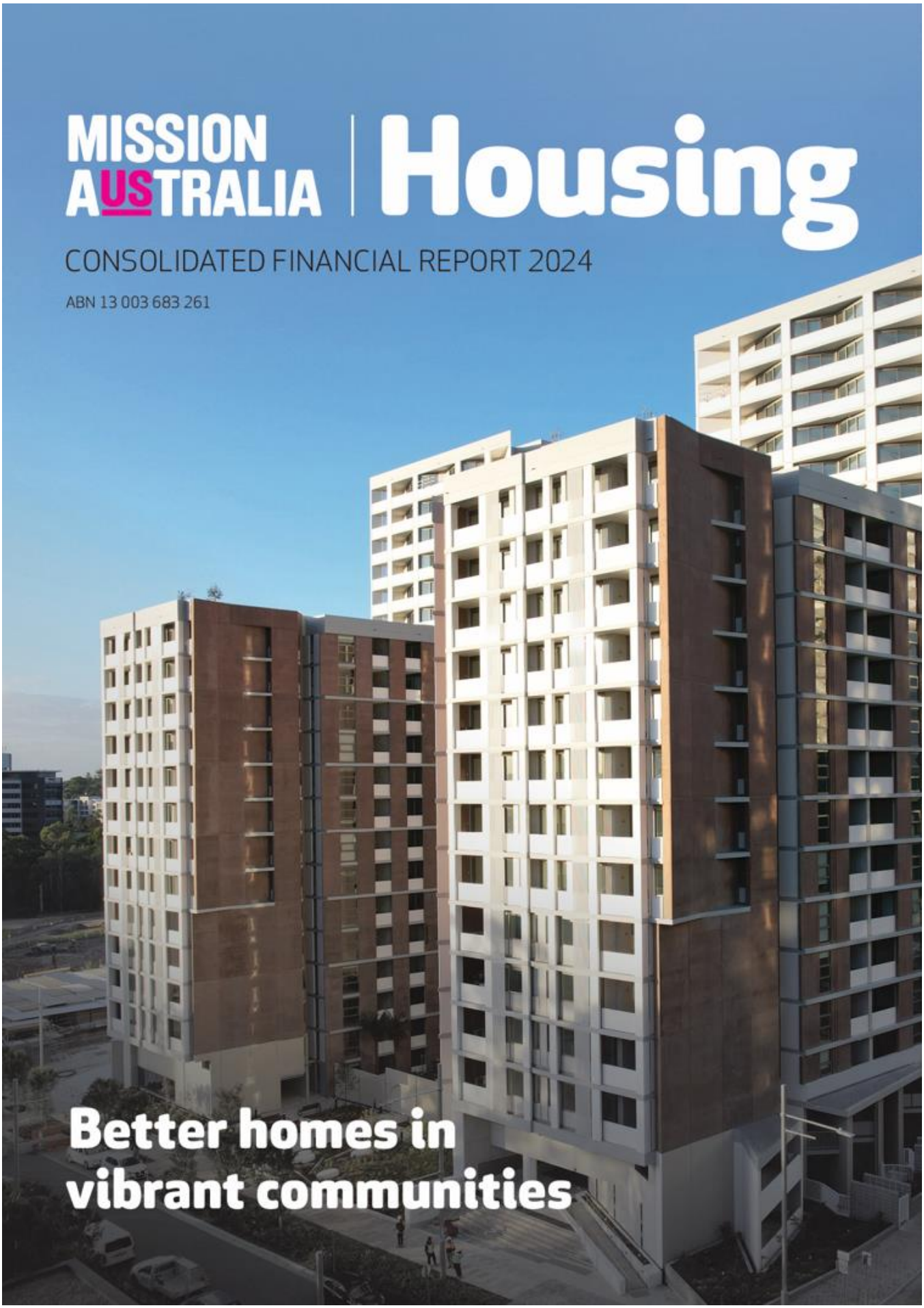
MISSION AUSTRALIA | Housing

CONSOLIDATED FINANCIAL REPORT 2024

ABN 13 003 683 261



Better homes in vibrant communities

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Directors' Declaration

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The Directors present their report together with the consolidated financial statements of the Group comprising Mission Australia Housing (the Company) and its controlled entities for the financial year ended 30 June 2024 and the auditor's report thereon.

1. Directors

The Directors of Mission Australia Housing at any time during or since the end of the financial year are:

