



SPINAL LIFE AUSTRALIA LTD

ABN 39 293 063 049

ACN 167 906 256

CONSOLIDATED ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2021

SPINAL LIFE AUSTRALIA LTD

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SPINAL LIFE AUSTRALIA LTD
DIRECTORS' REPORT
For the year ended 30 June 2021

Your directors of Spinal Life Australia Ltd present their report together with the financial statements of the consolidated entity, being Spinal Life Australia (the “Company” or “SLA”) and its controlled entities (the “Group”) for the financial year ended 30 June 2021.

Directors

The following persons were directors of Spinal Life Australia Ltd at 30 June 2021 and up to the date of this report:

Gyl Stacey, Chair

Independent Non-Executive Director, Member of the Audit, Finance and Risk Committee.

Gyl was appointed a director of SLA in January 2016. She has 35 years’ experience as a senior manager and executive, with extensive experience as a leader in the fast-moving technology sector. Her forte is in developing goal-oriented strategy and achieving results through value-driven governance and programme delivery. She has been recognised for building high value, award winning service capabilities and is passionate about driving innovation to help improve the outcomes that people are able to achieve. She is committed to public service, with several other board roles including the Parole Board Queensland, QCAT and Queensland Health. Gyl has a Bachelor of Business, a Graduate Certificate in Management and is a Graduate of the Australian Institute of Company Directors.

Gyl has been elected Chair of the Board of Directors effective 29 August 2019. Gyl was appointed a Member of the Audit, Finance and Risk Committee in September 2020.

Mark Dillman, Deputy Chair

Independent Non-Executive Director and Member of the Governance and Remuneration Committee.

Mark was appointed a director of SLA in April 2008. He has an extensive background in law and is a Principal Lawyer at Macpherson+Kelley Lawyers where he practices primarily in commercial litigation and commercial advisory work. Mark also has experience in advising the not-for-profit sector and in particular, churches, church and community owned hospitals and aged care facilities and the RSL. He has been a member of the Board of the Wesley Hospital, served on its Finance Committee, has been a member of the St Aidan’s School Council including one year as its chair, has been a member of the Board of the Society of the Sacred Advent and has also served on an Ethics Committee for Blue Care.

Michelle Wilson

Independent Non-Executive Director and Chair of the Audit, Finance and Risk Committee.

Michelle was appointed a director of SLA in April 2019. She is a Chartered Accountant with extensive accounting and taxation experience, specifically with small and medium business clients. She has a keen interest in the community sector, from both governance and Board management perspectives, and is suitably skilled to assist SLA with financial matters and deliberations after joining the board in April 2019. Michelle has a Bachelor of Commerce and a Master of Taxation degree from University of Queensland, is a graduate of the Institute of Company Directors and a Fellow of the Governance Institute.

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Del Childs

Independent Non-Executive Director and Member of the Audit, Finance and Risk Committee.

Del was appointed a director of SLA in November 2018. She has spent 40 years in public and private education, with roles ranging from teaching, management, curriculum and professional development to marketing, consulting and regulatory compliance. She used her lived experience in spinal cord injuries to take on the position of co-facilitator of Spinal Life's Far North Queensland member network in 2012, forming links with a variety of non-government and community organisations.

Professor Charles "Phillip" Morris

Independent Non-Executive Director and Member of the Governance and Remuneration Committee.

Phillip was appointed a director of SLA in May 2018. He has an extensive 45-year history in research, particularly focused on human molecular genetics, with more than 150 publications in international scientific journals. He has more than 25 years' experience teaching in universities in Queensland and South Australia, and brings expertise in successfully applying for grants, developing new technologies and more. Phillip is currently a 'retired' Adjunct Professor at the QUT and the University of Queensland. He continues to mentor students and young researchers. He is a passionate advocate for improving outcomes and quality of life for people with spinal cord damage, with lived experience having sustained an injury in 2005.

Gerard O'Brien

Independent Non-Executive Director and Chair of the Governance and Remuneration Committee.

Gerard was appointed a director of SLA in April 2019. He is also the President of Surf Lifesaving Sunshine Coast. Previous Directorships include Colgate Palmolive PNG, Surf Lifesaving Queensland, Buderim Ginger Limited, Australian Industry Group and Baking Industry Association of Queensland. He also has extensive experience in the Australian and international consumer goods sectors, including a number of Managing Director roles.

Carol Taylor

Independent Non-Executive Alternate Director.

Carol was appointed to the board to fill a casual vacancy in January 2021. She is a businesswoman, award winning artist, designer, advocate, community leader and Principal of law firm Taylor Law & Conveyancing. Carol's previous board positions included the board of Access Arts Australia and she was also honorary solicitor for the Irish Australian Welfare Bureau. Carol is also a founding member of the QLS diverse abilities network. With 18 years lived experience of spinal cord damage, Carol is passionate about creating positive change and justice to redefine what is possible for all.

