

United Christian Broadcasters Australia Limited

A Company Limited by Guarantee

ABN 15 051 984 402

Financial Statements

For the Year Ended 31 December 2022

United Christian Broadcasters Australia Limited
ABN 15 051 984 402

Contents
For the year ended 31 December 2022

| | Page |
|--|------|
| Financial Statements | |
| Directors' Report | 3 |
| Auditor's Independence Declaration | 5 |
| Statement of Profit or Loss and Other Comprehensive Income | 6 |
| Statement of Financial Position | 7 |
| Statement of Changes in Equity | 8 |
| Statement of Cash Flows | 9 |
| Notes to the Financial Statements | 10 |
| Directors' Declaration | 20 |
| Independent Audit Report | 21 |

United Christian Broadcasters Australia Limited

ABN 15 051 984 402

Directors' Report

31 December 2022

The directors present their report on United Christian Broadcasters Australia Limited (the Company) for the financial year ended 31 December 2022.

General information

Directors

The names of the directors of the Company in office at any time during the financial year and at the date of this report are:

Ian Forrest Worby
Cameron Young
Peter Irvine
Graham McLennan
Russell Huskisson
Phillip John Edwards
Wendy Francis
Neville Cox
Jeannie Trudel

Principal activities

The principal activity of the Company is promoting the Christian faith through media operations.

The short term objective of the Company is to be a trusted, consistent and unifying voice in the Australian Community to challenge, encourage and affirm people in the Christian faith. The long term objective of the Company is to be a leader in communicating the gospel message in Australia by strategically using the most effective and appropriate media and technologies available.

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

Operating results and review of operations for the year

The surplus of the Company for the financial year amounted to \$672,312 (2021:\$1,738,440).

Donations in 2022 were lower than the previous year due mainly to the absence of a specific fundraiser for a significant radio licence in Hobart which occurred in 2021.

Company structure

The Company was incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. At 31 December 2022, the total amount that members of the company are liable to contribute if the company is wound up is \$90 (2021: \$90).

Significant changes in state affairs

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

Events subsequent to the end of the reporting period

During the financial year, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely developments and expected results of operations

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental matters

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

United Christian Broadcasters Australia Limited
ABN 15 051 984 402

Directors' Report
31 December 2022

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnification of officer and Auditors

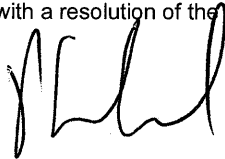
The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Auditor's Independence Declaration

The auditor's independence declaration is included after this report.

Signed in accordance with a resolution of the board

Phillip John Edwards
Director

A handwritten signature in black ink, appearing to be 'P. Edwards', written over a horizontal line.

9 May 2023



Auditor's Independence Declaration

As a lead auditor for the audit of United Christian Broadcasters Australia Limited for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of 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.

This declaration is in respect of United Christian Broadcasters Australia Limited during the period.

A handwritten signature in blue ink, appearing to read "V. Uson", with a stylized flourish at the end.

Victor Uson
Director
Vincents Assurance & Risk Advisory

Brisbane QLD
9 May 2023

United Christian Broadcasters Australia Limited
ABN 15 051 984 402

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2022

| | Note | 2022 \$ | 2021 \$ |
|---|------|------------------|-------------------|
| Revenue | | | |
| Donations and development income | | 8,816,853 | 9,385,693 |
| Product sales | | 450,315 | 573,242 |
| Radio network, tour and publications income | | 514,732 | 533,201 |
| Gain on sale on disposal of non-current assets | | 69,188 | 2,088 |
| Interest and other income | | 9,310 | 8,035 |
| | | 9,860,398 | 10,502,259 |
| Expenses | | | |
| Employee benefits expense | 5 | 4,038,434 | 3,708,608 |
| Media content and publications | | 1,908,784 | 1,951,226 |
| Technology, broadcasting and general operations | | 1,423,121 | 1,412,296 |
| Marketing and development | | 629,458 | 598,778 |
| Depreciation and amortisation | | 438,022 | 371,856 |
| Cost of sales | | 327,054 | 361,392 |
| Finance costs | | 216,702 | 236,935 |
| Auditors remuneration | | 16,000 | 9,750 |
| Other costs | | 190,511 | 112,978 |
| | | 9,188,086 | 8,763,819 |
| Surplus for the year | | 672,312 | 1,738,440 |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income for the year | | 672,312 | 1,738,440 |

