Settlement Services International Limited and its controlled entities

ABN: 38 031 375 761

Financial Statements

For the year ended 30 June 2023

Contents

Corporate Information Statement

Settlement Services International Limited is a company limited by guarantee, registered with the Australian Charities and Not-for-profits Commission.

Directors (Responsible Persons)

The following persons were the Directors of Settlement Services International Limited and its controlled entities ("Settlement Services International" or "the Group") at the date of this report:

Voula Messimeri (Chairperson)
Tharani Jegatheeswaran
Scott Machin
Janet Matton
Alexander McCauley
Deping Zheng

Chief Executive Officer

Violet Roumeliotis AM

Company Secretary

Kousai Elali

Charity Street address and registered office

Level 2, 158, Liverpool Road, Ashfield

Auditor

Grant Thornton

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW 1230

T +61 2 8297 2400

Auditor's Independence Declaration

To the Responsible Entities of Settlement Services International Limited

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of Settlement Services International Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

James Winter

James Winter
Partner – Audit & Assurance

Sydney, 28 September 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Notes	2023	2022
		$	**$**
Revenue	3(a)	158,830,193	137,268,262
Other Income	3(b)	5,922,320	3,550,607
Total Revenue and Other Income		**164,752,513**	**140,818,869**
Client support costs		44,989,753	42,351,404
Employee benefits	3(d)	94,360,163	79,552,649
Rent and utilities		3,636,503	3,210,899
IT expenses		6,112,536	1,205,384
Professional fees		3,316,415	2,505,973
Depreciation	3(e)	6,992,154	6,500,661
Finance costs	3(e)	377,376	292,048
Other expenses		4,870,466	3,631,771
Total Expenditure		**164,655,366**	**139,250,789**
Net surplus for the year		**97,147**	**1,568,080**
Other comprehensive (deficit) / income			
Revaluation of property, plant and equipment		1,877,986	-
Net fair value changes in investments classified as Fair Value through Other Comprehensive Income		1,064,264	(2,396,952)
Other comprehensive (deficit) / income		**2,942,250**	**(2,396,952)**
Total comprehensive (deficit) / income for the year		**3,039,397**	**(828,872)**

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	2023	2022
		$	$
Assets			
Current			
Cash and cash equivalents	4	41,803,976	28,510,314
Receivables	5	11,172,991	13,022,165
Other assets	6	3,019,775	2,486,628
Total Current Assets		**55,996,742**	**44,019,107**
Non-current			
Property, plant and equipment	7	12,551,336	10,313,045
Right of use asset	12	8,997,399	7,711,929
Financial assets	8	34,082,387	31,428,274
Total Non-current Assets		**55,631,122**	**49,453,248**
Total Assets		**111,627,864**	**93,472,355**
Liabilities			
Current			
Payables	9	10,274,401	9,288,180
Contract liabilities	10	31,955,371	22,159,937
Lease liability	12	3,201,498	3,645,747
Provisions	11	11,527,755	8,598,710
Total Current Liabilities		**56,959,025**	**43,692,574**
Non-current			
Provisions	11	1,345,714	1,296,139
Lease liability	12	6,040,685	4,240,599
Total Non-current Liabilities		**7,386,399**	**5,536,738**
Total Liabilities		**64,345,424**	**49,229,312**
Net Assets		**47,282,440**	**44,243,043**
Funds			
Accumulated funds	13(a)	31,516,748	31,419,601
Reserves	13(b)	15,765,692	12,823,442
Total Funds		**47,282,440**	**44,243,043**

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Funds

For the year ended 30 June 2023

Funds	Notes	Accumulated Funds $	Operating Reserve $	Asset Revaluation Reserve $	Fair Value Through Other Comprehensive Income Reserve $	Total $
Balance at 1 July 2021		**29,851,521**	**11,700,000**	**1,123,442**	**2,396,952**	**45,071,915**
Surplus for the year		1,568,080	-	-	-	1,568,080
Other comprehensive income for the year		-	-	-	(2,396,952)	(2,396,952)
Balance at 30 June 2022		**31,419,601**	**11,700,000**	**1,123,442**	**-**	**44,243,043**
Surplus for the year		97,147	-	-	-	97,147
Other comprehensive (deficit) for the year		-	-	1,877,986	1,064,264	2,942,250
Balance at 30 June 2023	2, 13	**31,516,748**	**11,700,000**	**3,001,428**	**1,064,264**	**47,282,440**

