

A close-up photograph of a woman with long dark hair smiling warmly while hugging a young child with curly brown hair. The child is looking off to the side with a gentle smile. The woman is wearing a white top, and the child is wearing a blue shirt. The background is a soft, out-of-focus light color.

MISSION **AU**STRALIA

CONSOLIDATED ANNUAL
FINANCIAL REPORT 2022

ABN 15 000 002 522

TOGETHER WE STAND

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Directors' Declaration

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Directors' Report

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

The Directors present their report together with the consolidated financial statements of the Group comprising Mission Australia (the Company) and its controlled entities for the financial year ended 30 June 2022 and the auditor's report thereon.

1. Directors

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

| Name, qualifications and independence status | Experience, special responsibilities and other Directorships |
|---|---|
| Mr Kenneth Dean BCom (Hons), FCPA, FAICD President and Chairman Independent Non-Executive Director | <p>Ken was appointed President and Chairman of the Mission Australia Board on 23 November 2016 and has been a Director of Mission Australia since 1 June 2015. Ken was appointed a Director of Mission Australia Housing and Mission Australia Housing (Victoria) on 1 February 2021 and Mission Australia Housing Tasmania on 18 August 2022. Ken is a member of the People Culture & Remuneration Committee and as Chair of the Mission Australia Board attends the Board Audit & Risk Committee and Service Impact Committee. Ken is based in Melbourne.</p> <p>Ken is a Non-Executive Director and Chairman of Reformed Theological College Limited. Ken is an experienced Non-Executive Director having formerly held directorships on several ASX listed companies and was formerly a Member of the ASIC Director Advisory Panel. He has over 40 years' experience in energy and manufacturing industries.</p> |
| Mr Ian Hammond BA (Hons), FCPA, FCA, FAICD Independent Non-Executive Director | <p>Ian was appointed as a Director of Mission Australia on 1 February 2016. Ian was appointed as a Director of Mission Australia Housing and Mission Australia Housing (Victoria) on 1 February 2020 and Mission Australia Housing Tasmania on 18 August 2022. Ian is the Chairman of Mission Australia Housing, Mission Australia Housing (Victoria) and Mission Australia Housing Tasmania. Ian is a member of the Board Audit & Risk Committee, the BARC Clinical Quality & Safety Subcommittee and the Service Impact Committee. Ian is based in Sydney.</p> <p>Ian is a Non-Executive Director of Suncorp Group Limited, Perpetual Limited and Venues NSW and Chairman of Stadium Australia Club. Ian is a board member of several not-for-profit organisations including Chris O'Brien Lifehouse and Quiz Worx. He 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.</p> |

Directors' Report

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

1. Directors (continued)

| Name, qualifications and independence status | Experience, special responsibilities and other Directorships |
|--|--|
| <p>Ms Debra Stirling</p> <p>BA, GAICD</p> <p>Independent Non-Executive Director</p> | <p>Debra was appointed as a Director of Mission Australia on 22 February 2017, Debra was appointed as a Director of Mission Australia Housing, Mission Australia Housing (Victoria) and Mission Australia Housing Tasmania on 18 August 2022. Debra is also Chair of the People Culture & Remuneration Committee. She is based in Melbourne.</p> <p>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.</p> |
| <p>Dr Robert Mitchell AM</p> <p>LLB, MPhil, GradDipTax, Grad DipTheol, MThSt, GradCertMin, PhD, FAICD</p> <p>Independent Non-Executive</p> | <p>Bob was appointed as a Director of Mission Australia on 27 February 2019. Bob is a member of the Board Audit & Risk Committee and is Chair of the Service Impact Committee and the BARC Clinical Quality and Safety Subcommittee. Bob is based in Melbourne.</p> <p>Bob is Non-Executive Director of Eastern Health and The Company of CSC Australia Limited. Bob is an ordained Anglican minister and is a council member of the University of Divinity. He is the former Chief Executive Officer of Anglican Overseas Aid and previously served World Vision Australia in senior strategic and operational roles. A solicitor by background, Bob was a partner at PwC for nearly 15 years. In 2019 Bob was made a Member of the Order of Australia (AM) for significant services to the community through charitable organisations and to the Anglican Church of Australia.</p> |

Directors' Report

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

1. Directors (continued)

| Name, qualifications and independence status | Experience, special responsibilities and other Directorships |
|---|--|
| Mr Michael Codling BSc (Hons), FCA Independent Non-Executive Director | <p>Michael was appointed to the Mission Australia Board on 22 November 2021. Michael is the Chair of the Board Audit & Risk Committee and a member of the People, Culture and Remuneration Committee. Michael is based in Sydney.</p> <p>Michael is Chairman of The Freedom Project and the Diocesan Financial Advisory Task Force of the Anglican Church in Australia. He recently retired from PricewaterhouseCoopers where, over a 38 year career in Sydney and London, he held various leadership positions including the senior partner role for a number of large financial institutions.</p> |
| Nancy Fox AM BA, JD Law, FAICD Independent Non-Executive Director | <p>Nancy was appointed as a Director of Mission Australia on 24 February 2021. Nancy is a member of the Board Audit & Risk Committee and People, Culture & Remuneration Committee. Nancy is based in Sydney.</p> <p>Nancy is a Non-Executive Director of Perpetual Ltd, Aspect Studios and Lawcover and is Chair of Perpetual Equity Investment Company. Nancy 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 (AIDC) and a member of Chief Executive Women.</p> |

Directors' Report

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

1. Directors (continued)

| Name, qualifications and independence status | Experience, special responsibilities and other Directorships |
|---|--|
| Ms Evelyn Horton BEd, MSocSci (Econs), FAICD Independent Non-Executive Director | Evelyn was appointed as a Director of Mission Australia on 22 November 2011 and retired on 22 November 2021. Evelyn was a former member of the Board Audit & Risk Committee and the People Culture & Remuneration Committee. |
| Mr Simon Miller MBA, MPA, BA, MAICD Independent Non-Executive | Simon was appointed as a Director of Mission Australia on 22 February 2017 and resigned on 2 February 2022. Simon was appointed as a Director and Chairman of Mission Australia Housing and Mission Australia Housing (Victoria) on 1 February 2021 and resigned on 2 February 2022. |
| Mark Hutchinson DBus, BCom Independent Non-Executive Director | Mark was appointed as a Director of Mission Australia on 3 March 2019 and resigned on 10 June 2022. Mark was formerly a member of the Service Impact Committee and the People Culture & Remuneration Committee. |

Directors' Report

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

2. Company Secretary

Ms Sally Ascroft was appointed to the position of Company Secretary on 31 October 2014. She is also General Counsel of Mission Australia.

3. Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and the number of meetings attended by each of the Directors of the Company during the financial year were:

| Director | Board Meetings | | Board Audit and Risk Committee Meetings | | People, Culture & Remuneration Committee Meetings | | Service Impact Committee Meetings | |
|-----------------------|----------------|----|---|---|---|---|-----------------------------------|---|
| | A | B | A | B | A | B | A | B |
| Kenneth Dean | 11* | 12 | 4 | 4 | 4 | 4 | 3 | 3 |
| Ian Hammond | 10* | 12 | 4 | 4 | - | - | 3 | 3 |
| Debra Stirling | 12 | 12 | - | - | 4 | 4 | 3 | 3 |
| Dr Robert Mitchell AM | 12 | 12 | 4 | 4 | - | - | 3 | 3 |
| Michael Codling | 8 | 8 | 3 | 3 | 1 | 1 | - | - |
| Nancy Fox AM | 10* | 12 | 4 | 4 | 1 | 1 | - | - |
| Evelyn Horton | 4 | 4 | - | - | 2 | 2 | - | - |
| Simon Miller | 6 | 6 | - | - | - | - | - | - |
| Mark Hutchinson | 3 | 3 | - | - | 2 | 2 | - | - |

A - Number of meetings attended

B - Number of meetings held during the time the Director eligible to attend

^ Attended by invitation

*Approved Apology

4. Corporate governance

Mission Australia is committed to proper and effective corporate governance arrangements. As a registered charity regulated by the Australian Charities and Not-for-profit Commission (ACNC), Mission Australia applies the ACNC Governance Standards and in applying them is guided by the Not-for-Profit Governance Principles established by the Australian Institute of Company Directors.

The Mission Australia Board has overall responsibility for the financial performance of the Mission Australia Group and the achievement of its founding purpose. The Mission Australia Board recognises its role in overseeing the determination and implementation of policies and processes that reflect good corporate governance aligned with the ACNC Governance Standards, its contractual commitments and stakeholder expectations that together with our Values inform and guide the organisation.

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

5. Principal activities and objectives

In pursuit of its founding purpose, the principal activities of Mission Australia during the financial year were to meet human need and spread the knowledge and the love of God through actions and deeds. Mission Australia assists people in need, regardless of their beliefs, through activities such as accommodation provision, family support services, aged care, and youth and employment services. No significant changes in the nature of these activities occurred during the year.

Directors' Report

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

6. Operating and financial review

6.1 Overview of the Group

Reference in this financial report to the Group relates to the consolidated results of Mission Australia and its controlled entities being Mission Australia Housing, Mission Australia Housing (Victoria), Mission Australia Housing Tasmania, Mission Australia Housing Partnership Limited and Sir David Martin Foundation.

6.2 Review of operations and results

The Group reported an underlying operating surplus of \$9.8 million (2021: \$12.9 million) which is analysed further below by segment of the Group's operations.

| | <i>Community Services</i> | <i>Housing Services</i> | <i>Fundraising</i> | <i>Other</i> | <i>Total</i> |
|--|-------------------------------|-----------------------------|--------------------|-----------------|----------------|
| 2022 | | | | | |
| <i>In thousands of AUD</i> | | | | | |
| Operating revenue | 247,817 | 40,854 | - | 86 | 288,757 |
| Fundraising revenue | - | - | 24,647 | - | 24,647 |
| Underlying operational revenues | 247,817 | 40,854 | 24,647 | 86 | 313,404 |
| Capital and housing grants | - | 3,918 | - | 1,725 | 5,643 |
| JobKeeper revenue | - | - | - | - | - |
| Segment revenues | 247,817 | 44,772 | 24,647 | 1,811 | 319,047 |
| Underlying segment surplus / (deficit) | 9,474 | 3,721 | 12,389 | (15,775) | 9,809 |
| Net investing and finance income | (3,887) | (1,304) | (513) | - | (5,704) |
| Capital and housing grants | - | 3,918 | - | 1,725 | 5,643 |
| Changes in fair value of investment properties | - | 79,620 | - | - | 79,620 |
| Reportable segment surplus / (deficit) | 5,587 | 85,955 | 11,876 | (14,050) | 89,368 |
| 2021 | | | | | |
| Operating revenue | 242,509 | 35,544 | - | 25 | 278,078 |
| Fundraising revenue | - | - | 26,624 | - | 26,624 |
| Underlying operational revenues | 242,509 | 35,544 | 26,624 | 25 | 304,702 |
| Capital and housing grants | - | 3,061 | - | 6,504 | 9,565 |
| JobKeeper revenue | - | - | - | 15,909 | 15,909 |
| Segment revenues | 242,509 | 38,605 | 26,624 | 22,438 | 330,176 |
| Underlying segment surplus / (deficit) | 9,570 | 424 | 15,961 | (13,028) | 12,927 |
| Net Jobkeeper income | - | 635 | - | 14,317 | 14,952 |
| Net investing and finance income | 10,664 | 68 | 1,150 | - | 11,882 |
| Capital and housing grants | - | 3,061 | - | 6,504 | 9,565 |
| Changes in fair value of investment properties | - | 6,399 | - | - | 6,399 |
| Reportable segment surplus / (deficit) | 20,234 | 10,587 | 17,111 | 7,793 | 55,725 |

Directors' Report

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

6. Operating and financial review (continued)

6.2 Review of operations and results (continued)

The scale of services delivered by the Group are broadly similar to the previous financial year with a small increase in overall operational revenues.