The above statement should be read with the accompanying notes

Statement of Financial Position
As at 31 December 2022

| | Note | 2022 \$ | 2021 \$ |
|--------------------------------------|------|-------------------|-------------------|
| Assets | | | |
| Current assets | | | |
| Cash | 6 | 2,242,514 | 2,830,077 |
| Investments | | 116,362 | 116,760 |
| Trade and other receivables | 7 | 156,570 | 190,800 |
| Inventories | 8 | 141,241 | 205,394 |
| Assets held for sale | 9 | 541,042 | 851,040 |
| Total current assets | | 3,197,729 | 4,194,071 |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 6,837,149 | 6,728,998 |
| Intangible assets | 11 | 1,156,305 | 1,108,651 |
| Total non-current assets | | 7,993,454 | 7,837,649 |
| Total assets | | 11,191,183 | 12,031,720 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 12 | 288,564 | 303,071 |
| Interest bearing liabilities | 13 | 295,748 | 717,098 |
| Provisions | 14 | 1,229,711 | 460,941 |
| Total current liabilities | | 1,814,023 | 1,481,110 |
| Non-current liabilities | | | |
| Interest bearing liabilities | 13 | 2,099,976 | 3,500,400 |
| Provisions | 14 | 197,644 | 245,469 |
| Total non-current liabilities | | 2,297,620 | 3,745,869 |
| Total liabilities | | 4,111,643 | 5,226,979 |
| Net assets | | 7,079,540 | 6,804,741 |
| Equity | | | |
| Accumulated surplus | | 6,799,661 | 6,319,909 |
| Asset revaluation reserve | | 279,879 | 484,832 |
| Total equity | | 7,079,540 | 6,804,741 |

The above statement should be read with the accompanying notes

Statement of Changes in Equity
For the year ended 31 December 2022

| | Accumulated surplus | Reserves | Total |
|---|--------------------------------|------------------|------------------|
| | \$ | \$ | \$ |
| 2022 | | | |
| Balance at 1 January 2022 | 6,319,909 | 484,832 | 6,804,741 |
| Adjustment for change in accounting policy (refer to note 14) | (397,513) | - | (397,513) |
| Balance at 1 January 2022 (Restated) | 5,922,396 | | 6,407,228 |
| Surplus for the year | 672,312 | - | 672,312 |
| Transfer to retained earnings | 204,953 | (204,953) | - |
| Other comprehensive income | - | - | - |
| Total comprehensive income | - | (204,953) | (204,953) |
| Transactions with owners in their capacity as owners | | | |
| Dividends paid | - | - | - |
| Balance at 31 December 2022 | 6,799,661 | 279,879 | 7,079,540 |
| 2021 | | | |
| Balance at 1 January 2021 | 4,581,469 | 484,832 | 5,066,301 |
| Surplus for the year | 1,738,440 | - | 1,738,440 |
| Other comprehensive income | - | - | - |
| Total comprehensive income | 1,738,440 | - | 1,738,440 |
| Transactions with owners in their capacity as owners | | | |
| Dividends paid | - | - | - |
| Balance at 31 December 2021 | 6,319,909 | 484,832 | 6,804,741 |

The above statement should be read with the accompanying notes

Statement of Cash Flows
For the year ended 31 December 2022

| | Note | 2022 \$ | 2021 \$ |
|---|------|-------------------------|-------------------------|
| Cashflows from operating activities | | | |
| Receipts from donations and other income | | 9,823,221 | 10,547,607 |
| Payments to suppliers and employees | | (7,849,888) | (8,146,836) |
| Interest received | | 2,219 | 944 |
| Net cash provided by operating activities | | <u>1,975,552</u> | <u>2,401,715</u> |
| Cash flows from investing activities | | | |
| Proceeds on disposal of property, plant and equipment | | 69,694 | 6,259 |
| Payment for property, plant and equipment | 10 | (441,833) | (215,588) |
| Payment for acquisition of intangibles | 11 | (152,500) | (1,150,725) |
| Net cash used in investing activities | | <u>(524,639)</u> | <u>(1,360,054)</u> |
| Cash flows from financing activities | | | |
| Repayment of interest bearing liabilities | | (1,821,774) | - |
| Finance costs | | (216,702) | (236,935) |
| Net cash used in financing activities | | <u>(2,038,476)</u> | <u>(236,935)</u> |
| Net increase/(decrease) in cash held | | <u>(587,563)</u> | <u>804,725</u> |
| Cash held at the beginning of the financial year | | <u>2,830,077</u> | <u>2,025,352</u> |
| Cash held at the end of the financial year | 6 | <u><u>2,242,514</u></u> | <u><u>2,830,077</u></u> |