Name qualifications and status	Experience, special responsibilities and other Directorships
Nancy Fox AM **BA, JD Law, FAICD** **Chairman** Independent Non-Executive Director	Nancy was appointed as a Director and Chair of Mission Australia Housing as well as Mission Australia Housing Tasmania and Mission Australia Housing (Victoria) on 22 November 2022 and of Mission Australia Housing Northern Territory on 4 June 2024. She was appointed as a Director of Mission Australia on 24 February 2021 and is a member of the People, Culture & Remuneration Committee. Nancy is based in Sydney. Nancy is a Non-Executive Director of Perpetual Ltd, Aspect Studios and is Chair of Perpetual Equity Investment Company and Deputy Chair of RFS Benevolent Fund. She is an experienced Non-Executive Director having also formerly held directorships with several ASX listed and not for profit companies. Nancy has over 25 years' experience in the finance sector including debt capital markets and infrastructure finance working predominantly in New York, Asia and Australia. In the 2021 Queen's Birthday Honours Nancy was made a member of the Order of Australia (AM) for significant service to the financial and banking sector, and to women in business. Nancy is a Fellow of the Australian Institute of Company Directors (AICD) and a member of Chief Executive Women.
Ian Hammond **BA (Hons), FCPA, FCA,FAICD** Independent Non-Executive Director	Ian has been a Director of Mission Australia Housing, Mission Australia Housing (Victoria) and Mission Australia Housing Tasmania since 1 February 2021 and acted as Chairman between 1 February 2022 and 21 November 2022. Ian was appointed as a Director of Mission Australia Housing Northern Territory on 4 June 2024. He is a Director and Chairman of Mission Australia, a member (and former Chair) of the Board Audit & Risk Committee and a member of the Service Impact Committee and People, Culture & Remuneration Committee. Ian is based in Sydney. Ian is Chairman of Quiz Worx Inc. and a Non-Executive Director of Suncorp Group Limited and Perpetual Limited. His previous Non-Executive Director roles have included Venues NSW (NSW Govt authority which manages Stadiums), Chris O'Brien Lifehouse (integrated Cancer Hospital in Sydney), St Andrew's Cathedral School and Citi's Australian retail bank. Previously, Ian was a Partner of PricewaterhouseCoopers for 26 years and has held a range of senior management positions, including lead partner for several major financial institutions.

1. Directors (Continued)

Name, qualifications and status	Experience, special responsibilities and other Directorships
Debra Stirling **BA, GAICD** Independent Non-Executive Director	Debra was appointed as a Director of Mission Australia Housing, Mission Australia Housing (Victoria) and Mission Australia Housing Tasmania on 18 August 2022, as well as Mission Australia Housing Northern Territory on 4 June 2024. She is a Director of Mission Australia and Chair of the People Culture & Remuneration Committee. Debra is based in Melbourne. Debra is a Non-Executive Director of MaxiPARTS Limited and a member of the Council of Scotch College, Melbourne. She is an experienced Non-Executive Director having formerly held several directorships across the corporate and government sectors. Debra has over 25 years' experience as a senior executive across industries including building & construction, retail, property, mining, financial services, agriculture and manufacturing.
Ian Robins **BA (Accounting), CA** Independent Non-Executive Director	Ian was appointed as a Director of Mission Australia Housing and Mission Australia Housing (Victoria) on 1 February 2021. He has also been a Director of Mission Australia Housing Tasmania since 18 August 2022 and Mission Australia Housing Northern Territory since 4 June 2024. Ian is based in Sydney. Ian is an active Principal of The Build to Rent Company Pty Ltd, a build to rent advisory and funds management platform, and Principal of Capstone Real Estate Advisors Pty Ltd, a real estate advisory business. He has 30 years dedicated real estate and capital markets experience, comprising senior management positions in REIT and Real Estate Funds, and operational management and investment banking roles in Asia, Australia and USA, including former CEO and ED of The LINK REIT in HK. Ian has a strong understanding of financial returns for real estate assets, business risk management, governance and multi-jurisdictional institutional equity capital.
Kate Heaney **BConstMgt, MProjMgt** Independent Non-Executive Director	Kate was appointed as a Director of Mission Australia Housing and Mission Australia Housing (Victoria) on 30 June 2021, of Mission Australia Housing Tasmania on 18 August 2022 and of Mission Australia Housing Northern Territory on 4 June 2024. She is based in Sydney. Kate is a member of CBRE's Executive Committee (Australia and New Zealand), the Head of Client Care, leading CBRE's Corporate Business Development and client strategy as a Director of CBRE Pacific. For the past 21 years, Kate has been a board member of The Station Limited, a non-for-profit organisation and support centre serving the homeless of Sydney. Kate has extensive experience in construction management, project management, management consulting, change management and corporate real estate advisory for major organisations including Macquarie Bank and CBRE.

1. Directors (Continued)

Name, qualifications and status	Experience, special responsibilities and other Directorships
Joanna White **BCom MBA GAICD** Independent Non-Executive Director	Joanna White was appointed as a Director of Mission Australia Housing, Mission Australia Housing Tasmania and Mission Australia Housing (Victoria) on 14 August 2023, as well as Mission Australia Housing Northern Territory on 4 June 2024. Joanna was appointed as a Director of Mission Australia on 21 November 2022 and is the Chair of the Mission Australia Board Audit & Risk Committee. She is based in Sydney. Joanna is a Non-Executive Director of FC Capital Holdings Pty Ltd, FC Funds Management Pty Ltd and Nutrano Produce Group Pty Ltd. She previously served as a Director and Chair of Opportunity International Australia. She was a Director of the Commonwealth Bank's employee superannuation fund and was Chair of the Investment Committee. She has also served as a Director and Vice-President of the YWCA NSW and as President of the Harvard Club of Australia. Joanna has held executive leadership roles at Westpac, Commonwealth Bank and NAB, as well as consulting roles at Capgemini and Bain. She was a founder and CEO of The Australian Charities Fund (now Workplace Giving Australia).

2. Company Secretary

Ms Sally Ascroft was appointed to the position of Company Secretary on 31 October 2014.