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2023

	Notes	2023	2022
		$	$
Operating activities			
Receipts from government funding and other income		190,462,257	160,363,112
Interest and investment income received		2,192,059	826,590
Payments to clients, suppliers and employees		(170,111,873)	(145,701,248)
Net cash provided by operating activities	14	**22,542,443**	**15,488,454**
Investing activities			
Payments for property, plant and equipment		(3,159,097)	(2,349,095)
Net purchase of investments		(1,589,850)	(5,650,596)
Net cash provided by/(used in) investing activities		**(4,748,947)**	**(7,999,691)**
Financing activities			
Repayment of borrowings		-	(1,500,000)
Interest and finance costs on finance and lease liabilities		(375,797)	(270,337)
Repayment of lease liabilities		(4,124,037)	(4,070,753)
Net cash provided by/(used in) financing activities		**(4,499,834)**	**(5,841,090)**
Net change in cash and cash equivalents		**13,293,662**	**1,647,673**
Cash and cash equivalents, beginning of year		**28,510,314**	**26,862,641**
Cash and cash equivalents, end of year	4	**41,803,976**	**28,510,314**

This statement should be read in conjunction with the notes to the financial statements.

1 Nature of Operations

The principal activities of Settlement Services International Limited (“the Company”) and its subsidiaries (“the Group”) are to provide a range of services in the areas of humanitarian settlement, accommodation, asylum seeker assistance, foster care and disability support in NSW, QLD and VIC.

Settlement Services International Limited is a not-for-profit company and Public Benevolent Institution, incorporated as company limited by guarantee under the Corporations Act 2001, registered under the Australian Charities and Not-for-profits Act 2012 and authorised to fundraise under the Charitable Fundraising Act 1991 (NSW).

Settlement Services International is domiciled in Australia and its registered office is Level 2, 158 Liverpool Road, Ashfield, NSW, 2131.

The consolidated financial statements for the year ended 30 June 2023 were approved and authorised for issue by the board of Responsible Entities on 28 September 2023.

2 Summary of Significant Accounting Policies

2.1 Basis of Preparation

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not for Profits Commission Act 2012 and Charitable Fundraising Act 1991.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The consolidated financial statements 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 following is a summary of the material accounting policies adopted by the Group in the preparation of the consolidated financial statements.

2.2 Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiaries of Settlement Services International as at 30 June 2023. All controlled entities have a reporting date of 30 June.

Settlement Services International and its controlled entities are referred to in these financial statements as the Group.

The controlled entities are all entities over which the Company is the sole member or ultimate controlling entity.

Inter-company transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Note 2 – Statement of Significant Accounting Policies (continued)

2.3 Revenue and Other Income

a. 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:
1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue

Revenue from the rendering of a service

Generally the timing of the payment for 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.

Revenue from social enterprises

Revenue from social enterprises consists of the rendering of services, the sale of goods and social enterprises operated through Access Community Enterprises Limited.

Revenue from government funding/grant income

Government funding/grant income arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised when each performance obligation is satisfied.

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 recognition based on either cost or time incurred which best reflects the transfer of control.

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

Capital grants

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

Note 2 – Statement of Significant Accounting Policies (continued)

Other grant income
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 asset has been recognised, the Group recognises any related liability amounts (e.g. provisions, financial liabilities).

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 and bequests
Donations and bequests collected are recognised as revenue when the Group gains control of the asset.

In-kind donations
Services donated by volunteers, goods and facilities donated are included at the fair value to the Group where this can be quantified, and a third party is bearing the cost. No amounts have been recognised in the current year as the fair value was not reasonably determinable.

Other Income
Investment income
Dividends are received from financial assets measured at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

Interest income
Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of other income.

Rental income
Rental income is recognised in accordance with the lease or licence agreements over the lease or licence period.

c. Significant estimates and judgements relating to revenue
For many of the grant agreements received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgement involving discussions with several parties at the Group, review of the proposal documents prepared during the grant application phase and consideration of the terms and conditions.

Grants received by the Group have been accounted for under both AASB 15 and AASB 1058 depending on the terms and conditions and decisions made.

If this determination was changed then the revenue recognition pattern would be different from that recognised in this financial report.

Note 2 – Statement of Significant Accounting Policies (continued)

2.4 Contract Liabilities

The Group receives grant monies to fund projects for contracted periods of time. Where there is a contractual obligation to return unexpended amounts, the policy is to treat these grant monies as contract liabilities in the Statement of Financial Position. Where the contract liabilities can be spent in a subsequent financial period, it is recognised as future funding. Where required by the contract, grant monies are returned if they are not required to extinguish the service obligations under the contract. Contract liabilities also include amounts received where service performance obligations have not been fulfilled.