The underlying operating surplus has decreased slightly over the prior year and represents 3% of operational revenues (2021: 4%). The decrease is partly from increased expenditure as a consequence of responses to the COVID-19 pandemic where strategic and operational activities have commenced following deferrals in the prior year. All services continued to have changes to their mode of operation in some way to accommodate greater social and physical distancing between both clients and staff.

Fundraising remains challenging following the impact of COVID-19. Expenditure on campaigns, donor acquisition and marketing has continued to have a positive impact on the current year financial result; however, risks to future income are elevated by the limitations on supporter engagement and on campaigns to attract and retain new supporters.

The net surplus for the year was \$89.4 million (2021: \$55.7 million) with the most significant increases in the net surplus compared with the prior year result being the gain from the increase in the fair value of social and affordable housing of \$79.6 million (2021: \$6.4 million).

7. Events subsequent to reporting date

In the opinion of the Directors, there are no likely known changes in the operations of the Group that will adversely or significantly affect the results of the Group in subsequent financial years.

Directors' Report

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

8. Likely developments

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

9. Directors' interests

The Directors had no material interests in contracts or proposed contracts with the Group during the course of the financial year. If Mission Australia enters into contracts with organisations where Directors may have an interest in that organisation, those contracts are entered into on normal commercial terms or terms that are more favourable to Mission Australia. The Directors had no material interests in contracts or proposed contracts with the Group during the course of the financial year. The Directors provide their services to Mission Australia on an honorary basis and receive no direct remuneration in respect of the services provided and no indirect remuneration.

10. Indemnification and insurance of officers and Directors

As Mission Australia is a company limited by guarantee, none of the Directors has any interest in the profit and assets of Mission Australia but each, as a member, is liable to contribute an amount not exceeding 10 cents. 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 decisions in the capacity of Director.

To the extent permitted by law, Mission Australia 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. Mission Australia 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. The insurance is in the normal course of business and grants indemnity for liabilities permitted to be indemnified by Mission Australia 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.

11. Performance measurements

The Group monitors its performance against budget and a rolling forecast. The budget is approved by the Board of Directors prior to commencement of the financial year. Financial results are regularly presented to the Board of Directors by senior management of the Group. The Board uses this information for future planning, tracking progress over time and determining whether agreed objectives or standards have been met.

The Board reviews performance based on business segments, which are identified by the type of services being provided.

Directors' Report

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

12. Auditor's independence declaration

The Auditor's Independence Declaration is set out on page 11 and forms part of the Directors' Report for the financial year ended 30 June 2022.

13. Registered office

The registered office and principal place of business is Level 7, 580 George Street, Sydney, New South Wales 2000.

14. Founder

In 1862 Benjamin Short founded the Sydney City Mission - the antecedent organisation of Mission Australia. It came into being three years after the Town and Country Mission (later to be known as the Brisbane City Mission) was established in Queensland. In the decades that followed many more missions were set up to proclaim the gospel of Jesus Christ and to care for the poor. In 1997 many of them officially came together as Mission Australia, a single, unified, non-denominational Christian organisation with an integrated approach to meeting Australia's social needs.

15. Founding Purpose

Inspired by Jesus Christ, Mission Australia exists to meet human need and to spread the knowledge of the love of God without reference to denomination or other distinction.

16. Rounding off

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that Instrument, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

17. Notice of meeting

The Annual General Meeting of Mission Australia will be held on 21 November 2022 at Level 7, 580 George Street, Sydney NSW 2000, where this report will be presented.

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



Kenneth Dean

President and Chairman

Sydney, 27 September 2022



Michael Codling

Chairman, Board Audit and Risk Committee

Sydney, 27 September 2022



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

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-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

A handwritten signature in black ink, appearing to read 'S. Isaac'.

Stephen Isaac

Partner

Sydney

27 September 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

For the year ended 30 June 2022

In thousands of AUD

| | Note | 2022 | 2021 |
|--|------|------------------|------------------|
| Revenue from rendering services | 3 | 247,817 | 241,928 |
| Revenue from rental | 3 | 40,854 | 35,544 |
| Revenue from sale of goods | 3 | 67 | 581 |
| Revenue from fundraising | 3 | 24,647 | 26,624 |
| Revenue from capital and housing grants | 3 | 5,643 | 9,565 |
| Other revenue | 3 | 19 | 15,934 |
| Total revenue for the year | | 319,047 | 330,176 |
| Change in fair value of investment properties | 3 | 79,620 | 6,399 |
| Personnel expenses | 20 | (198,680) | (191,989) |
| Occupancy and accommodation expenses | | (30,070) | (29,186) |
| Transport and equipment hire expenses | | (6,132) | (3,822) |
| Communication expenses | | (12,211) | (11,048) |
| Client expenses | | (11,185) | (9,909) |
| Depreciation and amortisation expense | 6,7 | (11,087) | (13,965) |
| Software development expenses | | (4,097) | (2,656) |
| Subcontractor expenses | | (12,391) | (13,246) |
| Other expenses | | (17,742) | (14,580) |
| Total expenses for the year | | (303,595) | (290,401) |
| Results from operating activities for continuing operations | | 95,072 | 46,174 |
| Results from operating activities | | 95,072 | 46,174 |
| Finance income | | 923 | 12,149 |
| Finance costs | | (6,627) | (2,598) |
| Net finance income / (expense) | 14 | (5,704) | 9,551 |
| Net surplus for the year | | 89,368 | 55,725 |
| Total comprehensive income for the year | | 89,368 | 55,725 |

The notes on pages 16 to 38 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