3. Directors' meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of Mission Australia Housing during the financial year were:

Director	Number of meetings attended	Number of meetings eligible to attend
Nancy Fox AM	12*	13
Ian Hammond	13	13
Debra Stirling	13	13
Ian Robins	12*	13
Kate Heaney	11*	13
Joanna White	12*	13

*Approved Apology

4. Corporate governance

Mission Australia Housing and its parent Mission Australia are committed to proper and effective corporate governance arrangements. Mission Australia Housing has access to shared governance and management resources of Mission Australia and benefits from the Mission Australia Board Committees including the Mission Australia Board Audit & Risk Committee and People Culture & Remuneration Committee. As a registered charity regulated by Australian Charities and Not-for-profit Commission (ACNC), Mission Australia Housing applies the ACNC Governance Standards. As a registered community housing provider, Mission Australia Housing is regulated by the Registrar of Community Housing (NSW) under the National Regulatory System for Community Housing and is required to comply with the National Law, including the National Regulatory Code. Within the Mission Australia corporate governance framework, Mission Australia Housing as part of its commitment to good standards of corporate governance also seeks to meet or exceed the National Regulatory Code Governance and Probity Performance Requirements.

4. Corporate governance (Continued)

Mission Australia's full corporate Governance Statement is available on the Mission Australia website at www.missionaustralia.com.au.

5. Principal activities and objectives

The principal activity of Mission Australia Housing during the financial year was to supply housing solutions that enable Australians in need to participate in their communities.

The social housing program is available to individuals, couples and families on low incomes who are eligible for public housing. Under this program, rent is set at approximately 25% of the tenant's gross household income plus 100% of their Commonwealth Rent Assistance (CRA) payment entitlement.

The affordable housing program is available for eligible individuals, couples and families on low to moderate incomes who are having difficulty securing housing in the private rental market. Rent is set at 75 - 80 % of the market rate and generally capped at 30% of gross household income.

6. Operating and financial review

6.1 Operating results

In thousands of AUD	**2024**	**2023**
Operating revenue	56,648	52,512
Expenditure	(50,965)	(45,624)
Underlying operating surplus	**5,683**	**6,888**
Revenue from housing grants	1,395	-
Movement in fair value of investment property	29,888	20,562
Net finance costs	(758)	(611)
Net surplus	**36,208**	**26,839**

Mission Australia Housing reported an underlying operating surplus of $5.7 million for the current financial year (2023: $6.9 million). Mission Australia Housing revalued its portfolio of investment properties in accordance with policy resulting in an increase of $29.9 million being recorded.

7. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event likely, in the opinion of the directors of the Group, to significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in future financial years.

8. Likely developments

In the opinion of the Directors, The Group will continue to seek suitable sustainable opportunities to expand the services it provides, the number of clients it serves, and to expand its social and affordable housing portfolio should suitable opportunities arise.

9. Indemnification and insurance of officers and Directors

Mission Australia pays premiums to insure the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director other than conduct involving a wilful breach of duty.

To the extent permitted by law, Mission Australia Housing indemnifies every person who is or has been a Director or officer against any liability to any person incurred while acting in that capacity in good faith and against costs and expenses incurred by that person in that capacity in defending legal proceedings and ancillary matters and operates to the extent that the loss or liability is not covered by a valid and current insurance policy.

Mission Australia has, during the financial year, paid an insurance premium in respect of an insurance policy for the benefit of the Directors and Officers of Mission Australia Housing. The insurance is in the normal course of business and grants indemnity for liabilities permitted to be indemnified under Section 199 of the *Corporations Act 2001*. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against and the amount of the premium.

10. Performance measurements

The Group monitors its performance against budget and a rolling forecast. The budget is approved by the Board of Directors. Financial results are presented to the Board regularly by senior management of Mission Australia Housing. The Board also reviews the medium and long term plans to assess Mission Australia Housing ability to deliver on long term projects and commitments. The Board uses this information for future planning, tracking progress over time and determining whether agreed objectives or standards have been met.

11. Auditor's independence declaration

The Auditor's Independence Declaration is set out on page 8 and forms part of the Directors' Report for financial year ended 30 June 2024.

12. Registered office

The registered office and principal place of business is Level 7, 580 George Street, Sydney, New South Wales.

13. Founder

Mission Australia Housing was founded by its parent, Mission Australia.

14. Founding Purpose

Mission Australia Housing exists for the public charitable purposes of providing relief of poverty, sickness, destitution, helplessness and distress to people with low incomes by the provision of housing solutions that enables Australians in need, to participate in their communities.

15. Rounding off

Amounts in the financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

16. Annual General Meeting

Mission Australia Housing is not required to hold an Annual General Meeting as it only has one member.

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

Nancy Fox AM
Chairperson
Sydney, 23 September 2024

Ian Hammond
Director
Sydney, 23 September 2024

Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To the Directors of Mission Australia Housing

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2024 there have been:

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

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

KPMG

KPMG

Stephen Isaac
Partner

Sydney
23 September 2024

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For the year ended 30 June 2024

In thousands of AUD	Note	2024	2023
Revenue from rental of social and affordable housing	3	49,993	43,764
Government contributions and other fees for revenue	3	107	489
Revenue from capital grants	3	1,395	-
Other government grants	3	4,536	8,027
Other revenue	3	2,012	232
Total revenue for the year		**58,043**	**52,512**
Change in fair value on investment property	3	**29,888**	**20,562**
Personnel expenses	17	(11,321)	(9,717)
Utility expenses		(9,731)	(9,433)
Repair and maintenance expenses		(12,813)	(14,656)
Management fees - Mission Australia		(3,062)	(2,369)
Insurance expenses		(2,509)	(2,456)
Legal and other consultancy expenses		(402)	(327)
Depreciation and amortisation	5	(735)	(236)
Bad debts expenses		(828)	(542)
Communication expenses		(354)	(408)
Rent expenses		(1,360)	(1,429)
Transport and equipment hire expenses		(652)	(419)
Client expenses		(3,553)	(1,591)
Other expenses		(3,645)	(2,041)
Total expenses for the year		**(50,965)**	**(45,624)**
Results from operating activities		**36,966**	**27,450**
Finance income		1,306	754
Finance costs		(2,064)	(1,365)
Net finance costs	14	**(758)**	**(611)**
Net Surplus for the year		**36,208**	**26,839**
Total comprehensive income for the year		**36,208**	**26,839**