Rebecca Tweedy

Independent Non-Executive Alternate Director.

Rebecca has joined the board as an alternate director, and brings extensive experience working in both the public and private sectors as a Musculoskeletal Physiotherapist. Rebecca has worked as a committee member for the Queensland and National Australian Physiotherapy Association and was selected as part of the Paralympic Cycling Medical Team for the Sydney 2000 Paralympic Games. Rebecca brings her own experience as a mother of a child with a spinal injury, as well as experience working within Allied Health teams, to the board.

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Dinesh Palipana

Independent Non-Executive Alternate Director.

Dr Dinesh was the first medical intern in Queensland with quadriplegia and is the second person to graduate medical school with quadriplegia in Australia. He is now a highly accomplished Doctor at the Gold Coast University Hospital, a Senior Advisor to the Disability Royal Commission, co-leads a spinal cord injury research lab, and is the doctor for the Gold Coast Titans disability rugby league team. Most recently, he was voted the 2021 Queenslander of the Year. Dr Dinesh joined the board on 27 May 2021 as an Alternate Director and is looking forward to helping Spinal Life build an innovative future, focused on delivering our customers the best services and support.

Appointments and Resignations of Directors During the Year

Mr Bradley Kinsela was appointed as a director on 28 November 2019 until his resignation on 15 January 2021.

Ms Carol Taylor was appointed as an alternate director on 1 June 2020 and appointed a casual director on 28 January 2021 and continues in this office at the date of this report.

Ms Rebecca Tweedy was appointed as an alternate director on 29 April 2021 and continues in this office at the date of this report.

Dr Dinesh Palipana was appointed as an alternate director on 27 May 2021 and continues in this office at the date of this report.

Company Secretary

Christopher Miers

Christopher was appointed company secretary on 8 February 2021. Christopher has over 20 years' experience in a range of senior legal and business management roles, being responsible for ensuring legal, risk and governance compliance of organisations within the corporate, government and not-for-profit sectors. Christopher is a qualified Lawyer, Company Secretary, Nationally Accredited Mediator and Accredited Family Dispute Resolution Practitioner. He holds undergraduate and postgraduate qualifications in law, business and governance. He is also a member of several professional bodies including the Australian Institute of Company Directors and Governance Institute of Australia. He has prior experience as a Non-Executive Director and Company Secretary for various organisations, thereby having a deep understanding of the strategic importance governance has in supporting and driving organisational and strategic priorities.

Ms Kym Christensen was appointed company secretary of SLA on 31 May 2018 until her resignation on 31 January 2021.

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DIRECTORS' REPORT
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Meetings of directors

Details of directors' attendance at meetings are outlined below:

	Spinal Life Australia Board		Audit, Finance and Risk Committee		Governance & Remuneration Committee	
	A	B	A	B	A	B
Gyl Stacey	11	11	3	4	-	-
Mark Dillman	11	11	-	-	4	4
Michelle Wilson	11	11	5	5	-	-
Del Childs	10	11	5	5	-	-
Professor Phillip Morris	11	11	-	-	3	4
Gerard O'Brien	11	11	-	-	4	4
Carol Taylor	7	9	-	-	-	-
Rebecca Tweedy	1	1	-	-	-	-
Dinesh Palipana	-	1	-	-	-	-
Bradley Kinsela	1	2	-	1	-	-

A= Number of meetings attended

B= Number of meetings held during the time the director held office or was a member of the committee during the period

Objectives

The Group's short-term objective is focusing on customer and user experience with a goal of ensuring the personal support workers are proud ambassadors of the Group and that the Group's customers have elected SLA as their chosen service provider.

Long-term the Group is focused on supporting people with spinal cord damage live the life they want to lead.

Strategy for achieving the objectives

The critical success factors to accomplishing the objectives are:

- i.* Understanding and responding to customers' individual needs;
- ii.* Being an employer of choice;
- iii.* Having a strong and compelling brand;
- iv.* Having the expertise to deliver on the special role Spinal Life undertakes;
- v.* Maintaining strong relationships with key partners, funders and suppliers; and
- vi.* Driving improved quality and efficiency focused on customer value.

Principal activities

During the year, the principal continuing activities of the Group consisted of:

- i.* Personal support services;
- ii.* Spinal allied health services;
- iii.* Accommodation and rehabilitation services at the Healthy Living Centre;
- iv.* Peer support program;
- v.* Advocacy and member support;
- vi.* Injury prevention programs; and
- vii.* Fundraising activities.