The above statement should be read with the accompanying notes

United Christian Broadcasters Australia Limited
ABN 15 051 984 402

Notes to the Financial Statements
For the year ended 31 December 2022

Corporate information

The financial statements for United Christian Broadcasters Australia Limited was authorised for issue by the directors on 9 May 2023. The Company is a not-for-profit entity and is a public company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of United Christian Broadcasters Australia Limited is Australian dollars.

1. Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001* and the *Australian Charities and Not-for-Profits Commission Act 2012*.

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

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

1.1 Transition to General Purpose - Simplified Disclosure Standard Reporting

The Company has previously prepared general purpose financial statements under tier 2 – Reduced Disclosure Requirements. There were no transition adjustments other than a few disclosure changes on the adoption of Australian Accounting Standards – Simplified Disclosures.

2. Summary of significant accounting policies

(i) Income tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*. A Deductible Gift Fund is operated.

(ii) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

United Christian Broadcasters Australia Limited

ABN 15 051 984 402

Notes to the Financial Statements

For the year ended 31 December 2022

(iii) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Company classifies all other liabilities as non-current.

3. Critical accounting estimates and judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates – impairment of property, plant and equipment and intangible assets

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Key estimates - receivables

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

Key estimates - inventories

Each item on inventory is reviewed on an annual basis to determine whether it is being carried at higher than its net realisable value. During the year, management have written down inventory based on best estimate of the net realisable value, although until the time that inventory is sold this is an estimate.

Key estimates - useful lives of property, plant and equipment and intangibles

The Company reviews the estimated useful lives of property, plant and equipment and intangibles at the end of each annual reporting period.

Notes to the Financial Statements
For the year ended 31 December 2022

4. Revenue and other income

Accounting policy

Revenue and other income

Revenue is recognised at allocated transaction prices as associated performance obligations are met by the Company. The following specific recognition criteria must also be met before revenue is recognised:

(a) Donations and development income

Revenue is recognised at fair value of the consideration received net of any charge for goods and services tax (GST). Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and the amount of the revenue can be reliably measured.

(b) Product sales

Product revenue is recognised on a "point in time" basis when control of the goods transfers to the customer. Control of the goods transfers to the customer either at the point of sale or when the goods are delivered to, or collected by, the customer. Any fees charged to the customer for delivery are recognized as revenue when the delivery has been completed.

(c) Radio advertising

Radio advertising is recognised over the time the advertisement is aired. Billings to clients and payments in advance of performance of services are recorded as deferred revenue until the services are performed. Payment for advertising services is typically due shortly after the Company has satisfied its performance obligation to broadcast the advertisement as specified in the contract.

5. Expenses

| | 2022 | 2021 |
|---|------------------|------------------|
| | \$ | \$ |
| Salaries and wages | 3,553,842 | 3,306,381 |
| Annual leave and long service leave expense | 92,697 | 67,525 |
| Superannuation | 391,895 | 334,702 |
| | <u>4,038,434</u> | <u>3,708,608</u> |

6. Cash

| | 2022 | 2021 |
|--|------------------|------------------|
| | \$ | \$ |
| Cash on hand | 438 | 330 |
| Cash at bank | 458,997 | 569,747 |
| Deposits held - non-bank financial institution | 1,783,079 | 2,260,000 |
| | <u>2,242,514</u> | <u>2,830,077</u> |

Accounting policy

Cash comprises cash on hand and in banks and term deposits at call, which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis.