As at 30 June 2022

In thousands of AUD

| | Note | 2022 | 2021 |
|---|------|----------------|----------------|
| Assets | | | |
| Cash and cash equivalents | 13 | 28,987 | 17,402 |
| Restricted cash | 13 | 38,329 | 67,662 |
| Trade and other receivables and contract assets | 9 | 9,325 | 9,214 |
| Investments | 10 | 186,177 | 198,976 |
| Restricted term deposits | 10 | 25,400 | - |
| Prepayments and other assets | | 5,296 | 5,473 |
| Total current assets | | 293,514 | 298,727 |
| Trade and other receivables and contract assets | 9 | 3,366 | 3,366 |
| Investments | 10 | 1,320 | 1,540 |
| Investment property | 5,7 | 518,415 | 429,329 |
| Property, plant and equipment | 6 | 101,720 | 100,846 |
| Other assets | | 8,028 | 3,000 |
| Total non-current assets | | 632,849 | 538,081 |
| Total assets | | 926,363 | 836,808 |
| Liabilities | | | |
| Trade and other payables | | 34,055 | 31,742 |
| Provisions | 12 | 4,404 | 4,618 |
| Lease liabilities | | 5,815 | 6,587 |
| Employee benefits | | 16,706 | 15,937 |
| Contract liabilities | 15 | 25,761 | 23,766 |
| Total current liabilities | | 86,741 | 82,650 |
| Provisions | 12 | 1,075 | 928 |
| Loans and borrowings | 11 | 132,117 | 132,035 |
| Lease liabilities | | 11,962 | 15,773 |
| Employee benefits | | 2,474 | 3,021 |
| Contract liabilities | 15 | 225 | - |
| Total non-current liabilities | | 147,853 | 151,757 |
| Total liabilities | | 234,594 | 234,407 |
| Net assets | | 691,769 | 602,401 |
| Equity | | | |
| Accumulated surplus | | 214,742 | 209,469 |
| Restricted accumulated surplus | 17 | 477,027 | 392,932 |
| Total equity | | 691,769 | 602,401 |

The notes on pages 16 to 38 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

For the year ended 30 June 2022

In thousands of AUD

| | Note | Accumulated Surplus | Restricted Accumulated Surplus | Total Equity |
|--|------|------------------------|--------------------------------------|-----------------|
| Balance at 1 July 2020 | | 163,676 | 383,000 | 546,676 |
| Total comprehensive income for the year | | | | |
| Surplus | | 54,529 | 1,196 | 55,725 |
| Other comprehensive income | | | | |
| Transfer to restricted surplus | | (8,736) | 8,736 | - |
| Total comprehensive income for the year | | 45,793 | 9,932 | 55,725 |
| Balance at 30 June 2021 | | 209,469 | 392,932 | 602,401 |
| Balance at 1 July 2021 | | 209,469 | 392,932 | 602,401 |
| Total comprehensive income for the year | | | | |
| Surplus | | 89,368 | - | 89,368 |
| Other comprehensive income | | | | |
| Transfer to restricted surplus | 17 | (84,095) | 84,095 | - |
| Total comprehensive income for the year | | 5,273 | 84,095 | 89,368 |
| Balance at 30 June 2022 | | 214,742 | 477,027 | 691,769 |

The notes on pages 16 to 38 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

For the year ended 30 June 2022

In thousands of AUD

| | Note | 2022 | 2021 |
|--|------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| Cash receipts from customers | | 313,196 | 329,909 |
| Cash paid to suppliers and employees | | (283,194) | (269,679) |
| Cash generated from operations | | 30,002 | 60,230 |
| Interest received | 14 | 853 | 846 |
| Interest paid | | (2,098) | (2,331) |
| Net cash from operating activities | | 28,757 | 58,745 |
| Cash flows from investing activities | | | |
| Proceeds from dividend | 14 | 70 | 19 |
| Payments for fixed assets and investment properties | | (21,504) | (11,833) |
| Proceeds from sale of fixed assets and Investment properties | | 229 | 625 |
| Proceeds from term deposit | | 67,937 | - |
| Investment in term deposit | | - | (59,000) |
| Investment in financial assets | 10 | (84,798) | (5,399) |
| Net cash (used in) investing activities | | (38,066) | (75,588) |
| Cash flows from financing activities | | | |
| Payment of lease liabilities | | (8,439) | (13,402) |
| Proceeds from borrowings | 11 | - | 67,662 |
| Payment from / (to) restricted cash balance | | 29,333 | (67,662) |
| Net cash from / (used in) financing activities | | 20,894 | (13,402) |
| Net increase / (decrease) in cash and cash equivalents | | 11,585 | (30,245) |
| Cash and cash equivalents at 1 July | | 17,402 | 47,647 |
| Cash and cash equivalents at 30 June | 13 | 28,987 | 17,402 |

The notes on pages 16 to 38 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

About this report

1. Reporting entity

Mission Australia (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. The consolidated financial statements of the Company as at and for the

year ended 30 June 2022 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 27 September 2022.

These consolidated financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. In the prior year the consolidated financial statements were general purpose financial statements prepared in

accordance with Australian Accounting Standards – Reduced Disclosure Requirements. There was no impact on recognition and measurement as a result of the change in the basis of preparation.

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.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

Our key numbers and fundraising

Mission Australia continues to receive generous financial support from a broad cross section of Australian society.

3. Revenue

In thousands of AUD

Revenue recognised under AASB15 Revenue from Contracts with Customers

Revenue from rendering services

Revenue from sale of goods

Revenue recognised under AASB 1058 Income of NFP entities

Revenue from fundraising - MA/SDMF

Revenue from capital and housing grants

JobKeeper subsidy

Revenue recognised under AASB 16 Leases

Revenue from rental

Other Revenue

Other miscellaneous revenue

Total revenue for the year

Change in fair value of investment properties

| | 2022 | 2021 |
|--|----------------|----------------|
| Revenue from rendering services | 247,817 | 241,928 |
| Revenue from sale of goods | 67 | 581 |
| Revenue from fundraising - MA/SDMF | 24,647 | 26,624 |
| Revenue from capital and housing grants | 5,643 | 9,565 |
| JobKeeper subsidy | - | 15,909 |
| Revenue from rental | 40,854 | 35,544 |
| Other miscellaneous revenue | 19 | 25 |
| Total revenue for the year | 319,047 | 330,176 |
| Change in fair value of investment properties | 79,620 | 6,399 |

Accounting Policy

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.

Revenue from rendering services

Grant revenue arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised when control of each performance obligations is satisfied. This is generally the case for the monies received for providing services under grant funding agreements.

Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the revenue is recognised based on costs incurred which best reflects the transfer of control.

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3. Revenue (Continued)

Accounting Policy (Continued)

Fee for service revenue recognition varies across the funded programs depending on the performance obligation. The Group recognises revenue in line with the delivery of services.

Revenue from sale of goods

Revenue from sales of goods comprises sale of goods and food. Revenue is recognised when the control of goods passes to the customer, which is at the time that the goods are physically transferred.

None of the items sold have any warranty attached to them.

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 maybe 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 fundraising

Donations

Donations collected, including cash and goods for resale are recognised as revenue when the Group gains control of the assets.

Volunteer

The Group does not currently recognise any income for volunteer services as allowed by AASB 1058.

Revenue from capital and housing 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.

JobKeeper subsidy

In response to the economic impacts on Australian employers of the Covid-19 pandemic, the federal Government introduced the JobKeeper program, which broadly comprised a temporary subsidy to help businesses keep staff employed. From 30 March 2020 to 27 September 2020 the Group received the subsidy of \$1500 per fortnight per eligible employee.

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.

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.

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4. Fundraising information

The following disclosures are provided as required by the *Charitable Fundraising Act (NSW) 1991* and regulations (similar but not identical provisions exist in Queensland, Western Australia and South Australia Fundraising Acts).

Various fundraising activities were conducted during the year including appeals, regular giving, major gifts and corporate partnerships.

Fundraising appeals conducted during the year

In thousands of AUD

Results of fundraising appeals

| | 2022 | 2021 |
|---|---------|---------|
| Gross proceeds from fundraising appeals | 24,647 | 26,624 |
| Less: direct costs of fundraising appeals | (3,778) | (3,452) |
| Net surplus obtained from fundraising appeals | 20,869 | 23,172 |

Gross proceeds from fundraising appeals for 2022 includes bequests of \$8.9 million (2021: \$11.4 million).

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Our assets platform

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

5. Investment property

| <i>In thousands of AUD</i> | <i>SHGF</i> | <i>NBESP</i> | <i>Common Ground</i> | <i>Other owned & leased properties</i> | <i>Total</i> |
|-----------------------------------|-------------|--------------|--------------------------|--|--------------|
| Fair value | | | | | |
| Balance at 1 July 2020 | 41,990 | 289,431 | 36,880 | 47,087 | 415,388 |
| Purchased and capital expenditure | - | - | - | 7,998 | 7,998 |
| Received as stock transfer | - | - | - | 1,253 | 1,253 |
| Disposal | - | - | - | (1,710) | (1,710) |
| Change in fair value | (28) | (552) | (1,615) | 8,595 | 6,399 |
| Balance at 30 June 2021 | 41,962 | 288,879 | 35,265 | 63,223 | 429,329 |
| Balance at 1 July 2021 | 41,962 | 288,879 | 35,265 | 63,223 | 429,329 |
| Purchased and capital expenditure | - | - | - | 10,406 | 10,406 |
| Received as stock transfer | - | - | - | 866 | 866 |
| Disposal | - | - | - | (1,807) | (1,807) |
| Change in fair value | 9,499 | 44,784 | 1,552 | 23,786 | 79,620 |
| Balance at 30 June 2022 | 51,461 | 333,663 | 36,817 | 96,474 | 518,415 |

5.1 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.

5.2 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 are

governed by NSW Nation Building Economic Stimulus Plan (NBESP), a Social Housing Initiative.

5.3 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.

5.4 Other owned & leased Properties

Mission Australia's other owned and leased properties include investment properties owned by Mission Australia and Mission Australia Housing.

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5. Investment property (continued)

5.4 Other owned & leased Properties (continued)

5.4.1 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.

The transfer resulted in the management of over 1,050 social housing dwellings for a 20-year term. Right to use assets includes 38 Mission Australia Housing head leases. These 'head leases' are properties leased from private landlords at commercial rates and then leased to tenants in accordance with the requirements of the agreement.

5.4.2 Peppercorn leases

The Group holds a number of peppercorn lease contracts or premises provided for nil or below market 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.

Security

At 30 June 2022, 46 investment properties with a carrying amount of \$281.9 million; (2021: \$231.4 million) are subject to a mortgage to secure National Housing Finance and Investment Corporation (NHFIC) 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.

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6. Property, plant and equipment

| | <i>Land and buildings</i> | <i>Leasehold Improvement</i> | <i>Plant and Equipment</i> | <i>IT Assets</i> | <i>Work In Progress</i> | <i>Total</i> |
|-----------------------------------|-------------------------------|----------------------------------|--------------------------------|------------------|-----------------------------|----------------|
| <i>In thousands of AUD</i> | | | | | | |
| Carrying amount as at 1 July 2020 | 93,912 | 2,629 | 5,245 | 1,399 | - | 103,185 |
| Additions | 7,526 | 209 | 3,896 | 476 | - | 12,107 |
| Disposals | (290) | - | (191) | - | - | (481) |
| Depreciation | (8,279) | (715) | (4,018) | (953) | - | (13,965) |
| Balance at 30 June 2021 | 92,869 | 2,123 | 4,932 | 922 | - | 100,846 |
| Assets cost | 118,787 | 12,898 | 17,798 | 8,152 | - | 157,635 |
| Accumulated depreciation | (25,918) | (10,775) | (12,866) | (7,230) | - | (56,789) |
| Carrying amount as at 1 July 2021 | 92,869 | 2,123 | 4,932 | 922 | - | 100,846 |
| Additions | 7,034 | 42 | 3,090 | 191 | 1,457 | 11,814 |
| Disposals | - | - | (8) | - | - | (8) |
| Depreciation | (7,986) | (461) | (1,880) | (604) | - | (10,932) |
| Balance at 30 June 2022 | 91,917 | 1,704 | 6,134 | 508 | 1,457 | 101,720 |
| Assets cost | 125,821 | 12,940 | 20,880 | 8,343 | 1,457 | 169,441 |
| Accumulated depreciation | (33,904) | (11,236) | (14,746) | (7,835) | - | (67,721) |

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.