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For the year ended 30 June 2021

Key performance indicators and measures of Group

The Board is responsible for the overall internal control framework used to measure the Group's performance. The Group's key performance indicators are annually updated and monitored monthly by the Board. Key performance measures include but are not limited to:

- i.* Delivery of the highest quality service to our clients and regular review of the Group's risk management system;
- ii.* Business operational units are measured and responsible for identifying, assessing and managing risks through standards required by the risk management program;
- iii.* The Group and operational units are responsible and accountable for their actual results reported against budgets approved by Board; and
- iv.* Reduction in workplace injuries and improve training and awareness of staff, clients and members.

Review of operations

The Group reported total comprehensive income of \$5,941 for the year 1 July 2020 to 30 June 2021 (2020: \$11,302).

The social, health and economic consequences of the COVID pandemic continue to evolve and have major impacts across the planet. Since its declaration as a pandemic in March 2020, COVID-19 and the associated government, business and consumer responses have had varying degrees of impact on the operations of the Group. During the financial year, SLA was eligible and accessed the JobKeeper Payment scheme, introduced to assist businesses affected by COVID-19. The JobKeeper Payment finished on 28 March 2021. Management continues to prioritise the safety and health of employees and customers to reduce risks associated with the pandemic.

The Group will continue to monitor vaccination developments and public health measures implemented to control and slow the outbreak, as Australia heads towards herd immunity. Given the dynamic nature of these circumstances and the ongoing economic uncertainty, the related impact on the Group's future operating results, cash flows and financial condition cannot be reasonably estimated at this stage and will be reflected in the Group's 2022 annual financial statements.

Spinal Futures

Spinal Futures Limited, was incorporated on 29 September 2020 as a fully owned subsidiary of SLA and has been registered as a charity from the same date. The objectives of Spinal Futures Limited include providing support to persons who have an acquired spinal cord injury (which includes persons who have had polio), and to do all things to aid the public benevolent purposes and objects of SLA, including preserving and holding assets, and engaging in activities to generate funds to further support the charitable purposes of SLA. During the year SLA contributed funds to Spinal Futures Limited to commence operation.

Dividends

No dividends are paid in accordance with the constitution of SLA.

Events since the end of the financial year

No matter or circumstance has arisen since 30 June 2021 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

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DIRECTORS' REPORT
For the year ended 30 June 2021

Rounding of amounts

The Group is of a kind referred to in *Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Director's Report. Amounts in the Director's Report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, or in certain cases to the nearest dollar.

Contribution in winding up

The Company is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$5 each towards meeting any outstanding obligations of the entity. At 30 June 2021, the total amount that members of the Company are liable to contribute if the Company wound up is \$9 (2020: \$8).

Indemnification and insurance of officers and directors

(i) Indemnification

Since the end of the previous financial year, the Group has not indemnified or made a relevant agreement for indemnifying against a liability of any person who is or has been an officer or auditor of the Group.

(ii) Insurance premiums

The Group has insurance premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the year ended 30 June 2021 and the year ending 30 June 2022. Terms and conditions of the insurance contracts prohibit disclosure of the content of the contracts.

No claim has been made against the officers and directors insurance policy during the 2020/21 financial year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not-for-Profit Commission (ACNC) Act 2012* is set out on page 9 and forms part of the Directors' report.

Auditor

KPMG have been engaged to act as our auditors in accordance with Section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.

Gyl Stacey

Gyl Stacey
Director

Brisbane

6 October 2021



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

To the members of Spinal Life Australia Limited and its controlled entities

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

B E Lovell
Partner

Brisbane
6 October 2021

SPINAL LIFE AUSTRALIA LTD
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
REVENUE	3	<u>45,580</u>	<u>41,846</u>
EXPENSES			
Salaries and on-costs	4	38,746	33,831
Staff related costs		3,107	1,988
Client support costs		385	218
Depreciation and amortisation	4	1,120	735
Finance costs		25	42
Information technology & telecommunication expenses		1,190	911
Motor vehicle expenses		133	120
Occupancy costs		517	409
Other expenses		<u>1,628</u>	<u>1,862</u>
TOTAL EXPENSES		<u>46,851</u>	<u>40,116</u>
NET OPERATING (LOSS)/INCOME		(1,271)	1,730
OTHER INCOME			
Capital grants received	5	39	6,985
Other income received	6	6,484	2,680
Loss on disposal of financial assets		-	(3)
TOTAL OTHER INCOME		<u>6,523</u>	<u>9,662</u>
NET PROFIT		<u>5,252</u>	<u>11,392</u>
OTHER COMPREHENSIVE INCOME			
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS			
Changes in the fair value of debt instruments at fair value through other comprehensive income		10	(6)
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS			
Changes in the fair value of equity instruments at fair value through other comprehensive income		<u>679</u>	<u>(84)</u>
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		<u>689</u>	<u>(90)</u>
TOTAL COMPREHENSIVE INCOME		<u><u>5,941</u></u>	<u><u>11,302</u></u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