Consolidated Statement of Financial Position

As at 30 June 2024

In thousands of AUD	Note	2024	2023
Assets			
Cash and cash equivalents	13	11,198	9,332
Restricted cash	13	1,705	22,500
Investments	10	25,500	11,402
Restricted term deposits	10	-	25,529
Trade and other receivables	9	1,660	3,994
Inventory	8	2,255	2,863
Prepayments		174	776
Total current assets		**42,492**	**76,396**
Trade and other receivables	9	2,187	2,187
Property, plant and equipment	5	483	781
Investment property - social and affordable housing	4	647,274	545,223
Other assets	11	-	23,507
Total non-current assets		**649,944**	**571,698**
Total assets		**692,436**	**648,094**
Liabilities			
Trade and other payables		7,019	9,800
Employee benefits		1,006	863
Lease liability		178	132
Loans and borrowings	12	2,724	2,724
Contract liability		16,860	7,068
Total current liabilities		**27,787**	**20,587**
Other payables		2,547	1,627
Lease liability		250	262
Loans and borrowings	12	132,274	132,197
Employee benefits		96	147
Total non-current liabilities		**135,167**	**134,233**
Total liabilities		**162,954**	**154,820**
Net assets		**529,482**	**493,274**
Equity			
Accumulated surplus - restricted	15	478,862	450,765
Accumulated surplus		50,620	42,509
Total equity		**529,482**	**493,274**

Consolidated Statement of Changes in Equity

In thousands of AUD	Note	Restricted Accumulated Surplus	Accumulated Surplus	Total Equity
Balance at 1 July 2022		427,445	38,990	466,435
Total comprehensive income for the year				
Surplus		-	26,839	26,839
Other comprehensive income				
Transfer to restricted surplus allocation		23,320	(23,320)	-
Total comprehensive income for the year		23,320	3,519	26,839
Balance at 30 June 2023		**450,765**	**42,509**	**493,274**
Balance at 1 July 2023		450,765	42,509	493,274
Total comprehensive income for the year				
Surplus		-	36,208	36,208
Other comprehensive income				
Transfer to restricted surplus allocation	15	28,097	(28,097)	-
Total comprehensive income for the year		28,097	8,111	36,208
Balance at 30 June 2024		**478,862**	**50,620**	**529,482**

For the year ended 30 June 2024

In thousands of AUD	Note	2024	2023
Cash flows from operating activities			
Cash receipts from customers		56,729	40,890
Cash paid to suppliers and employees		(37,007)	(46,379)
Cash from operations		**19,722**	**(5,489)**
Interest received		1,306	754
Interest paid		(2,064)	(1,348)
Net cash from / (used in) operating activities		**18,964**	**(6,083)**
Cash flows from investing activities			
Proceeds from sale of investment properties		762	-
Payments for fixed assets and investment properties		(49,687)	(10,403)
Proceeds from restricted term deposits		25,529	-
Investment in term deposit		(14,098)	(347)
Net cash (used in) investing activities		**(37,494)**	**(10,750)**
Cash flows from financing activities			
Payment of lease liability		(399)	(614)
Proceeds from borrowings		-	2,591
Transfer from restricted cash balance		20,795	15,829
Net cash from financing activities		**20,396**	**17,806**
Net increase in cash and cash equivalents		1,866	973
Cash and cash equivalents at 1 July		9,332	8,359
Cash and cash equivalents at 30 June	13	**11,198**	**9,332**

About this report

1. Reporting entity

Mission Australia Housing (the 'Company') is a Company domiciled in Australia. The address of the Company's registered office is Level 7, 580 George Street, Sydney, NSW, 2000, Australia. Mission Australia Housing is a not-for-profit entity and exists for the public charitable purposes of providing relief of poverty, sickness, destitution, helplessness and distress to people with low incomes by the provision of high quality housing solutions that enables Australians in need, to participate in their communities. The consolidated financial statements of the Company as at and for the year ended 30 June 2024 comprise the Company and its controlled entities (together referred to as "the Group" and individually as "Group entities").

2. Basis of preparation

As a not-for-profit Group these consolidated financial statements are general purpose consolidated financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012.

These consolidated financial statements were authorised for use by the Company's Board of Directors on 23 September 2024.

These consolidated financial statements are the general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures.

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value; and
- investment properties are measured at fair value.

The financial report has been prepared on a going concern basis.

Our key numbers

This section provides the information that is the most relevant to understanding the financial performance of Mission Australia Housing during the financial year.

3. Revenue

In thousands of AUD	**2024**	**2023**
Revenue recognised under AASB 16 *Leases*		
Revenue from rental of social and affordable housing	49,993	43,764
Revenue recognised under AASB 1058 *Income of NFP entities*		
Government contribution - rent	107	489
Revenue from capital grants	1,395	-
Other government grants	4,536	8,027
Revenue recognised under AASB15 *Revenue from Contracts with Customers*		
Fee for service income	5	22
Management fees	48	48
Other revenue		
Other miscellaneous revenue	1,959	162
Total revenue for the year	**58,043**	**52,512**
Change in fair value on investment property	**29,888**	**20,562**

Accounting policy

Revenue recognition policy for revenue from rental services (AASB16)

Revenue from lease rental.