Right-of-use assets related to lease properties that do not meet the definition of investment property are presented as 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 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 method over the estimated useful live and recognised in profit or loss.

The Group policy for depreciating right of use assets is detailed in note 7.

The estimated useful lives are as follows:

- Buildings 40-50 years
- Leasehold Improvements 3-10 years
- Plant, equipment & IT assets 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.

Capital work in progress

The Group has started construction of two buildings at Batemans Bay NSW and Cairn's QLD with cost incurred up to 30 June 2022 of \$ 1,456,905 recorded within land and buildings.

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7. Leases

7.1 Leases as lessee

The Group leases property, motor vehicles, computer and printing equipment. The leases typically run for a period of 3 to 10 years, and may include 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 with contract terms of one to three years which are of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases is presented below.

Right of use assets

| <i>In thousands of AUD</i> | Land and buildings | Investment Properties | Plant and Equipment | Total |
|----------------------------------|--------------------|-----------------------|---------------------|---------------|
| Balance at 1 July 2021 | 18,572 | 155 | 3,029 | 21,756 |
| Addition during the year | 1,336 | - | 1,763 | 3,099 |
| Remeasurement during the year | 274 | - | - | 274 |
| Depreciation charge for the year | (7,087) | (155) | (882) | (8,124) |
| Balance at 30 June 2022 | 13,095 | - | 3,910 | 17,005 |

Amounts recognised in profit or loss

| <i>In thousands of AUD</i> | 2022 |
|--|---------|
| Interest on lease liabilities | (759) |
| Variable lease payments not included in the measurement of lease liabilities | (6,127) |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | (2,632) |

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.

| <i>In thousands of AUD</i> | 2022 | 2021 |
|---|---------------|---------------|
| Less than one year | 8,257 | 8,799 |
| Between one and five years | 14,334 | 13,562 |
| More than five years | 297 | 2,864 |
| Total future lease payments at 30 June | 22,888 | 25,225 |

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7. Leases (continued)

7.1 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.

7.2 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 to its tenants. Note 5 sets out information about the operating leases of investment property.

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.

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's 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.

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7. Leases (continued)

Accounting policy (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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.

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8. Commitments

8.1 Capital commitments

Mission Australia Housing has contractual commitments with Housing Tasmania, towards increasing the social and affordable housing stock in Tasmania. Mission Australia Housing Partnership Limited committed to purchase of 130 residential units at Macquarie Park Sydney. The Group has

committed \$75.8 million for the acquisition and construction of properties. Mission Australia has contractual commitments of \$ 2.67 million for the construction of facilities in Cairns and Batemans Bay.

8.2 Leases as lessor

The Group leases out its investment property (see Note 5). The future minimum lease receipts under non-cancellable leases are as follow.

In thousands of AUD

Less than one year
Between one and five years

| 2022 | 2021 |
|------------|--------------|
| 501 | 1,794 |
| - | 72 |
| 501 | 1,866 |

During the year, \$40.9 million was recognised as rental income in profit and loss (2021: \$35.5 million).

8.3 Housing commitments

As a Community Housing Provider, Mission Australia Housing has set aside investment and cash assets for scheduled repairs and maintenance of housing properties. Refer to Note 10 *Investments* and Note 14 *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's registration as a Community Housing Provider and other consequences of default within its contract with Housing NSW and Housing Tasmania.

The Group leases a number of properties, motor vehicles and IT equipment under operating leases. The commitments greater than five years all relate to rental property leases. Other leases typically run for a period of three years, with an option to renew the lease after that date.

During the year ended 30 June 2022, the Group recognised \$17.6 million (2021: \$17.9 million) as an expense in the income statement in respect of leases.

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9. Trade and other receivables and contract assets

In thousands of AUD

Current

Trade receivables

Other receivables

Non Current

Subordinated notes in Goodstart Early Learning

| | 2022 | 2021 |
|--|--------|--------|
| Trade receivables | 9,227 | 9,140 |
| Other receivables | 98 | 74 |
| | 9,325 | 9,214 |
| Subordinated notes in Goodstart Early Learning | 3,366 | 3,366 |
| | 3,366 | 3,366 |
| | 12,691 | 12,580 |

Accounting Policy

Financial instruments

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 2022.

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 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.

Notes to the Consolidated Financial Statements

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10. Investments

In thousands of AUD

Current investments

| | 2022 | 2021 |
|--|----------------|----------------|
| Opening balance | 70,548 | 53,866 |
| Additions | 84,798 | 5,398 |
| Movement in fair value | (4,260) | 11,284 |
| Financial assets designated at fair value through profit or loss | 151,086 | 70,548 |
| Term deposits | 35,091 | 128,428 |
| Restricted term deposit | 25,400 | - |
| | 211,577 | 198,976 |
| Non Current investments | | |
| Term deposits | 1,320 | 1,540 |

The Group held the restricted term deposit balance of \$25.4 million under its subsidiary Mission Australia Housing Partnership upon securing a loan to finance

Accounting Policy

The financial assets at fair value through profit or losses are funds managed by an external manager. Fair value represents the market value of the financial assets at balance date.

Term deposits held with Australian Authorised Deposit-taking Institutions are classified as financial assets at amortised cost.

Mission Australia sets aside resources for future potential commitments of capital. The capital commitments held are assets in the form of investments included in the above amounts.

Investments include funds reserved for the periodic repair and maintenance of freehold and social and affordable housing properties in accordance with long-term asset management plans.

the construction of 130 residential units at Macquarie Park Sydney (refer Note 11).