2.5 Operating Expenses

Employee benefits expense include payments made to employed staff engaged to provide direct service delivery and staff engaged within human resources, finance, marketing, information and communications technology, and operational planning and development staff.

Client support costs include direct service delivery expenses other than employee benefits. These include assessments, living expenses and program or activity expenses.

2.6 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2.7 Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for expected credit losses. Collectability of receivables is constantly reviewed and uncollectable debts are written-off. A provision for expected credit losses is established upon determining that a receivable amount is considered non-recoverable.

2.8 Financial Assets

The Group classifies its financial assets into the following categories:

1. financial assets at fair value through profit or loss,
2. amortised cost, and
3. financial assets at fair value through other comprehensive income (previously available-for-sale financial assets).

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the income statement.

Purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date. The quoted market price used is the current bid price.

Note 2 – Statement of Significant Accounting Policies (continued)

The categories of financial assets are:

a. Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the Statement of Financial Position date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the income statement.

b. Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL or FVOCI): they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as any long-term deposit that were previously classified as held-to-maturity under AASB 139.

c. Financial assets classified as fair value through other comprehensive income (FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date.

2.9 Impairment of financial assets

At each balance date the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income. The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between: financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'), and financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'). 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Note 2 – Statement of Significant Accounting Policies (continued)

2.10 Property, Plant and Equipment

Leasehold improvements, plant and other equipment

Leasehold improvements, plant and other equipment, including fittings and furniture, are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Leasehold improvements, plant and other equipment are subsequently measured using the cost model, less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of Leasehold improvements, plant and other equipment. The following useful lives are applied:

Fixed asset class	Depreciation rate
Plant and Equipment	3-5 years
Leasehold improvements	Lease period
Buildings	40 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

When an asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

Land and buildings

Following initial recognition at cost, land and buildings are carried at a revalued amount that is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Fair value is the amount of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are confirmed by independent valuations that are obtained with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the reporting date. Director valuations are used if an independent valuation does not take place during an annual reporting period.

Land and buildings are treated as a class of assets. When the carrying amount of this class of assets is increased as a result of a revaluation, the increase is credited directly to the revaluation reserve, except where it reverses a revaluation decrement previously recognised in the statement of profit or loss and comprehensive income, in which case it is credited to that statement.

When the carrying amount of land and buildings is decreased as a result of a revaluation, the decrease is recognised in the statement of profit or loss and other comprehensive income, except where a credit balance exists in the revaluation reserve, in which case it is debited to that reserve.

Note 2 – Statement of Significant Accounting Policies (continued)

Make good provision
At the end of the reporting period, a provision for the estimated cost for the make good of operating leases was recorded. The provision relates to the expected future cost and is based on management's best estimate of the cost to restore the leased premises to their agreed original state at the expiration of the lease agreement.

2.11 Impairment testing of property, plant and equipment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of property, plant and equipment is the higher of fair value less costs of disposal and value in use. Depreciated replacement cost is used to determine value in use where the assets are not held principally for cash generating purpose and would be replaced if the organisation was deprived of it. Depreciated replacement cost is the current replacement cost of a time of plant and equipment less, where applicable, accumulated depreciation to date, calculated on the basis of such cost. Value in use for all other assets is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the statement of profit and loss and other comprehensive income.

2.12 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

2.13 Provisions

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

The amount recognised as a provision is an estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Make-good provision
During the current financial year a provision for the estimated cost for the make good of operating leases was recorded. The provision relates to the expected future cost and is based on management's best estimate of the cost to restore the leased premises to their agreed original state at the expiration of the lease agreement.

Service claims provision
The service claims provision is based on an actuarial assessment of the discounted value of potential claims arising out of services provided.

Note 2 – Statement of Significant Accounting Policies (continued)

2.14 Leases

At inception of a contract, the Group assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right, then there is no identified asset.

- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.

- The Group has the right to direct the use of the asset i.e. decision-making rights in relation to changing how and for what purpose the asset is used.

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy. The right-of-use asset is assessed for impairment indicators at each reporting date.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected to apply the exceptions to lease accounting for leases of low-value assets. For these leases, the Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

2.15 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).

Note 2 – Statement of Significant Accounting Policies (continued)

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows 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.

2.16 Income Tax

No provision for income tax has been raised as the Company and the controlled entities are exempt from income tax under Div. 50 of the Income Tax Assessment Act 1997.