Future contractual rental payments from tenants are recognised as receivables over the lease term as the payments become receivable. Lease income from operating leases is recognised by the Group in income on a straight-line basis from the commencement date over the lease term.

Revenue recognition policy for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but may be property which has been donated or sold to the Group at significantly below its fair value.

Once the assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability.

Revenue from capital grants

Capital grants received under an enforceable agreement to enable the Group to acquire or construct an item of property, plant and equipment to identified specifications which will be controlled by the Group (once complete) are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Group.

3. Revenue (Continued)

Accounting Policy (Continued)

Revenue from rental grants

Grants include contribution received from Government to cover up the difference between lease rental compared to the rent received from the tenant upon the delivery of social and affordable housing services.

Revenue is recognised in accordance with the period tenanted.

Revenue recognition policy for revenue from contracts with customers (AASB 15)

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount, which reflects the expected consideration.

The customer for these contracts is the fund provider. Revenue is recognised by applying a five-step model as follows:

- Identify the contract with the customer
- Identify the performance obligations
- Determine the transaction price
- Allocate the transaction price
- Recognise revenue

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group has any significant financing terms, as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Other Income

Change in Fair Value of Investment Properties

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Our assets platform

This section provides information relating to the operating assets and liabilities of the Group. Mission Australia Housing is committed to long term financial sustainability and growth.

4. Investment property – social and affordable housing

In thousands of AUD	*Purchased from SHGF*	*Received under NBESP*	*Common Ground*	*Macquarie Midtown*	*Owned & Leased Properties*	*Total*
Fair value						
Balance at 1 July 2022	51,461	333,663	36,817	-	94,702	516,643
Purchased	-	-	-	-	8,018	8,018
Change in fair value	91	9,508	7,764	-	3,199	20,562
Balance at 30 June 2023	51,552	343,171	44,581	-	105,919	545,223
Balance at 1 July 2023	51,552	343,171	44,581	-	105,919	545,223
Purchased	-	-	-	72,139	24	72,163
Change in fair value	(2,513)	20,556	3,572	5,861	2,412	29,888
Balance at 30 June 2024	**49,039**	**363,727**	**48,153**	**78,000**	**108,355**	**647,274**

Investment property - Dwellings

Dwellings	*New South Wales*	*Queensland*	*Tasmania*	*Victoria*	*Northern Territory*	*Total*
Owned	1,589	-	61	6	-	1,656
Managed	1,360	85	1,197	-	251	2,893
	2,949	85	1,258	6	251	4,549
Affordable Housing	337	-	61	6	-	404
Supported	104	-	-	-	-	104
Social Housing	2,508	85	1,197	-	251	4,041
	2,949	85	1,258	6	251	4,549

At reporting date, the Group's dwellings were provided in the following manner:

- Social and affordable housing owned by the Group – 1,552 dwellings
- Supported accommodation owned by the Group – 104 dwellings
- Social and affordable housing under long term lease or management transfer arrangements at peppercorn rents (2,893 dwellings) (refer note 4.7).

The Group's owned dwellings are recognised as investment property on the statement of financial position.

4. Investment property (continued)

4.1 Mission Australia Investment property

Investment Properties are held within the Group by Mission Australia Housing, Mission Australia Housing Tasmania and Mission Australia Housing Partnership Limited.

The vast majority of the Group's Investment Properties are social housing and affordable housing.

The Group's Investment Properties are properties that have been acquired by, or transferred to, the Group as part of programs noted below. In addition to the owned property classified as Investment Properties, Mission Australia also manages a large portfolio of social dwellings that are owned by government and private entities. Management agreements require the management of tenancies and properties with the Group receiving rent.

4.2 Social Housing Growth Fund grant (SHGF)

Mission Australia Housing received grants in the past from the New South Wales Land and Housing Corporation to purchase properties that could be affordably rented by people in need. One of the grant conditions provided that Mission Australia Housing secured finance, by using the properties as security for a loan facility, which was achieved in 2011.

4.3 Nation Building Economic Stimulus Plan (NBESP)

In 2011, Mission Australia Housing assumed ownership of 68 property sites containing 1,055 dwelling units from Housing NSW. The properties were sourced through the NSW Nation Building Economic Stimulus Plan (NBESP), a Social Housing Initiative.

4.4 Common Ground

In 2014, Mission Australia Housing became the owner of 104 units at 31 Pyrmont Bridge Road, Camperdown that are part of the Camperdown Common Ground Project.

4.5 Macquarie Midtown affordable housing

In March 2024 Mission Australia Housing Partnership Limited completed the purchase of 130 units to be operated as affordable housing for at least 10 years

4.6 Other owned & leased properties

The Groups other owned and leased properties include investment properties owned by

Mission Australia Housing, Mission Australia Housing Tasmania, Mission Australia

Northern Territory and Mission Australia Housing Partnership Limited.

4.7 Peppercorn leases

The Group provides further housing under management transfer arrangements which are peppercorn lease contracts or premises provided for nil or de minimis consideration. The Group adopted the option not to apply the fair value initial measurement requirement to Right-of-use assets as permitted by AASB 2018-8.

The most significant peppercorn leases relate to some of the Group's social housing programs as further explained below.

4.7.1 Social Housing Management Transfer program (SHMT)

In July 2019 Mission Australia Housing commenced operation of the Coffs Harbour / Bellingen package under the NSW Government Social Housing Management Transfer Program.