Financial assets at fair value through profit or loss

A financial asset is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

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Our financing and capital structure

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

11. Loans and borrowings

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

Terms and conditions of outstanding loans were as follows:

| <i>In thousands of AUD</i> | Currency | Fixed interest rate | Year of maturity | 30 June 2022 | | 30 June 2021 | |
|------------------------------------|----------|---------------------|------------------|--------------|-----------------|--------------|-----------------|
| | | | | Face Value | Carrying amount | Face value | Carrying amount |
| Non - Current | | | | | | | |
| Secured loan - NHFIC (MAH) | AUD | 2.06% | 2032 | 64,430 | 64,430 | 64,373 | 64,373 |
| Secured loan - NHFIC (MAHPL) | AUD | 2.39% | 2031 | 67,687 | 67,687 | 67,662 | 67,662 |
| Total interest-bearing liabilities | | | | 132,117 | 132,117 | 132,035 | 132,035 |

On 30 June 2020, Mission Australia Housing successfully completed a refinancing of its corporate loan facilities through a \$65.0 million loan facility with National Housing Finance and Investment Corporation (NHFIC).

The NHFIC facility is secured over 46 investment properties with a carrying value of \$281.9 million; (2021: \$231.4 million).

In June 2021, Mission Australia Housing Partnership Limited (MAHPL) secured a \$67.9 million loan facility with NHFIC. The new NHFIC facility enabled the Group to commit to purchase of 130 residential units at Macquarie Park Sydney. The facility is secured up

until purchase through the restricted cash as per Note 10.

The NHFIC facility is fixed at the rate of 2.39% for a term of 10 years.

In April 2022, Mission Australia Housing Tasmania (MAHT) secured a \$3.75 million loan facility to fund construction costs with NHFIC, secured on the underlying property. The loan facility has not been drawn down as at 30 June 22.

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12. Provisions

| <i>In thousands of AUD</i> | Provision for Make good | Provision for Legal Claims | Total |
|--------------------------------|----------------------------|-------------------------------|--------------|
| Current | | | |
| Balance at 1 July 2021 | 2,967 | 1,651 | 4,618 |
| Provision made during the year | 411 | 563 | 973 |
| Provision used during the year | (695) | (492) | (1,187) |
| Balance at 30 June 2022 | 2,683 | 1,722 | 4,404 |
| Non - Current | | | |
| Balance at 1 July 2021 | 928 | - | 928 |
| Provision made during the year | 147 | - | 147 |
| Provision used during the year | - | - | - |
| Balance at 30 June 2022 | 1,075 | - | 1,075 |

Accounting Policy

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Make good provision

The Group recognises a make good provision in relation to its leasehold properties. The make good

provisions are recognised at the best estimate of the costs to be incurred in settling the obligation.

Legal claim Provision

The Group recognised a legal claim provision in relation to claims made against the Group. The legal claim provision is recognised at the best estimate of costs to be incurred in settling the claims.

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13. Cash and cash equivalents

In thousands of AUD

| | 2022 | 2021 |
|--|---------------|---------------|
| Bank balances | 28,987 | 17,402 |
| Cash and cash equivalents in the statement of cash flows | 28,987 | 17,402 |

The Group held the restricted cash balance of \$38.3 million (2021: \$67.7 million) under its subsidiary MAHPL upon securing a loan to finance the

construction of 130 residential units at Macquarie Park Sydney (Refer Note 11).

14. Finance income and finance costs

In thousands of AUD

| | 2022 | 2021 |
|---|----------------|--------------|
| Recognised in profit or loss: | | |
| Interest income on financial assets | 853 | 846 |
| Dividend income | 70 | 19 |
| Net change in fair value of financial assets at fair value through profit or loss | - | 11,284 |
| Finance income | 923 | 12,149 |
| Interest expense on lease liabilities | (759) | (992) |
| Interest expense on financial liabilities | (1,608) | (1,606) |
| Net change in fair value of financial assets at fair value through profit or loss | (4,260) | - |
| Finance expense | (6,627) | (2,598) |
| Net finance income / (expense) | (5,704) | 9,551 |

Accounting Policy

Finance income and expense

The Group's finance income and finance costs include:

- interest income;
- interest expenses;
- dividend income; and
- changes in the fair value of financial assets at fair value through profit or loss.

Interest income or expenses are recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

15. Contract liabilities

Contract liabilities for the Group of \$26.0 million consists of government grants received in advance for services to be rendered by the Group.

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16. Determination of fair values

A number of the Group's 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 Investment property

Investment properties are held at fair value based on a determination of their highest and best use. 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 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 are then 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.

16.2 Investments in equity and debt securities

The value of financial assets at fair value through profit or loss is determined by reference to their quoted closing bid price at the reporting date.

17. Capital and reserves

17.1 Accumulated surplus

Accumulated surplus comprises an aggregate of the retained earnings.

17.2 Restricted accumulated surplus

The Group has restricted accumulated surplus of \$477.0 million (2021: \$392.9 million) in the current financial year. Restricted Surplus consists of the

Retained Surplus of all the controlled entities where there is a restriction on capital flows. This includes the controlled entities of Mission Australia Housing Group and Mission Australia Housing Victoria where no capital or dividends or can flow to Mission Australia and, also, the Sir David Martin Foundation where there are restrictions over any distribution to Mission Australia.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

Our group structure

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

18. Group entities

Active controlled entities, Mission Australia Housing, Mission Australia Housing (Victoria), Mission Australia Housing Tasmania, Mission Australia Housing Partnership Limited and Sir David Martin Foundation, all are incorporated in Australia and 100% owned by Mission Australia.

Mission Australia Housing, Mission Australia Housing (Victoria), Mission Australia Housing Tasmania 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, Mission Australia Housing Tasmania, Mission Australia Housing Partnership Limited and Mission Australia Housing (Victoria) have been registered as Housing Associations, which are subject to various restrictions in New South Wales, Tasmania and

Victoria, in particular around their ability to make distributions of profit or capital to the Company. 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.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

19. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2022 the parent entity of the Group was Mission Australia.