2.17 Employee Benefits

Short-term Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits are recognised in other liabilities and annual leave, long service leave and accumulating sick leave expected to be settled within twelve months of the end of the reporting period are recognised in current provision in respect of employees' services rendered up to the end of the reporting period. These balances are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

Long-term Employee Benefits

Long service leave not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service are included in non-current provisions. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group makes contributions for certain employees and contractors to QLeave and Portable Long Service Authority (Victoria).

The Group presents employee benefit obligations as current liabilities in the Statement of Financial Position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

Superannuation

Contributions are made by the Group to an employee's superannuation fund and are charged as expenses when incurred.

Note 2 – Statement of Significant Accounting Policies (continued)

2.18 Reserves

Operating Reserve

This reserve consists of funds the Board have set aside with the intention that they be used for strategic purposes. The Operating Reserve includes funds identified as required to help to assist the long- term financial stability and sustainability of the Group and position the Group to respond to significant economic conditions and changes affecting its financial position and the ability of the Group to continuously carry out its mission.

Revaluation Reserve

This reserve is used to record movements in the fair value of freehold land and buildings.

Fair Value through Other Comprehensive Income Reserve

This reserve is used to record movements in the fair value of Financial Assets.

2.19 Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

2.20 Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

Key Estimates – impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to sell or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Judgments – make-good provision

The provision relates to the expected future cost and is based on management's best estimate of the cost to restore the leased premises to their agreed original state at the expiration of the lease agreement.

Key Judgments – service claim provision

The provision relates to the expected future cost and is based on an actuarial assessment of the discounted value of potential claims arising out of services provided.

Key Judgments – useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Key Judgments – long service leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

3 Items within profit and loss

3 (a) Revenue from the provision of services subject to contracts and performance obligations

	2023	2022
	$	$
Government funding	157,504,897	135,615,670
Government funding - client recovery	3,509,904	2,697,839
Direct client costs	(3,509,904)	(2,697,839)
Revenue from social enterprises	-	393,383
Other project and service revenue	1,325,296	1,259,209
	158,830,193	**137,268,262**

3 (b) Other Income

	2023	2022
	$	$
Revenue not subject to specific performance obligations		
Donations income	483,717	394,257
Other income	701,448	1,400,976
Other income		
Rental income from support programs	2,545,096	815,577
Interest and investment income	2,192,059	826,590
Net gain/(loss) on disposal of property, plant and equipment	-	113,207
	5,922,320	**3,550,607**
Total revenue from continuing operations	**164,752,513**	**140,818,869**

3 (c) Income from government:

	2023 $	2022 $
Commonwealth government		
Department of Home Affairs	72,825,443	59,878,136
National Disability Insurance Agency	28,273,077	27,641,194
Department of Social Services	17,170,115	17,190,973
Department of Health	4,815,660	262,374
Department of Education, Skills and Employment	3,310,544	2,383,300
Department of Jobs and Small Business	2,108,942	2,084,788
Other federal funding	1,365,967	1,130,006
	129,869,748	110,570,771
State government		
NSW Department of Communities Justice	19,585,643	15,613,309
NSW Department of Industry	3,112,687	2,852,005
Multicultural NSW	1,171,500	675,000
VIC Department of Jobs, Precincts and Regions	1,340,301	926,066
QLD Department of Employment, Small Business and Training	649,962	1,249,589
Other state funding	1,715,166	4,264,008
	27,575,259	25,579,977
Other non-government funding	**7,307,506**	**4,668,121**
Total revenue from continuing operations	**164,752,513**	**140,818,869**

3 (d) Employee benefits expense

	2023	2022
	$	$
Wages & salaries	79,148,836	67,392,153
Workers compensation insurance	1,631,063	932,848
Superannuation	8,182,320	6,652,183
Employee benefit provisions	4,122,023	3,585,768
Other staff related costs	1,275,921	989,697
Employee benefits expense	**94,360,163**	**79,552,649**

3 (e) Other expenditure disclosures

	2023	2022
	$	$
Depreciation - Property, plant & equipment	2,797,749	2,380,626
Depreciation - Right of use asset	4,194,405	4,120,036
Interest on borrowings	-	21,711
Finance charge on leases	375,797	270,337
Audit of the financial statements for the group	129,600	121,500
Other audit service fees	8,400	6,300

4 Cash and cash equivalents

	2023	2022
	$	$
Cash on hand	53,453	35,717
Cash at bank	28,750,523	28,474,597
Short term bank deposits	13,000,000	-
Cash and cash equivalents	**41,803,976**	**28,510,314**