United Christian Broadcasters Australia Limited

ABN 15 051 984 402

Notes to the Financial Statements

For the year ended 31 December 2022

7. Trade and other receivables

| | 2022 | 2021 |
|--------------------------------------|----------------|----------------|
| | \$ | \$ |
| Prepayments | 79,299 | 49,125 |
| Trade accounts (Inc Bartercard, Etc) | - | 37,737 |
| Trade receivables | 64,202 | 76,639 |
| Net GST receivable | 13,069 | 27,299 |
| | <u>156,570</u> | <u>190,800</u> |

Accounting policy

Trade receivables are generally due for settlement within 30–60 days.

8. Inventories

| | 2022 | 2021 |
|---------------------|----------------|----------------|
| | \$ | \$ |
| Store inventory | 112,285 | 179,480 |
| Technical inventory | 28,956 | 25,914 |
| | <u>141,241</u> | <u>205,394</u> |

Accounting policy

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

9. Assets held for sale

| | 2022 | 2021 |
|---------------------|----------------|----------------|
| | \$ | \$ |
| Asset held for sale | <u>541,042</u> | <u>851,040</u> |

Asset held for sale comprises one commercial property located in Underwood, QLD, expected to be sold in the 2023 financial year.

Accounting policy

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale of transaction rather than continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Notes to the Financial Statements
For the year ended 31 December 2022

10. Property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

| | Land and Buildings | Computers & Electronic Equip. | Fixtures & Fittings | Motor Vehicles | Satellite & Relay Station Equip. | Total |
|--|-----------------------|-------------------------------------|------------------------|-------------------|--|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| 31 December 2022 | | | | | | |
| Balance at the beginning of the year | 6,312,357 | 75,579 | 5,360 | 79,016 | 256,686 | 6,728,998 |
| Additions | 2,521 | 41,821 | - | 75,341 | 322,150 | 441,833 |
| Disposals | - | - | - | - | (235) | (235) |
| Depreciation expense | (176,085) | (33,589) | (4,594) | (40,303) | (78,876) | (333,447) |
| Balance at end of the year | <u>6,138,793</u> | <u>83,811</u> | <u>766</u> | <u>114,054</u> | <u>499,725</u> | <u>6,837,149</u> |
| Gross | 6,589,042 | 507,696 | 32,970 | 240,285 | 1,662,175 | 9,032,168 |
| Accumulated depreciation | <u>(450,249)</u> | <u>(423,885)</u> | <u>(32,204)</u> | <u>(126,231)</u> | <u>(1,162,450)</u> | <u>(2,195,019)</u> |
| Carrying amount at the end of the year | <u>6,138,793</u> | <u>83,811</u> | <u>766</u> | <u>114,054</u> | <u>499,725</u> | <u>6,837,149</u> |
| 31 December 2021 | | | | | | |
| Gross | 6,586,521 | 465,875 | 32,970 | 164,944 | 1,340,260 | 8,590,570 |
| Accumulated depreciation | <u>(274,164)</u> | <u>(390,296)</u> | <u>(27,610)</u> | <u>(85,928)</u> | <u>(1,083,574)</u> | <u>(1,861,572)</u> |
| Carrying amount at the end of the year | <u>6,312,357</u> | <u>75,579</u> | <u>5,360</u> | <u>79,016</u> | <u>256,686</u> | <u>6,728,998</u> |

Accounting policy

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment. Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Measurement

Assets are measured using the cost model and are therefore carried at cost less accumulated depreciation (except for land) and any accumulated impairment losses. In the event the carrying amount of asset is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life, commencing when the asset is ready for use. The depreciation rates used for each class of depreciable asset are shown below:

| Fixed asset class | Depreciation Rate |
|---------------------------------------|-------------------|
| Buildings | 2.50% |
| Computers and electronic equipment | 25.00% - 33.33% |
| Fixtures and fittings | 20.00% |
| Motor vehicles | 15.00% - 25.00% |
| Satellite and relay station equipment | 10.00% - 20.00% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise.