SPINAL LIFE AUSTRALIA LTD.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	16,725	9,970
Trade and other receivables	8	1,286	1,178
Term deposits	9	139	1,773
Other current assets	10	2,232	3,607
TOTAL CURRENT ASSETS		<u>20,382</u>	<u>16,528</u>
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income	9	3,421	2,239
Financial assets at fair value through profit or loss	9	3,218	2,522
Property and equipment	11	18,619	19,074
Right-of-use assets	12	346	491
Intangible assets	13	692	616
TOTAL NON-CURRENT ASSETS		<u>26,296</u>	<u>24,942</u>
TOTAL ASSETS		<u>46,678</u>	<u>41,470</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	1,773	2,766
Unexpended grant funds	15	388	485
Lease liabilities	12	74	124
Provisions	16	1,832	1,518
Bank loan – Insurance premium finance facility	17	140	-
TOTAL CURRENT LIABILITIES		<u>4,207</u>	<u>4,893</u>
NON-CURRENT LIABILITIES			
Lease liabilities	12	318	401
Other liabilities		6	5
Provisions	16	613	578
TOTAL NON-CURRENT LIABILITIES		<u>937</u>	<u>984</u>
TOTAL LIABILITIES		<u>5,144</u>	<u>5,877</u>
NET ASSETS		<u>41,534</u>	<u>35,593</u>
MEMBERS' FUNDS (EQUITY)			
Other reserves		1,052	363
Accumulated surplus		40,482	35,230
TOTAL MEMBERS' FUNDS (EQUITY)		<u>41,534</u>	<u>35,593</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

SPINAL LIFE AUSTRALIA LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2021

	Notes	Other Reserves \$'000	Accumulated Surplus \$'000	Total \$'000
BALANCE AT 1 JULY 2019		453	23,838	24,291
Net profit for the year		-	11,392	11,392
Other comprehensive loss		(90)	-	(90)
Total comprehensive (loss)/income for the year		(90)	11,392	11,302
BALANCE AT 30 JUNE 2020		363	35,230	35,593
BALANCE AT 1 JULY 2020		363	35,230	35,593
Net profit for the year		-	5,252	5,252
Other comprehensive income		689	-	689
Total comprehensive income for the year		689	5,252	5,941
BALANCE AT 30 JUNE 2021		1,052	40,482	41,534

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

SPINAL LIFE AUSTRALIA LTD
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from government and customers		53,660	48,286
Payments to employees and suppliers		(47,125)	(40,512)
GST paid, net		(197)	(14)
Interest received		31	93
Interest paid		(24)	(42)
Dividends and realised gains		216	202
Acquisition of long-term deposit		-	5
NET CASH INFLOW FROM OPERATING ACTIVITIES		<u>6,561</u>	<u>8,018</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of financial assets, net		1,822	5,470
Acquisition of financial assets		(953)	(4,362)
Payments for property and equipment		(324)	(7,399)
Payments for intangible assets		(358)	(450)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		<u>187</u>	<u>(6,741)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments		(133)	(97)
Proceeds from borrowings		140	-
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		<u>7</u>	<u>(97)</u>
Net increase in cash and cash equivalents		6,755	1,180
Cash and cash equivalents, beginning of year		9,970	8,790
CASH AND CASH EQUIVALENTS END OF YEAR	7	<u><u>16,725</u></u>	<u><u>9,970</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2021

1. CORPORATE INFORMATION AND GENERAL ACCOUNTING POLICIES

Corporate information

Spinal Life Australia Ltd (“SLA”) was incorporated under the *Corporations Act 2001* on 21 February 2014 and is a company limited by guarantee that is domiciled in Australia. SLA was formerly known as Spinal Injuries Australia Ltd. The registered office and principle place of business of SLA is 109 Logan Road, Woolloongabba, Brisbane Queensland 4102.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”) and are as at and for the year ended 30 June 2021.

SLA is a not for profit entity for financial reporting purposes. These consolidated financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors of the Company on 30 September 2021.

General accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements are general purpose (tier 2) financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Australian Charities and Not-for-Profit commission (ACNC) Act 2012.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in the consolidated financial statements containing relevant and reliable information about transactions, events and conditions.

The financial statements do not comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB) due to the application of tier 2 Australian Accounting Standards – Reduced Disclosure Requirements.

The consolidated financial statements are presented in Australian dollars, which is the functional currency of the Group.