5 Receivables

	2023	2022
	$	$
Contract assets - funding debtors and accrued income	11,089,929	12,871,150
Other receivables	83,062	151,015
Receivables	**11,172,991**	**13,022,165**

6 Other assets - current

	2023	2022
	$	$
Prepayments	1,769,449	1,671,067
Security Deposits	1,250,326	815,561
Other assets – current	**3,019,775**	**2,486,628**

7 Property, plant and equipment

	2023	2022
	$	$
Leasehold improvements (at cost)	8,039,008	7,263,015
Less: Accumulated depreciation	(7,059,468)	(6,108,106)
	979,540	**1,154,909**
Plant and equipment (at cost)	14,880,135	12,909,621
Less: Accumulated depreciation	(11,114,710)	(9,607,292)
	3,765,425	**3,302,329**
Make good asset (at cost)	857,638	857,638
Less: Accumulated depreciation	(852,734)	(812,858)
	4,904	**44,780**
Work in Progress	**1,618,467**	**1,455,344**
Land and Buildings (at fair vale)	6,648,113	4,684,184
Less: Accumulated depreciation	(465,113)	(328,501)
	6,183,000	**4,355,683**
Total property, plant and equipment	**12,551,336**	**10,313,045**

The valuations of Land and Buildings were assessed with reference to independent valuations received from Valuations QLD, dated 13 June 2023, using an assessment of the direct sales comparison, summation and capitalisation of net income valuation approaches for each property.

8 Financial assets

	2023	2022
	$	$
Financial assets at Fair value through other comprehensive income (FVOCI)	34,082,387	31,428,274

(a) Fair value through other comprehensive income (FVOCI) investments are directly owned assets of Settlement Services International and are managed by investment managers JBWere, comprising:

- Shares in Australian and International equities	27,353,017	24,937,960
- Units in property trusts	4,099,627	2,772,749
- Units in alternative assets	-	1,235,758
- Units in fixed interest assets	1,730,301	1,411,986
- Cash management assets	614,451	917,142
- Income declared but not yet paid	284,991	152,679
Financial assets	**34,082,387**	**31,428,274**

9 Payables

	2023	2022
	$	$
Trade payables	3,375,622	4,323,843
Other creditors and accruals	6,898,779	4,964,337
Total Payables	**10,274,401**	**9,288,180**

10 Contract liabilities

	2023	2022
	$	$
Unexpended grant and service agreement funding – subject to performance obligations	**31,955,371**	**22,159,937**

11 Provisions

	2023	2022
	$	$
Current		
Employee Leave provision	9,010,036	7,272,155
Make good provision	1,064,050	919,740
Service claims provision	1,182,500	-
Other provisions	271,169	406,815
Total current provisions	**11,527,755**	**8,598,710**
Non-current		
Employee Leave provision	1,345,714	1,296,139
Total non-current provisions	**1,345,714**	**1,296,139**

12 Lease disclosures

The Group has a number of property and motor vehicle leases. These leases are reflected on the Consolidated Statement of Financial Position as a right of use asset and as lease liabilities.

	2023	2022
	$	$
Right of use asset		
Right of use asset (property)	21,763,731	16,379,724
Less: Accumulated depreciation (property)	(13,285,019)	(9,473,693)
	8,478,712	**6,906,031**
Right of use asset (motor)	436,258	412,576
Less: Accumulated depreciation (motor)	(356,285)	(256,105)
	79,973	**156,471**
Right of use asset (other)	1,418,283	1,349,092
Less: Accumulated depreciation (other)	(979,569)	(699,665)
	438,714	**649,427**
Total right of use asset	**8,997,399**	**7,711,929**

	2023 $	2022 $
Lease liability		
Current lease liability	3,201,498	3,645,746
Non-current lease liability	6,040,685	4,240,599
Total Lease liability	**9,242,183**	**7,886,345**

	2023 $	2022 $
Reconciliation of lease liability		
Lease liability	7,886,345	7,723,902
Lease modifications and adjustments	5,199,685	4,070,753
Principal repayments during the year	(3,843,847)	(3,908,310)
Total Lease liability	**9,242,183**	**7,886,345**