Notes to the Financial Statements
For the year ended 31 December 2022

11. Intangibles

| | Radio Frequency | Trademark | Software | Total |
|--|--------------------|-----------|----------|-------------|
| 31 December 2022 | \$ | \$ | \$ | \$ |
| Balance at the beginning of the year | 999,730 | 108,921 | - | 1,108,651 |
| Additions | 152,500 | - | - | 152,500 |
| Disposals | (271) | - | - | (271) |
| Depreciation expense | (58,020) | (46,555) | - | (104,575) |
| Balance at end of the year | 1,093,939 | 62,366 | - | 1,156,305 |
| Gross | 2,472,785 | 139,664 | 12,631 | 2,625,080 |
| Accumulated depreciation | (1,378,846) | (77,298) | (12,631) | (1,468,775) |
| Carrying amount at the end of the year | 1,093,939 | 62,366 | - | 1,156,305 |
| 31 December 2021 | | | | |
| Gross | 2,320,556 | 139,664 | 12,631 | 2,472,851 |
| Accumulated depreciation | (1,320,826) | (30,743) | (12,631) | (1,364,200) |
| Carrying amount at the end of the year | 999,730 | 108,921 | - | 1,108,651 |

Accounting policy

Intangibles including broadcast rights are carried at the lower of cost less amortisation and net recoverable amount. Cost comprises acquisition of broadcast rights. Broadcast rights are amortised over the useful life of the contract or licence. Where the licence period is extended, the expected useful life of the asset and amortisation is adjusted accordingly.

12. Trade and other payables

| | 2022 \$ | 2021 \$ |
|-------------------|----------------|----------------|
| Trade creditors | 185,424 | 207,328 |
| PAYG withholdings | 51,758 | 43,352 |
| Superannuation | 34,811 | 30,382 |
| Income in advance | 15,954 | 21,389 |
| Other payables | 617 | 620 |
| | <u>288,564</u> | <u>303,071</u> |

Trade and other payables represent the liabilities for goods and services received by the Company during the reporting period that remained unpaid at the end of the reporting period.

13. Interest bearing liabilities

| | 2022 \$ | 2021 \$ |
|------------------------------|------------------|------------------|
| Current | | |
| Interest bearing liabilities | <u>295,748</u> | <u>717,098</u> |
| Non-current | | |
| Interest bearing liabilities | <u>2,099,976</u> | <u>3,500,400</u> |

Mortgage

The Company has complied with the covenants of the loan facility which is secured by its Springwood and Underwood properties. Interest incurred related to the loan amounted to \$120,593 in 2022 and \$178,860 in 2021.

Notes to the Financial Statements
For the year ended 31 December 2022

14. Provisions

| | 2022 | 2021 |
|---|------------------|----------------|
| Current | \$ | \$ |
| Annual leave provision | 340,824 | 289,826 |
| Long service leave provision | 228,880 | 171,115 |
| Provision for affiliation outreach fees | 660,007 | - |
| Total current provisions | 1,229,711 | 460,941 |
| Non-current | | |
| Long service leave provision | 197,644 | 245,469 |
| Total non-current provisions | 197,644 | 245,469 |

Movements in provisions

| | Affiliation outreach | Annual leave | Long service leave | Total |
|--|-------------------------|----------------|-----------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Carrying amount as at 1 January 2022 | - | 289,826 | 416,584 | 706,410 |
| Charged (Credited to Profit and Loss) | 660,007 | 65,166 | 27,531 | 752,704 |
| Used during the year | - | (14,168) | (17,591) | (31,759) |
| Carrying amount as at 31 December 2022 | 660,007 | 340,824 | 426,524 | 1,427,355 |

Accounting policy

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Provision for affiliation outreach fees

The company has an affiliation outreach agreement with UCB International Ltd (UCBI). This agreement provides the company with certain rights and benefits from UCBI, including the rights to access devotional publications. In return for these rights and benefits, the company has agreed to provide an amount of funding to UCBI which will mainly be used for the creation and development of similar media-focussed Christian ministries across the Asia Pacific region, including Australia. This funding may be directly paid to UCBI or to a related party, UCB Asia Pacific Ltd, or to other mutually agreed media-focused ministries.

The maximum amount of the funding is based on a set percentage of donations. The timing of any payment to the potential recipients of this funding is not certain as it depends on their future cash flow requirements as they progress with their objectives. Any calculated funding amounts under the affiliation outreach agreement not paid at balance date are recorded as a provision for affiliation outreach fees. The company has a reasonable expectation that these payments will occur in the next 12 months.