(i) Consolidation

SLA presents a General Purpose (tier 2) Financial Report, which consolidates the results of SLA with those of the entities it controls. The consolidated financial statements incorporate all of the assets, liabilities and results of SLA and all of the controlled entities. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities, income and expenses of the controlled entities have been consolidated on a line-by-line basis in the consolidated financial statements of the Group from the date on which control commences until the date on which control ceases. Intercompany transactions are fully eliminated upon consolidation.

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2021

1. CORPORATE INFORMATION AND GENERAL ACCOUNTING POLICIES (continued)

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, except for financial assets recorded at fair value.

(iii) Fair value of assets and liabilities

The fair value of assets and liabilities are disclosed using a fair value hierarchy, which reflects the significance of inputs to the determination of fair value. The different levels have been defined as follows:

- Level 1: quotes prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability.
- Level 3: valuation techniques that are not based on observable market data.

As at 30 June 2021, the Group's financial assets are recognised using Level 1 inputs. Total financial assets at fair value through comprehensive income is \$3,421 (2020: \$2,239), where total financial assets at fair value through profit or loss is \$3,218 (2020: \$2,522).

The Group measures some of its assets and liabilities at fair value on a recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

The fair value of liabilities may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(iv) New standards and interpretations not yet adopted

New standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2021 and have not been applied in preparing these consolidated financial statements. The Group does not plan to adopt these standards prior to required commencement date.

(v) Rounding of amounts

The Group is of a kind referred to in *Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, or in certain cases to the nearest dollar.

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1. CORPORATE INFORMATION AND GENERAL ACCOUNTING POLICIES (continued)

(b) Income Tax

SLA is exempt from income tax under the *Income Tax Assessment Act 1997*.

(c) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the taxation authority. In this case, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

2. CRITICAL ACCOUNTING ESTIMATES

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(i) Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

(ii) 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 surround assumptions about future usage and obsolescence.

(iii) 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 considered.

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2021

3. REVENUE

Accounting Policy – Revenue Recognition

Revenue is recognised at the fair value of consideration received or receivable, to the extent that it is reliably measurable and that it is probable that the economic benefits will flow to the Group. The following specific recognition criteria must also be met before revenue is recognised:

(i) Services income

Revenue is measured based on the consideration specified in an agreement with a customer. Revenue is recognised when the services are delivered and have been accepted by the customer. Invoices for service income are issued on a fortnightly basis and are usually payable within 30 days.

(ii) Interest income

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(iii) Dividends

Dividends are recognised as revenue when the Group's right to receive payment is established.

(iv) Rental income

Rental income from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as an integral part of total rental income.

(v) Government grants and subsidies

Revenue from government grants received under enforceable agreements, where there are sufficiently specific performance obligations imposed, is deferred until the obligations are satisfied. If the performance obligations are not sufficiently specific, revenue will be recognised upon receipt, to the extent they are not refundable.

Capital grants are recognised as income when (or as) it satisfies its obligations under the transfer. Capital grants are a type of grant where the company receives a financial asset to acquire or construct a non-financial asset to identified specifications; retains control of the non-financial asset (i.e. for its own use); and the transaction is enforceable.

Gifted assets acquired at a nominal value are recognised at their fair value at the date the Group obtained control over the asset.

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
3. REVENUE (continued)		
Services income	39,788	35,260
Government grant revenue	4,844	5,834
Fundraising – Gifts and contributions	220	404
Rental income	49	16
Interest income	31	128
Other income	648	204
Total Revenue	<u>45,580</u>	<u>41,846</u>
<i>(i) Government grant revenue</i>		
Commonwealth government		
Department of Health	3,700	3,865
Department of Social Services	-	20
Total Commonwealth Government	<u>3,700</u>	<u>3,885</u>
State government		
Department of Communities, Disability Services and Seniors	903	1,672
Motor Accident Insurance Commission	249	237
Department of Transport and Main Roads	(29)	14
WA Department of Communities Disability Services	-	26
Total State Government	<u>1,123</u>	<u>1,949</u>
Local government		
Sunshine Coast Regional Council	8	-
Moreton Bay Regional Council	5	-
Mackay Regional Council	8	-
Total Local government	<u>21</u>	<u>-</u>
Total Government grant revenue	<u>4,844</u>	<u>5,834</u>
4. EXPENSES		
Salaries and on-costs		
Salaries and wages	32,830	28,399
Superannuation	2,903	2,726
Other benefits	3,013	2,706
Total Salaries and On-costs	<u>38,746</u>	<u>33,831</u>
Depreciation expenses		
Buildings	392	232
Furniture and equipment	325	189
Right-of-use assets	102	129
Motor vehicles	19	19
Total depreciation expenses	<u>838</u>	<u>569</u>
Amortisation expense		
Software development costs	282	166
Total Depreciation and Amortisation	<u>1,120</u>	<u>735</u>