13 Funds

	2023 $	2022 $
a) Accumulated funds		
Accumulated funds at the beginning of the year	31,419,601	29,851,521
Net surplus	97,147	1,568,080
Accumulated funds	**31,516,748**	**31,419,601**

b) Reserves

	2023 $	2022 $
Operating reserve		
Reserve at the beginning of the year	11,700,000	11,700,000
Other comprehensive income	-	-
Operating Reserve at the end of the year	**11,700,000**	**11,700,000**
Asset Revaluation reserve		
Reserve at the beginning of the year	1,123,442	1,123,442
Revaluation of property, plant and equipment	1,877,986	-
Asset Revaluation reserve at the end of the year	**3,001,428**	**1,123,442**
Fair value through other comprehensive reserve		
Reserve at the beginning of the year	-	2,396,952
Market movement in financial assets held at FVOCI	1,064,264	(2,396,952)
Fair value through other comprehensive reserve at the end of the year	**1,064,264**	**-**
Reserves	**15,765,692**	**12,823,442**

14 Cash Flow Information

Reconciliation of Result for the Year to Cash flows from Operating Activities

	2023	2022
	$	$
Cash flows from operating activities		
Net surplus for the year	97,147	1,568,080
Non-cash flows in operating surplus:		
Depreciation and amortisation	6,992,154	6,500,661
Borrowing and finance costs	375,797	270,337
Gain on disposal of property, plant and equipment	1,043	(113,207)
Movements in assets and liabilities		
Change in receivables	1,849,174	(6,321,189)
Change in inventories	-	77,302
Change in other assets	(533,147)	(1,089,132)
Change in payables	986,221	2,763,080
Change in other liabilities	9,795,437	12,817,322
Change in provisions	2,978,617	(984,800)
Net cash from operating activities	**22,542,443**	**15,488,454**

15 Related party transactions

The Group's related parties include its key management personnel and related entities as described below.

15.1 Transactions with key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel. Key management personnel are the Company's Board members and senior executives of the Group. Key Management Personnel remuneration includes the following:

	2023	2022
	$	$
Total Key Management Personnel compensation	**2,915,692**	**2,797,593**

15.2 Board Fees

The following persons were directors of Settlement Services International during the year:
Voula Messimeri (Chair), Scott Machin, Jane Matton, Alexander McCauley, Tharani Jegatheeswaran, Deping Zheng, Elfa Moraitakis (resigned November 2022), Nathan Hagarty (resigned March 2023) and Gregory Hywood (resigned March 2023).

<u>Remuneration or benefits received by members of governing body</u>

The total amount of remuneration or benefit provided to members of the governing body (the Board) of Settlement Services International (other than reimbursement of reasonable out-of-pocket expenses) during the year:

	2023	2022
	$	$
Total Remuneration or benefits received by members of governing body	**157,822**	**171,735**

15.3 Settlement Services Program Subcontractor Fees Paid to Migrant Resource Centres

Some directors of the Group are also directors of Migrant Resource Centres (MRCs). Settlement Services International (SSI) is the lead organisation in a consortium that delivers the Australian Government Settlement Services Program. SSI subcontracts to MRCs to deliver settlement grant activities under this program.

Member Migrant Resource Centres	Related Director	2023 $	2022 $
Advance Diversity Services	None	787,872	795,297
Accessible Diversity Services	Deping Zheng	1,082,864	1,113,874
Community Migrant Resource Centre	None	1,776,074	1,830,646
CORE Community Services	None	1,748,190	1,837,761
Illawarra Multicultural Services Inc.	None	623,117	680,781
Western Sydney MRC	Nathan Hagarty	1,638,525	1,358,694
Focus Connect	None	-	418,463
Metro Assist	Scott Machin	1,718,811	1,770,065
Mosaic Multicultural Connections	None	1,060,031	946,835
Sydney Multicultural Community Services	None	375,679	386,869
SydWest Multicultural Services Inc.	Elfa Moraitakis	996,305	1,022,299
Total		**11,807,468**	**12,161,584**

15.4 Facilitation Fees Paid to Member Migrant Resource Centres

Some directors of the Group are also directors of member Migrant Resource Centres (MRCs). Settlement Services International pays facilitation fees to MRCs for use of premises to deliver client services.

Member Migrant Resource Centres	Related Director	2023 $	2022 $
Advance Diversity Services	None	13,376	23,760
Accessible Diversity Services	Deping Zheng	42,480	48,440
Core Community Services	None	-	100
Western Sydney MRC	Nathan Hagarty	95,680	103,040
Mosaic Multicultural Connections	None	30,100	32,500
SydWest Multicultural Services	Elfa Moraitakis	37,345	52,475
Total		**218,981**	**260,315**

15.5 Amounts Received from Member Migrant Resource Centres

The amounts received relate to membership fees, donations to the Group and other ad hoc reimbursements during the year.

