation of property commitment

		Consolidated Group	
		2020	**2019**
		$	**$**
Sale price agreed for Property		7,000,000	7,000,000
Deposit Paid	6	(350,000)	(350,000)
Balance Payable		6,650,000	6,650,000

21 RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Trust has a lease agreement in relation to the property located at 81-83 Argyle Avenue Chelsea 3196. Following the adoption of AASB 16 on 1 July 2019, the carrying amount of the Trust's Right of Use assets and lease liabilities in connection with this lease and the movement during the period are presented below. Refer to note 1 for full details on the adoption and transition to AASB 16.

Reconciliation of Lease Liability and Right of Use Asset	1	**Property Leases (RUA) $**	**Lease Liabilities $**
As at 1 Jul 2019		4,324,895	4,324,895
Depreciation Expense		(371,845)	-
Interest Expense		-	175,695
Lease Payments		-	(432,735)
Subsequent Re-measurements		222,825	222,825
Closing Carrying Value		4,175,875	4,290,680

The following table is provided to assist with an understanding of the impact of the adoption of AASB 16 on the profit and loss for the period:

Impact on Net Profit	1	**2020 $**	**2019 $**
Depreciation expense of right-of-use assets, now recognised		371,845	-
Interest expense on lease liabilities, now recognised		175,695	-
Operating lease rentals, under AASB 117		(432,735)	-
Net impact on the Profit and Loss		114,805	-

The current term of the property lease exires on 9 March 2021, with 2 further five year options to extend to February 2031.
The Director confirmed that it was resonably certain the lessee would exercise both options to renew to the the expiration of the lease in Feb 2031. Accordingly at reporting date lease payments have been capitalised to Feb 2031 at the lessee's IBR of 3.23% with an assumed long term growth rate in future lease payments of 1.69% (long-term CPI)

Notes to the Financial Statements
For the Year Ended 30 June 2020

22 RELATED PARTY DISCLOSURE

a) Investments in Subsidiaries and Associated Entities
The consolidated financial report include the financial statements of the Argyle Trust and the subsidiaries and associated entities listed in the following table.

Subsidiaries & Associates	% Equity Interest		Investment ($)	
Name	**2020**	**2019**	**2020**	**2019**
Wholly owned				
Park Orchards Aged Services Property Trust	100	100	4,977	4,977
Dalecare Pty Ltd	100	100	-	-
Joint Ventures				
Maview Property Trust	50	50	300	300
Associates				
The Exotic Marigold Prahran Trust	28.9	28.9	1,878,879	2,048,022

b) Transactions with related parties
Transactions with related parties are on mutually agreed terms and conditions. Transactions with related parties are as follows:

	Note	2020	2019
Management fees paid to related party RAS Pty Ltd		1,135,032	1,188,100
Distributions to beneficiaries		177,430	89,151
Rental Income received from Willow Wood Cranbourne Aged Services Trust		1,036,284	1,036,284
c) Interest paid to related parties			
The Wheelers Hilll Aged Services Trust		66,793	126,061
Willow Wood Cranbourne Aged Services Trust		136,761	133,511
Emerald Glades Hostel Trust		109,081	154,709
Residential Aged Services Pty Ltd		-	-
The Emerald Glades Property Trust		41,165	41,165
		353,800	455,446
d) Interest received from related parties			
Willow Wood Cranbourne Aged Services Trust		-	251
Maview Property Trust		-	13,872
		-	14,123
e) Amounts receivable from director related parties			
Exotic Marigold Prahran Trust		14,614,811	1,869,328
	5	14,614,811	1,869,328
f) Amounts payable to Director related parties			
Wheelers Hill Aged Services Trust		1,515,219	2,659,910
Emerald Glades Hostel Trust		3,248,144	3,978,463
Emerald Property Trust		1,138,062	1,100,445
Willow Wood Cranbourne Aged Services Trust		4,829,455	3,022,817
Residential Aged Services Pty Ltd		166	-
	12	10,731,046	10,761,635
g) Amounts payable to Beneficiaries			
Reilly Family Trust		181,141	98,143
Lauraine Diggins Discretionary Trust		76,408	(6,590)
Residential Aged Services Pty Ltd		60,959	49,525
Investor - Beneficiary loans	15	318,508	141,078

23 MOVEMENT IN UNITHOLDERS FUNDS

	2020 $	2019 $
Opening Balance of Unitholders Funds	3,697,643	3,697,643
Units Issued	-	-
Closing Balance of Unitholders Funds	3,697,643	3,697,643

24 EVENTS SUBSEQUENT TO BALANCE DATE

During the financial year the Covid-19 pandemic has had a significant impact on the local and international economies. Subsequent to balance date, Victoria has experienced a second wave of the Covid-19 pandemic which is the jurisdiction in which The Argyle Trust operates. While the costs currently incurred by The Argyle Trust in relation to Covid-19 have not been significant, the longer term impacts on the operations of The Argyle Trust remain uncertain and cannot be quantified at this time.

On 15 July 20 the Director of the Trustee company elected to convert the Trusts notes held in CANN Group (See note 11) into ordinary shares at a conversion price of 34c per share. As part of the conversion The Trust acquired attaching options (with nil premium) which are exercisable on or before 31 March 2022 at an exercise price of 45.9c per share. One option for every share on conversion was acquired.

Since the end of the financial year, the Director is unaware of any other events subsequent to balance date which could materially impact upon the financial position of the entity or any of its associates.

24 KEY MANAGEMENT PERSONNEL

The Trust provides no compensation to its director or other key management personnel. All such compensation is provided by Residential Aged Services Pty Ltd.

The Argyle Trust
ABN 37 347 620 876

Director's Declaration

The director of the Trustee Company, Chevron Corporation Pty Ltd, declares that:

1. The financial statements comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows and accompanying notes and director's declaration give a true and fair view of the Trust's financial position as at 30 June 2020 and of its performance for the year ended on that date in accordance with Australian Accounting Standard's Reduced Disclosure Requirements and other mandatory professional reporting requirements;

2. In the director's opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Peter T Reilly
Director

Dated this day 21st September 2020

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Independent Auditor's Report

To the Unitholders of The Argyle Trust

Report on the audit of the financial report

Opinion

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

In our opinion, the accompanying financial report of The Argyle Trust:

a presents fairly, in all material respects, the Trust's financial position as at 30 June 2020 and of its performance and cash flows for the year then ended; and

b complies with Australian Accounting Standards – Reduced Disclosure Requirements

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

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

Emphasis of matter – COVID-19

We draw attention to Note 1 and Note 24 of the financial report, which describes the circumstances relating to COVID-19 and the uncertainty surrounding any potential financial impact on the financials. Our opinion is not modified in respect of this matter.

Responsibilities of the Director of the Trust Company for the financial report

The Director of the Trustee Company of the Trust is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. This responsibility also includes such internal control as the Director of the Trustee Company determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The Director is responsible for overseeing the Trust's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

B L Taylor
Partner – Audit & Assurance

Melbourne, 21 September 2020