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
5. CAPITAL GRANTS RECEIVED		
Commonwealth government		
Department of Infrastructure, Transport, Cities and Regional Development	-	3,846
Total Commonwealth Government	-	3,846
State government		
Gambling Community Benefit Fund	35	35
Motor Accident Insurance Commission	-	3,000
Community Enterprise Charitable Fund	-	5
Total State Government	35	3,040
Non- government Grants	4	99
Total Capital Grants Received	39	6,985
6. OTHER INCOME RECEIVED		
JobKeeper stimulus	6,417	2,680
ATO cash flow boost	50	-
NDIS personal protective equipment cost recovery	17	-
Total Other Income Received	6,484	2,680

7. CASH AND CASH EQUIVALENTS

Accounting policy – Cash and cash equivalents

Cash and cash equivalents in the statement of financial position, as well as for the purposes of the statement of cash flows, comprise of cash on hand and in bank, and other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash at bank	16,725	9,970
Total Cash and Cash Equivalents	16,725	9,970

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2021

8. TRADE AND OTHER RECEIVABLES

Accounting policy – Trade and other receivables

The Group uses a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to lifetime credit losses. In using the practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected losses.

	2021	2020
	\$'000	\$'000
Trade debtors	1,307	1,129
Other receivables	59	100
Less allowance	(80)	(51)
Total Trade and Other Receivables	1,286	1,178
 <u>Movement in allowance for doubtful debts</u>		
Balance at beginning of year	(51)	(154)
(Increase)/decrease to provision during the year	(155)	74
Bad debts expensed during the year	126	29
Balance at End of Year	(80)	(51)

9. FINANCIAL INSTRUMENTS

Accounting policy – Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities, collectively financial instruments, are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Classification and subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification of financial instruments

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs.

For the purpose of subsequent measurement, financial assets, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through profit or loss (FVTPL);
- equity instruments at fair value through other comprehensive income (FVTOCI);
- debt instruments at fair value through other comprehensive income (FVTOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within interest income, other income and impairment of financial assets expense, except for impairment of trade receivables which is presented within other expenses.

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2021

9. FINANCIAL INSTRUMENTS (continued)

Classifications are determined by both:

- The entities business model for managing the financial asset;
- The contractual cash flow characteristics of the financial assets.

Subsequent measurement

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- 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 instrument as well as long-term deposits. This category includes term deposits over 90 days.

	2021	2020
	\$'000	\$'000
Term deposits	139	1,773
Total Term Deposits	139	1,773

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. This category includes units in managed fund investments.

Financial assets at fair value through profit or loss

Units in managed fund investments	3,218	2,522
Total Financial Assets at FVTPL	3,218	2,522

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

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVTOCI. 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 dividends within the profit or loss unless the dividend clearly represents return of capital. This category includes shares in listed entities.

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

Investments in debt instruments that are held to collect cashflow and sell at the right time are to be measured at FVTOCI. Subsequent movements in fair value are recognised in other comprehensive income and are reclassified to profit or loss on disposal. This category includes capital notes.

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2021

9. FINANCIAL INSTRUMENTS (continued)

Financial assets at fair value through other comprehensive income

	2021	2020
	\$'000	\$'000
Capital notes	326	191
Shares in listed entities	3,095	2,048
Total Financial Assets at FVTOCI	<u>3,421</u>	<u>2,239</u>

Impairment of Financial assets

AASB 9's impairment requirements use forward-looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the requirements include loans and other debt-type financial assets measured at amortised cost and FVTOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

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');
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- Financial assets that have objective evidence of impairment at the reporting date ('Stage 3').

At 30 June 2021, the Group assessed the fair value of certain financial assets to determine if there were any indicators of impairment present; no material indicators were noted, and therefore there were no impairment losses recognised (2020: nil).

10. OTHER CURRENT ASSETS

Prepaid expenses	491	387
Accrued income	1,623	3,219
Other debtors	118	1
Total Other Current Assets	<u>2,232</u>	<u>3,607</u>

SPINAL LIFE AUSTRALIA LTD
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For the year ended 30 June 2021

11. PROPERTY AND EQUIPMENT

Accounting policy – Property and equipment

Property and equipment is stated at historic cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. All other repairs and maintenance are recognised in the statement of comprehensive income as incurred.

Land is not depreciated. Depreciation on other assets is calculated on a straight-line basis over the estimated useful life or in the case of leasehold improvements, the shorter lease term, as follows:

	2021	2020
Buildings	40 years	40 years
Furniture and Equipment	3 – 20 years	3 – 20 years
Motor Vehicles	5 years	5 years

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each financial year.