Member Migrant Resource Centres	Related Director	2023 $	2022 $
Advance Diversity Services	None	2,100	2,100
Accessible Diversity Services	Deping Zheng	100	100
Community Migrant Resource Centre	None	100	100
Core Community Services	None	100	100
Illawarra Multicultural Services	None	83,080	100
Western Sydney MRC	Nathan Hagarty	100	100
Eastern Community Legal Centre	Janet Matton	100	100
Focus Connect	None	-	100
Metro Assist	Scott Machin	7,049	1,035
Mosaic Multicultural Connections	None	15,340	30,781
MRC North	None	100	-
Participate Australia	None	100	100
Sydney Multicultural Community Services	None	100	100
SydWest Multicultural Services	Elfa Moraitakis	100	100
Yumba-Meta	None	100	-
Total		**108,570**	**34,916**

15.6 Other Transactions in relation to Member Migrant Resource Centres and other related parties

Some directors of the Group are also directors of Migrant Resource Centres (MRCs). This includes all other payments by SSI to MRC's and other related parties, including any other sub-contracting to MRCs to deliver programs.

Member Migrant Resource Centres	Related Director	2023 $	2022 $
Advance Diversity Services	None	66,347	87,008
Accessible Diversity Services	Deping Zheng	917	136
Community Migrant Resource Centre	None	42,383	81,781
Core Community Services	None	1,850	-
Western Sydney MRC	Nathan Hagarty	43,002	174,166
Metro Assist	Scott Machin	1,188,812	1,020,540
Mosaic Multicultural Connections	None	4,545	-
Sydney Multicultural Community Services	None	-	753
SydWest Multicultural Services	Elfa Moraitakis	22,779	17,667
Total		**1,370,635**	**1,382,051**

15.7 Other Related Party Transactions

The following other transactions occurred with related parties:

Organisation	Related Party	2023 $	2022 $
Amounts received from:			
Relationships Australia	Elisabeth Shaw (former director of SSI)	-	38,680
Liverpool City Council	Nathan Hagarty (former director of SSI)	-	52
Payments			
Andrew McLean	Sharon Lanyon (SSI employee)	13,125	2,000
Voula Messimeri	SSI Board Chair	1,210	443
Executive Central Group	Peter Zographakis (former employee of SSI)	-	57,188
The Centre for Social Purpose	Sonia Vignjevic (former director of SSI)	-	4,364
Liverpool City Council	Nathan Hagarty (former director of SSI)	-	753
Robyn O'Neill	Stephen O’Neill (SSI employee)	-	67,160
Stephen O'Neil Consulting	Stephen O’Neill (SSI employee)	-	75,680

Other related transactions:
Payments of employee benefits for employees within the consolidated entity, and other benefits paid to persons, who are family members of related parties was nil in 2023 (2022: $70,850).

16 Interests in Subsidiaries

The subsidiaries listed below are wholly controlled by Settlement Services International Limited.

Membership held within the Group	
Name of Subsidiary	**Membership**
Access Community Services Limited	Sole member: Settlement Services International Limited
Access Community Enterprises Limited	Sole member: Settlement Services International Limited
Multicultural Centre for Mental Health and WellBeing Limited	Sole member: Access Community Services Limited
Brisbane Multicultural Arts Centre Limited	Sole member: Access Community Services Limited

Each of the above entities are companies limited by guarantee, are charitable entities with constitutions, which each include clauses prohibiting distributions of income and property to members.

17 Parent Entity Financial Information

Summary of Financial Information

The individual Statement of Financial Position for the parent entity show the following aggregate amounts:

	2023	2022
	$	$
Assets		
Current Assets	47,824,143	35,816,237
Non-current Assets	48,314,378	43,981,702
Total Assets	**96,138,521**	**79,797,939**
Liabilities		
Current Liabilities	53,090,924	39,016,342
Non-current Liabilities	7,308,106	5,116,407
Total Liabilities	**60,399,030**	**44,132,749**
Net Assets	**35,739,492**	**35,665,190**
Funds		
Accumulated funds	22,975,227	23,965,190
Reserves	12,764,265	11,700,000
Total Funds	**35,739,492**	**35,665,190**
(Deficit) / surplus for the year	(989,963)	(962,562)
Other comprehensive (loss) / income	1,064,265	(2,396,952)
Total comprehensive (deficit) / surplus for the year	**74,302**	**(3,359,514)**

18 Contingencies

The Group has rental guarantees totalling $904,361 (2022: $655,616) at year-end for all leased premises in favour of the landlords.

19 Economic dependency

Federal and State government departments provide funding to the Group which enables it to provide its services. It is anticipated that significant funding will continue to be received to enable the Group to continue to provide services.