Under the program, over 1,050 formerly public housing dwellings were transferred Mission Australia housing's management for a 20-year term. Right-of-use assets includes 38 Mission Australia Housing head leases, which are properties leased from private landlords at commercial rates and then leased to tenants in accordance with the requirements of the agreement.

4.7.2 Tasmania

In November 2021 through the Community Housing Growth Program the Tasmanian Government provided Mission Australia Tasmania with 682 social dwellings to manage. At June 2024 a total of 1,197 dwellings are managed for the Tasmanian Government under the Residential Management Agreement.

4.7.3 Macquarie Midtown social housing

In April 2024 Mission Australia Housing entered a long-term lease with the NSW Government for stage one of the Ivanhoe Estate project providing 259 social dwellings in Macquarie Park.

4. Investment property (continued)

4.7.4 Northern Territory

In April 2024 Mission Australia Housing Northern Territory commenced a long-term community housing lease with the Northern Territory Government to manage 251 social dwellings in Darwin.

Security

At 30 June 2024, 46 investment properties with a carrying amount of $302.6 million (2023: $290.6 million) are subject to a mortgage to secure Housing Australia loans.

Accounting Policy

Recognition and measurement

Investment property, including both owned property and right-of-use assets, is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss.

Valuation methodology

Independent valuations are obtained for each investment property at least once every three years. Investment properties in Mission Australia Housing are used for rental purposes to provide social and affordable housing.

In accordance with AASB 13 Fair Value Measurement, the Group has determined the highest and best use for the properties in Mission Australia Housing to be residential dwellings.

5. Property, plant and equipment

In thousands of AUD	*Leasehold Improvement*	*IT Assets*	*Plant and Equipment*	*Total*
Carrying amount as at 1 July 2022	23	-	77	100
Additions	866	-	51	917
Depreciation	(205)	-	(31)	(236)
Balance at 30 June 2023	**684**	**-**	**97**	**781**
Assets cost	2,907	85	765	3,757
Accumulated depreciation	(2,223)	(85)	(668)	(2,976)
Carrying amount as at 1 July 2023	684	-	97	781
Additions	283	-	154	437
Depreciation	(687)	-	(48)	(735)
Balance at 30 June 2024	**280**	**-**	**203**	**483**
Assets cost	3,190	85	919	4,194
Accumulated depreciation	(2,910)	(85)	(716)	(3,711)

Accounting Policy

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. If significant parts of items of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values, using the straight-line basis over the estimated useful lives, and is generally recognised in profit or loss.

Mission Australia Housing policy for depreciating right of use assets is detailed in note 6.

The estimated useful lives are as follows:

- IT Assets 3-5 years
- Leasehold improvement 3-10 years
- Plant and equipment 3-5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end.

Impairment

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

6. Leases

6.1 Leases as lessee

The Group leases property, motor vehicles, computer and printing. The leases typically run for a period of 3 to 10 years, and may includes an option to renew the lease after that date. Lease payments are renegotiated at the end of lease period to reflect market rentals.

The Group also leases plant and equipment (computer & printing equipment) with contract terms of three years which are leases of low-value items.

The Group has elected not to recognise right-of-use assets and lease liabilities for these leases Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

In thousands of AUD	Land and buildings	Plant and Equipment	Total
Balance at 1 July 2023	334	49	383
Additions during the year	283	154	437
Depreciation charge for the year	(357)	(48)	(405)
Balance at 30 June 2024	**260**	**155**	**415**

Amounts recognised in profit or loss

In thousands of AUD	**2024**
Interest on lease liabilities	(20)
Variable lease payments not included in the measurement of lease liabilities	(22)
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	(69)

Future lease payments

The total of future lease payments (including those lease payments that are not included in the measurement of the lease liability, e.g. for short-term leases and leases of low-value items) are disclosed for each of the following periods.

In thousands of AUD	**2024**	**2023**
Less than one year	654	561
Between one and five years	312	766
Total future lease payments at 30 June	**966**	**1,327**

6. Leases (continued)

6.1 Leases as lessee (continued)

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

6.2 Leases as lessor

The Group leases out its investment property consisting of its social and affordable housing. All leases are classified as operating leases from a lessor perspective because the Group does not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Accounting Policy

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

I. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

6. Leases (continued)

Accounting policy (continued)

The Group presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

II. As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. If an arrangement contains lease and non-lease components, then the Group applies AASB 15 to allocate the consideration in the contract.

7. Commitments

7.1 Capital commitments

The Group has contractual commitments of $3.8 million with Housing Tasmania, towards increasing the social and affordable housing stock in Tasmania and $9.8 million with Homes NSW towards increasing Social dwellings in NSW.

7.2 Housing commitments

As a Community Housing Provider, the Group has set aside investment and cash assets to scheduled repairs and maintenance of housing properties. Refer to Note 10 Investments and Note 13 Cash and Cash Equivalents for details of assets set aside in the current financial year. Failure to meet maintenance obligations may result in withdrawal of the Group registration as a Community Housing Provider and other consequences of default within its contracts with Housing NSW and Housing Tasmania.

8. Inventory

The Group recognised inventory representing 26 lots of land to be sold and as at 30 June 2024 20 lot remains to be sold.

In thousands of AUD	**2024**	**2023**
Current		
Inventory	2,255	2,863
	2,255	**2,863**

Accounting Policy

Inventories are measured at cost, adjusted when applicable for any loss of service potential. The cost of inventories is based on the specific identification of their individual costs.