In thousands of AUD

Result of parent entity

Surplus for the period

Total comprehensive income for the period

Financial position of parent entity at year end

Current assets

Non-current assets

Total assets

Current liabilities

Non-current liabilities

Total liabilities

Net assets

Total equity of the parent entity comprising of:

Accumulated surplus

Total equity

| | 2022 | 2021 |
|--|----------------|----------------|
| | 5,272 | 45,793 |
| | 5,272 | 45,793 |
| | | |
| | 206,540 | 209,859 |
| | 107,349 | 105,844 |
| | 313,889 | 315,703 |
| | | |
| | 83,694 | 86,747 |
| | 15,454 | 19,487 |
| | 99,148 | 106,234 |
| | | |
| | 214,741 | 209,469 |
| | | |
| | 214,741 | 209,469 |
| | 214,741 | 209,469 |

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

Our people

This section provides details of the Group's employee costs, including Key Management Personnel.

20. Personnel expenses

In thousands of AUD

| | 2022 | 2021 |
|---|----------------|----------------|
| Wages and salaries | 158,555 | 153,271 |
| Other associated personnel expenses | 23,332 | 23,529 |
| Contributions to defined contribution plans | 16,793 | 15,189 |
| | 198,680 | 191,989 |

Accounting Policy

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's 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. Remeasurements are 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.

Defined contribution plan

Obligations for contribution to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that cash refund or a reduction in future payments is available.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

21. Related parties

21.1 Key Management Personnel compensation

The Key Management Personnel compensation included in 'personnel expenses' (see Note 20) is as follows:

| <i>In AUD</i> | 2022 | 2021 |
|------------------------------|------------------|------------------|
| Short-term employee benefits | 2,745,836 | 2,628,641 |
| Other long-term benefits | 191,642 | 216,900 |
| Post-employment benefits | 190,547 | 170,395 |
| | 3,128,025 | 3,015,936 |

21.2 Individual Directors' disclosures

The Directors provide their services to Mission Australia on an honorary basis and receive no direct remuneration in respect of the services provided and no indirect remuneration.

No Director has personally entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end other than as disclosed in the Directors' Report.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

Other disclosures

This section provides details of other disclosures relating to the Group to comply with accounting standards and other pronouncements.

22. Contingencies

The Directors are of the opinion that provisions are not required in respect of contingencies, as it is not probable that a future sacrifice of economic benefits

will be required or that the amount is not capable of reliable measurement.

23. Subsequent events

The financial impacts arising from COVID-19, directly and indirectly, are expected to continue in future. The Directors acknowledge that there exists uncertainty over the impacts given the changes that may arise in the course of the pandemic and subsequent responses by Governments.

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

24. Members' guarantee

Mission Australia is a company limited by guarantee. In the event of the Company being wound up, each

member is liable to contribute an amount not exceeding 10 cents.

25. Auditor's remuneration

In AUD

Audit and review services

Auditor of the Group - KPMG

Audit and review of financial statements

| 2022 | 2021 |
|---------|---------|
| 249,900 | 212,600 |

KPMG also provided audit services for approximately 150 projects that require an audited acquittal statement by the funding bodies. The cost of the

acquittal audit services provided by KPMG in 2022 was \$195,000 (2021: \$180,000). These costs were acquitted to the individual projects.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

26. Significant and changed accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements of all Group entities.

26.1 Income tax

The Mission Australia entities are appropriately endorsed as required by the Australian Taxation Office from 1 July 2005, or as otherwise incorporated, for income tax exemption. Donations of two dollars or more given to the following entities attract income tax deductibility for the donors to:

- Mission Australia
- The Trustee for Sir David Martin Foundation
- Mission Australia Housing
- Mission Australia Housing (Victoria)
- Mission Australia Housing Partnership Limited
- Mission Australia Housing Tasmania

26.2 Changes in accounting policy

New and amended standards adopted by the Group

The Group has initially adopted the following standard and amendments from 1 July 2021.

- AASB 1060 General Purpose Financial Statements – Simplified Disclosure for Profit and Not-for-profit Tier 2 Entities;

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

A number of other new standards are also effective from 1 July 2021 but they do not have a material effect on the Group's financial statements.

Directors' Declaration

Annual Financial Report 30 June 2022 | Mission Australia and its controlled entities

Directors' Declaration

In the opinion of the Directors of Mission Australia ('the Company'):

- a) the consolidated financial statements and notes set out on pages 12 to 38 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's financial position as at 30 June 2022 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 2013*.
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Dated at Sydney, 27 September 2022.



Kenneth Dean
President and Chairman



Michael Codling
Chairman, Board Audit and Risk Committee

Chairman's Declaration

Declaration to be furnished under the Charitable Fundraising Act 1991 NSW. This declaration is made in accordance with Authority Conditions 7(4) and 7(5) issued by the Minister under Section 19 of the Charitable Fundraising Act 1991 NSW.

I, Kenneth Dean, President and Chairman of the Board of Mission Australia, declare that in my opinion:

- a) the consolidated financial statements give a true and fair view of all income and expenditure of Group with respect to fundraising appeals; and
- b) the Consolidated Statement of Financial Position gives a true and fair view of the state of affairs with respect to fundraising appeals; and
- c) the provisions of the Charitable Fundraising Act 1991 NSW, the Regulations under the Act and the conditions attached to the fundraising authority have been complied with by Group; and
- d) the internal controls exercised by the Group are appropriate and effective in accounting for all income received and applied by the Group from any of its fundraising appeals.

Dated at Sydney, 27 September 2022.



Kenneth Dean
President and Chairman



Independent Auditor's Report

To the members of Mission Australia

Opinion

We have audited the **Financial Report**, of Mission Australia (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*, and sections 23(1)(d) and 24B of the *Charitable Fundraising Act (NSW) 1991* including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2022, 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 2013 (ACNCR)* and section 21 of the *Charitable Fundraising Regulation (NSW) 2021*.

The **Financial Report** comprises:

- i. Consolidated statement of financial position as at 30 June 2022.
- 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 a summary of significant accounting policies.
- iv. Directors' declaration.
- v. Declaration by Chairman of the Company.

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.



Other information

Other Information is financial and non-financial information in Mission Australia's annual reporting 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 and sections 23(1)(d) and 24B of the *Charitable Fundraising Act (NSW) 1991* and section 21 of the *Charitable Fundraising Regulation (NSW) 2021*.
- 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 registered 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 registered 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 registered 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

Stephen Isaac

Partner

Sydney

27 September 2022