20 Events Occurring After the Reporting Date

On 29 September 2023 it is anticipated that SSI will agree to enter into a Funding Agreement with the QLD Department of State Development, Infrastructure, Local Government and Planning (QLD Government), as a result of which SSI is expected to commit to the construction of a new commercial building (“The EHUB”), on property at 2 Carmody St, Logan Central currently owned by the subsidiary Access Community Services Limited.

20 Events Occurring After the Reporting Date (continued)

QLD Government and SSI will share in the costs of the project with QLD Government funding for eligible planning, design, demolition and construction costs up to a maximum amount of $6.7M. SSI is expected to commit $7.3M in funding to the project.

The EHUB is proposed to be a new, purpose-designed facility from which Access Community Services Limited, SSI and partner organisations will deliver employment, training, education and community services. Preliminary design and cost estimates anticipate a 4-level 2600sqm building with a cost of $13-$14M.

The land and buildings at 2 Carmody St, Logan Central are currently carried at a fair value of $3m.

No contracts have yet been entered into regarding the construction of the EHUB.

21 Charitable Fundraising Act 1991 Disclosures

	2023 $	2022 $
Gross aggregate income received from fundraising:		
Donations and gifts – monetary	333,159	172,110
Donations and gifts - non-monetary	-	32,105
Corporate donations	150,559	190,042
Donations income (as per Note 3 (b))	**483,717**	**394,257**
Grant agreements with Foundations	86,177	276,780
Total fundraising income	**569,894**	**671,037**
Direct expenditure associated with fundraising appeals	570,789	450,866
Total fundraising expenditure	**570,789**	**450,866**
Net surplus / (deficit) from fundraising appeals	**(895)**	**220,171**
Unspent Foundation grants contracted for specific purposes - carried forward for future expenditure	**86,177**	**276,780**

Any donations received where the use of those funds is restricted under the conditions of the contribution to specific purposes are applied for those specific purposes.

Costs of fundraising include all direct fundraising costs in accordance with the Act. The costs also include costs for processing unsolicited donations and the planning and development of future fundraising activities.

Any surplus arising from fundraising appeals is applied to the charitable purposes of the Company. The unspent corporate donations intended for specific purposes have been recognised in Note 3(b) as contributions to current year, in accordance with AASB1058 and no separate provisions are recognised for these amounts intended to be spent in future periods.

Responsible Entities' Declaration

In the opinion of the Responsible Entities of Settlement Services International Limited:

1. The financial statements and notes of Settlement Services International Limited are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

    a. Giving a true and fair view of its financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

    b. Complying with Australian Accounting Standards - Simplified Disclosures and the Australian Charities and Not-for-profits Commission Regulations 2022; and

2. There are reasonable grounds to believe that Settlement Services International Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Responsible Entities:

Voula Messimeri
Responsible Entity

Deping Zheng
Responsible Entity

Dated the 28th day of September 2023

Declaration in accordance with the Charitable Fundraising Act 1991.

On behalf of Settlement Services International Limited, I declare that:

1) the Company is able to pay all of its debts as and when the debts become due and payable;

2) the 30 June 2023 financial statements of the Company satisfy the requirements of the Charitable Fundraising Act 1991 and the Charitable Fundraising Regulation 2021;

3) the contents of the 30 June 2023 financial statement of the Company are true and fair; and

4) the Company has appropriate and effective internal controls.

Violet Roumeliotis

Chief Executive Officer

Dated the 28th day of September 2023

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Independent Auditor's Report

To the Members of Settlement Services International Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Settlement Services International (the "Registered Entity") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in funds and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Responsible Entities' declaration.

In our opinion the financial report of Settlement Services International Limited has been prepared in accordance with the requirements of the Australian Charities and Not-for-profits Commission Act 2012 including:

a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2022.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Entity in accordance with 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 also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

Those charged with governance are responsible for the other information. The other information comprises the Declaration in accordance with the Charitable Fundraising Act 1991.

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, 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.

Responsibilities of the Responsible Entities for the financial report

The Responsible Entities of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures, the Australian Charities and Not-for-profits Commission Act 2012 and the Charitable Fundraising Act 1991, and for such internal control as the Responsible Entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Registered Entity'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 the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Responsible Entities.
- Conclude on the appropriateness of the Responsible Entities' 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 Entity'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 Entity 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.

Grant Thornton Audit Pty Ltd
Chartered Accountants

James Winter

Partner – Audit & Assurance

Sydney, 28 September 2023