The recognition of a provision for affiliation outreach represents a voluntary change in accounting policy. Previously, the company determined that the arrangements pertaining to the affiliation outreach fee to represent, at best, a possible obligation and voluntary in nature. The revised policy takes a more prudent view based on an established pattern of past practice and the creation of reasonably valid expectations on the part of other parties. The voluntary change in accounting policy affected the following items in the balance sheet on 1 January 2022:

- Current Liabilities - Provisions - Affiliation outreach fees: increase \$397,513
- Equity - Accumulated surplus: decrease \$397,513

Notes to the Financial Statements
For the year ended 31 December 2022

15. Auditor's remuneration

During the financial year the following fees were paid or payable for services provided by, the auditors, its network firms and unrelated firms:

| | 2022 | 2021 |
|--|---------------|--------------|
| | \$ | \$ |
| Audit of the financial statements | 11,000 | 7,500 |
| Other services: | | |
| - Assistance in preparing financial statements | 5,000 | 2,250 |
| | <u>16,000</u> | <u>9,750</u> |

16. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2022 (31 December 2021: Nil).

17. Financial assets and liabilities

| Financial assets held at amortised cost | 2022 | 2021 |
|--|------------------|------------------|
| | \$ | \$ |
| Cash | 2,242,514 | 2,830,077 |
| Trade and other receivables | 156,570 | 190,800 |
| Investments | - | - |
| Total financial assets | <u>2,399,084</u> | <u>3,020,877</u> |

Financial liabilities held at amortised cost

| | | |
|------------------------------------|------------------|------------------|
| Trade and other payables | 288,564 | 303,071 |
| Interest bearing liabilities | 2,395,724 | 4,217,498 |
| Total financial liabilities | <u>2,684,288</u> | <u>4,520,569</u> |

Accounting policy

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are recognised immediately as expenses in profit or loss.

United Christian Broadcasters Australia Limited

ABN 15 051 984 402

Notes to the Financial Statements

For the year ended 31 December 2022

17. Financial assets and liabilities (*Continued*)

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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

(i) *Loans and receivables*

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(ii) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

Impairment of financial assets are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non cash assets or liabilities assumed, is recognised in profit or loss.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

United Christian Broadcasters Australia Limited

ABN 15 051 984 402

Notes to the Financial Statements

For the year ended 31 December 2022

18. Key management personnel disclosures

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

The total of remuneration paid to key management personnel of the Company during the year are as follows:

| | 2022 | 2021 |
|---------------------------------------|----------------|----------------|
| | \$ | \$ |
| Key management personnel compensation | <u>632,385</u> | <u>669,631</u> |

19. Related parties

During the financial year ended 31 December 2022, no directors fees were paid (2021: \$nil).

During the year, the Company directed \$388,405 (2021: \$680,000) of the affiliation fees otherwise due to UCB International Ltd toward UCB Asia Pacific Ltd, according to terms agreed to between the parties, in order to assist that entity in carrying out its principal activities. All transactions are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Balance receivable from/(payable to) related parties at balance date: \$nil (2021: \$nil).

20. Events occurring after the reporting date

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

21. New accounting standards and interpretations issued but not yet effective

There are no standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

22. Statutory information

The registered office and principal place of business of the Company is:

United Christian Broadcasters Australia Limited
3398-3402 Pacific Hwy, SPRINGWOOD QLD 4127

United Christian Broadcasters Australia Limited
ABN 15 051 984 402

Directors' Declaration

In accordance with a resolution of the directors' of the United Christian Broadcasters Australia Limited, the directors declare that:

1. The financial statements and notes, as set out on pages 1 to 19, are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012* and:
 - (i) comply with Australian Accounting Standards - Simplified Disclosures; and
 - (ii) give a true and fair view of the financial position as at 31 December 2022 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Phillip John Edwards
Director



9 May 2023

Independent Audit Report

To the members of United Christian Broadcasters Australia Limited

Opinion

We have audited the financial report of United Christian Broadcasters Australia Limited (the Company), which comprises the statement of financial position as at 31 December 2022, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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

- a) giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the year ended on that date;
- b) complying with the Australian Accounting Standards – Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements of the Accounting Professional & Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other responsibilities in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's directors' report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the ACNC Act and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless those charged with governance either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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



- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Victor Uson
Director
Vincents Assurance & Risk Advisory

Brisbane QLD
9 May 2023