9. Trade and other receivables

In thousands of AUD	2024	2023
Current		
Trade receivables	1,660	3,994
	1,660	3,994
Non-current		
Other receivables - MAHV	2,187	2,187
	2,187	**2,187**

No security is held against related entity balances.

Accounting Policy

Trade and other receivables are classified as financial assets at amortised cost.

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Trade and other receivables are initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Group has no contract assets as at 30 June 2024.

The Group applied an 'expected credit loss' ("ECL") model in assessing impairment losses.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in an accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

10. Investments

In thousands of AUD	2024	2023
Current		
Term deposits	25,500	11,402
Restricted term deposits	-	25,529

11. Other assets

In thousands of AUD	2024	2023
Non - current		
Other assets	-	**23,507**

Other assets comprised deposits paid to Frasers to fund progress claims of the Builder made under the On-Loan Facility Agreement.

Our financing and capital structure

This section provides information relating to Mission Australia Housing's capital structure and its exposure to financial risk, how they affect Mission Australia Housing financial position and performance and how the risks are managed.

12. Loans and borrowings

This note provides information about the Group interest-bearing loans and borrowings which are measured at amortised cost.

Bank loans are secured by properties owned by the Group and are disclosed as non-current liabilities.

Terms and conditions of outstanding loans were as follows:

				30 June 2024		30 June 2023	
In thousands of AUD	**Currency**	**Fixed interest rate**	**Year of maturity**	**Face Value**	**Carrying amount**	**Face Value**	**Carrying amount**
Current							
Secured loan - HA (MAHT)	AUD	6.81%	2025	2,724	2,724	2,724	2,724
Total interest-bearing liabilities				**2,724**	**2,724**	**2,724**	**2,724**
Non - Current							
Secured loan - HA (MAH)	AUD	2.06%	2032	65,000	64,544	65,000	64,487
Secured loan - HA (MAHPL)	AUD	2.39%	2031	67,900	67,730	67,900	67,710
Total interest-bearing liabilities				**132,900**	**132,274**	**132,900**	**132,197**

In April 2022, Mission Australia Housing Tasmania (MAHT) secured a $3.75 million loan facility to fund construction costs with (HA), secured on the over property. As at 30 June 2024 $2.7 million of the loan facility has been drawn down.

On 30 June 2020, the Group successfully completed a refinancing of its corporate loan facilities through a $65.0 million loan facility with Housing Australia (HA).

The HA facility is secured over 46 investment properties with a carrying value of $302.60 million (2023: $290.6 million).

In June 2021, Mission Australia Housing Partnership Limited (MAHPL) secured a $67.9 million loan facility with HA. The new HA facility enabled the Group to commit to purchase of 130 residential units at Macquarie Park Sydney. The HA facility is fixed at the rate of 2.39% for a term of 10 years.

13. Cash and cash equivalents

In thousands of AUD	**2024**	**2023**
Bank balances	11,198	9,332
Cash and cash equivalents in the statement of cash flows	**11,198**	**9,332**

In thousands of AUD	**2024**	**2023**
Restricted cash balance	**1,705**	**22,500**

The Group held the restricted bank balance of $1.7 million (2023: $22.5 million) through its subsidiary MAHPL to secure a loan to acquire 130 residential units at Macquarie Park Sydney (Refer Note 12).

14. Finance income and finance costs

In thousands of AUD	**2024**	**2023**
Recognised in profit or loss		
Interest income on financial assets	1,306	754
Finance income	1,306	754
Interest expense on financial liabilities	(2,044)	(1,348)
Interest expense on lease liability	(20)	(17)
Finance expense	(2,064)	(1,365)
Net finance costs	**(758)**	**(611)**

Accounting Policy

Finance income and expense

The Group finance income and finance costs include:

- interest income;
- interest expenses; and
- interest on lease liabilities.

Interest income or expense is recognised using the effective interest method.

15. Capital and reserves

15.1 Accumulated surplus

Accumulated surplus comprises an aggregate of the retained earnings.

15.2 Restricted accumulated surplus

The Group has restricted accumulated surplus of $ 478.8 million (2023: $450.8 million) in the current financial year. Restricted Surplus consists of the fair value of vested investment properties under SHGF, NBESP, Common Ground and CHGP.

16. Determination of fair values

A number of the Group accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

16.1 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

16.2 Investment property

Investment properties are held at fair value based on a determination of their highest and best use and follows the fair market. An external, independent company, having appropriate professional qualifications and experience in the location and category of property is appointed to undertake investment property valuations. Properties are selected for independent valuation on a rotational basis to ensure each property is valued at least once every three years.

The fair values are based on highest and best use market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Valuations consider, where appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

Our people

This section provides details of Mission Australia Housing's employee costs, including Key Management Personnel.

17. Personnel expenses

In thousands of AUD	2024	2023
Wages and salaries	9,339	7,922
Other associated personnel expenses	974	987
Contributions to defined contribution plans	1,008	808
	11,321	**9,717**

Short-term benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term employee benefits

The Group net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurement is recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

18. Related parties

The Key Management Personnel compensation is as follows:

In AUD	2024	2023
Short-term employee benefits	3,132,719	2,943,888
Other long-term benefits	304,640	255,089
Post-employment benefits	244,092	209,989
	3,681,450	**3,408,966**

Key Management Personnel includes Directors of the Group, and Executives of Mission Australia who are primarily responsible for managing the affairs of Mission Australia Housing. Directors of Mission Australia Housing receive no remuneration in respect of their services provided as Directors. The compensation disclosed above represents the key management personnel's compensation in relation to their services rendered to Mission Australia and includes compensation paid in respect of their services rendered to the Group.