Accounting policy – Impairment

At the end of each reporting period the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, the recoverable amount is determined, and impairment losses are recognised in the statement of comprehensive income where the assets carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. To assess value in use, depreciated replacement cost is adopted when the future economic benefits of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the Group would, if deprived of the asset, replace its remaining future economic benefit. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

	2021	2020
	\$'000	\$'000
<u>Land and buildings</u>		
At cost	20,124	20,124
Accumulated depreciation	(2,773)	(2,381)
Total land and buildings	17,351	17,743
<u>Furniture and equipment</u>		
At cost	2,079	2,285
Accumulated depreciation	(1,020)	(1,029)
Total furniture and equipment	1,059	1,256
<u>Motor vehicles</u>		
At cost	83	83
Accumulated depreciation	(82)	(63)
Total motor vehicles	1	20
<u>Assets under construction</u>		
At cost	208	55
Total Property and Equipment	18,619	19,074

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2021

11. PROPERTY AND EQUIPMENT (continued)

	2021	2020
	\$'000	\$'000
<i>(i) Reconciliations</i>		
<u>Land and buildings</u>		
Carrying value at beginning of year	17,743	7,235
Additions	-	60
Transfer from asset under construction	-	10,680
Depreciation expenses	(392)	(232)
Carrying value at end of year	17,351	17,743
<u>Furniture and equipment</u>		
Carrying value at beginning of year	1,256	237
Additions	92	758
Transfer from asset under construction	37	450
Disposal	(1)	-
Depreciation expenses	(325)	(189)
Carrying value at end of year	1,059	1,256
<u>Motor vehicles</u>		
Carrying value at beginning of year	20	39
Depreciation expenses	(19)	(19)
Carrying value at end of year	1	20
<u>Assets under construction</u>		
Carrying value at beginning of year	55	4,604
Additions	190	6,581
Transfer to land and building	-	(10,680)
Transfer to furniture and equipment	(37)	(450)
Carrying value at end of year	208	55
Total Property and Equipment	18,619	19,074

12. LEASES

Accounting Policy – Leases

SLA as Lessee

The Group leases various offices and vehicles. Rental contracts are typically for fixed periods of 9 months to 3 years, but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are being held by the lessor. Leased assets may not be used as security for borrowing purposes.

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

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2021

12. LEASES (continued)

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

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

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

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

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

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Amounts recognised in the consolidated statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2021	2020
	\$'000	\$'000
<u>Right-of-use assets</u>		
Buildings, net	342	430
Equipment, net	4	61
Carrying Value at End of Year	346	491
<u>Lease liabilities</u>		
Current	74	124
Non-current	318	401
Carrying Value at End of Year	392	525

There were no additions (2020: \$621), modifications (2020: nil) and disposal (2020: nil) to the right-of-use assets during the 2021 financial year.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2021

12. LEASES (continued)

Amounts recognised in the consolidated statement of profit or loss

The consolidated statement of profit or loss shows the following amounts relating to leases:

	2021	2020
	\$'000	\$'000
<u>Depreciation expense of right-of-use assets</u>		
Buildings	87	80
Equipment	15	49
Total Depreciation Expense of Right-of-Use Assets	102	129
 <u>Other expenses related to leases</u>		
Interest expenses	23	29
Expense relating to short-term leases	80	82
Expense relating to leases of low-value assets	-	5
Total Other Expenses Related to Leases	103	116

The total cash outflow for leases in 2021 was \$133 (2020: \$97).

13. INTANGIBLE ASSETS

Accounting policy- Intangible assets

Intangible assets are stated at cost less accumulated amortisation and any impairment in value.

Amortisation is provided on a straight-line basis on all intangible assets at rates calculated to allocate the cost over the useful lives of the assets, which have been assessed at 3 to 5 years. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each year end.

<u>Software development costs</u>		
At cost	1,392	862
Accumulated amortisation	(745)	(485)
Total software development costs	647	377
 <u>Assets under development</u>		
At cost	45	239
Total Intangible Assets	692	616

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2021

	2021	2020
	\$'000	\$'000
13. INTANGIBLE ASSETS (continued)		
<i>(i) Reconciliations</i>		
<u>Software development costs</u>		
Carrying value at beginning of year	377	332
Additions	313	211
Transfers from intangible assets under construction	239	-
Amortisation expense	(282)	(166)
Carrying value at end of year	647	377
 <u>Intangible assets under development</u>		
Carrying value at beginning of year	239	-
Additions	45	239
Transferred to software development costs	(239)	-
Carrying value at end of year	45	239
 Total Intangible Assets	692	616

14. TRADE AND OTHER PAYABLES

Accounting policy – Trade and other payables

Trade and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

These amounts are unsecured and are typically paid within 60 days of recognition.