19. Parent entity

Mission Australia Housing is a company limited by guarantee with Mission Australia the only member. Consequently, Mission Australia Housing is deemed a 100% controlled entity of Mission Australia.

Our group structure

This section explains significant aspects of the Mission Australia Housing's group structure including joint arrangements that the Group has an interest in. It also provides information on Mission Australia Housing's related entities.

20. Group entities

Active controlled entities - Mission Australia Housing Tasmania, Mission Australia Housing Northern Territory and Mission Australia Housing Partnership Limited are incorporated in Australia and 100% owned by Mission Australia Housing.

Mission Australia Housing Tasmania, Mission Australia Housing Northern Territory and Mission Australia Housing Partnership Limited have restrictions on the distribution of dividends and capital to the Company.

Accounting Policy

Basis of consolidation

Controlled entities

The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of controlled entities have been changed when necessary to align them with the policies adopted by the Group.

Mission Australia Housing Tasmania, Mission Australia Housing Northern Territory and Mission Australia Housing Partnership Limited have been registered as Housing Associations, which are subject to various restrictions in New South Wales and Tasmania and Victoria, in particular around their ability to make distributions of profit or capital to the Group. AASB 10 Consolidated Financial Statements require that these entities be consolidated, as control, rather than appropriation of capital, is the overriding determinant of whether an entity is consolidated.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

21. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2024 the parent entity of the Group was Mission Australia Housing.

In thousands of AUD	**2024**	**2023**
Result of parent entity		
Income		
Rental Income	31,946	28,511
Other Income	5,074	5,697
Operating Expenditure		
Maintenance expenditure	(8,018)	(10,577)
Property expenditure	(7,995)	(8,074)
Tenant expenditure	(5,261)	(2,725)
Operations expenditure	(6,617)	(5,942)
Support and Service expenditure	(5,854)	(4,732)
Non - Operating Expenditure		
Interest income	1,104	522
External interest	(1,343)	(1,339)
Internal interest	210	197
Change in fair value on investment property	24,043	20,562
Total comprehensive income for the period	**27,289**	**22,100**
Financial position of parent entity at year end		
Current assets	39,221	27,897
Non-current assets	564,232	539,813
Total assets	**603,453**	**567,710**
Current liabilities	24,456	16,826
Non-current liabilities	65,856	65,032
Total liabilities	**90,312**	**81,858**
Net assets	**513,141**	**485,852**
Total equity of the parent entity comprising of:		
Accumulated surplus	513,141	485,852
Total equity	**513,141**	**485,852**
Cash position of parent entity at year end		
Net cash from operating activities	15,054	4,389
Net cash (used in) investing activities	(14,279)	(1,307)
Net cash (used in) from financing activities	(328)	(328)
Net increase in cash and cash equivalents	**447**	**2,754**
Cash and cash equivalents at 1 July	5,950	3,196
Cash and cash equivalents at 30 June	**6,397**	**5,950**

Other disclosures

This section provides details of other disclosures relating to Mission Australia Housing's to comply with accounting standards and other pronouncements.

22. Subsequent events

In the opinion of the Directors, there have been no likely changes in the operations of the Group that will adversely or significantly affect the results of the Group in subsequent financial year.

23. Members' guarantee

Mission Australia Housing is a Company limited by guarantee. In the event of the Company being wound up, each member might be liable to contribute an amount not exceeding 10 cents.

24. Auditor's remuneration

in AUD	2024	2023
Auditor of the Group - KPMG		
Audit and review of financial statements	148,250	100,000

25. Material and changed accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

25.1 Income tax

Mission Australia Housing entities are appropriately endorsed (as required by the Australian Tax Office) from the date of incorporation, for income tax exemptions.

25.2 Changes in accounting policy

New and amended standards adopted by the Group

A number of other new standards were effective from 1 July 2023 but did not have a material effect on the Group's financial statements.

Directors' Declaration

In the opinion of the Directors of Mission Australia Housing:

a) the consolidated financial statements and notes set out on pages 9 to 31 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

   i. giving a true and fair view of the Group financial position as at 30 June 2024 and of its performance, for the financial year ended on that date; and

   ii. complying with Australian Accounting Standards (including *the Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Regulation 2022.*

b) there are reasonable grounds to believe that Mission Australia Housing will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Sydney, 23 September 2024.

Nancy Fox AM
Chairperson

Ian Hammond
Director

KPMG

Independent Auditor's Report

To the members of Mission Australia Housing

Opinion

We have audited the ***Financial Report***, of Mission Australia Housing (the Company) and its controlled entities (the Group).

In our opinion, the accompanying Financial Report of the Group is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2024, and of its financial performance and its cash flows for the year ended on that date; and

ii. complying with *Australian Accounting Standards – Simplified Disclosures Framework and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2022 (ACNCR)*.

The ***Financial Report*** comprises:

i. Consolidated statement of financial position as at 30 June 2024.

ii. Consolidated statement of profit or loss, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended.

iii. Notes, including material accounting policies.

iv. Directors' declaration.

The Group consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Group in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Other information

Other Information is financial and non-financial information in Mission Australia Housing's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures Framework and the ACNC and ACNCR.

ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

iii. Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and

ii. 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.

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

We also:

i. 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.

ii. 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 Group's internal control.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

iv. 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 Group and 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 Group and Company to cease to continue as a going concern.

v. 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 of the Company 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.

KPMG

KPMG

Stephen Isaac
Partner

Sydney
23 September 2024