Trade creditors	935	299
Other creditors	493	2,126
Revenue in advance	345	341
Total Trade and Other Payables	1,773	2,766

15. UNEXPENDED GRANT FUNDS

Commonwealth government

Department of Health – CHSP	108	77
Department of Health – COS	267	395
Total Commonwealth Government	375	472

State government

WA Department of Communities Disability Services	13	13
Total State Government	13	13
Total Unexpended Grant Funds	388	485

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2021

16. EMPLOYEE BENEFITS

Accounting Policy – Employee benefit provisions

(i) Short-term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-service leave

The liability for long service leave is recognised in the provision and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds, with terms of maturity and currencies that match as closely as possible the estimated future cash outflows.

	2021	2020
	\$'000	\$'000
Provisions (current)	1,832	1,518
Provisions (non-current)	613	578
Total employee benefits	<u>2,445</u>	<u>2,096</u>

17. BANK LOAN – INSURANCE PREMIUM FINANCE FACILITY

The facility covers Insurance Premiums for the year to 31 March 2022 with a term ending 14th January 2022. The facility is repayable at \$20,251 per month (principal and interest).

Bank Loan – Insurance premium finance facility	<u>140</u>	<u>-</u>
Total Bank Loan	<u>140</u>	<u>-</u>

18. AUDITOR'S REMUNERATION

During the year, the following fees were paid or payable for services provided to the auditor of the Group.

BDO Audit Pty Ltd

Audit of the financial report	-	47
Consulting services	<u>17</u>	<u>69</u>
Total BDO Remuneration	<u>17</u>	<u>116</u>

KPMG

Audit of the financial report	18	-
Consulting services	<u>2</u>	<u>-</u>
Total KPMG Remuneration	<u>20</u>	<u>-</u>

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2021

19. RELATED PARTY TRANSACTIONS

The Group's related parties include its key management personnel and related entities as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

(i) Transactions with key management personnel

Key management personnel of the group are the Directors and the Executive Managers of SLA. Key Management Personnel remuneration includes the following expenses in relation to the Executive Managers. The Directors do not receive any remuneration for their position as a Board member:

	2021	2020
	\$	\$
Total Remuneration Key Management Personnel	1,854,262	1,330,238

(ii) Transactions with related parties

The Group engages the firm of M & K Lawyers to provide legal advice. One partner of this law firm is a director of the Company. During the year ended 30 June 2021, the Company incurred legal fees of \$38,170 with M & K Lawyers (2020: \$72,979) and had nothing outstanding as at 30 June 2021 (2020: \$5,241 outstanding). The amounts billed were based on normal market rates.

20. PARENT INFORMATION

	2021	2020
	\$'000	\$'000
Statement of Financial Position		
ASSETS		
Current assets	10,410	13,843
Non-current assets	19,875	20,181
TOTAL ASSETS	30,285	34,024
LIABILITIES		
Current liabilities	4,195	4,885
Non-current liabilities	937	984
TOTAL LIABILITIES	5,132	5,869
MEMBERS' FUNDS (EQUITY)		
Other reserves	11	11
Accumulated surplus	25,142	28,144
TOTAL MEMBERS' FUNDS (EQUITY)	25,153	28,155
Statement of Profit or Loss and Other Comprehensive Income		
Total surplus	4,998	12,504
TOTAL COMPREHENSIVE INCOME	4,998	12,504

In June 2021, SLA contributed \$8 million to Spinal Futures Limited, its controlled entity, to commence operation.

SLA has not entered into any guarantees, during the years ended 30 June 2020 and 30 June 2021 in relation to the debts of its controlled entities.

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2021

21. CONTINGENT LIABILITIES

Court decisions during the year ended 30 June 2020, not involving the Group, in respect of the correct application of certain employee entitlements defined circumstances where certain casual employees may be entitled to additional employee entitlements. During the year ended 30 June 2020, Management performed a review of Spinal Life's business and how it engages with casual employees and ultimately determined that the decision in the court case had limited implications for the Group.

During the year ended 30 June 2021, Parliament passed legislation: *Fair Work Amendment (Supporting Australia's Jobs & Economic Recovery) Bill 2021*, which amongst other things, clarified the above principles. Management continues to assess that the decision in the case and subsequent amendment had limited implications for the Group.

SLA, in the normal course of business, receives grants from government for capital outlays and operating costs and is required to submit documentation for the acquittal of these funds.

22. CAPITAL COMMITMENTS

The Group commenced refurbishment of the Woolloongabba site in August 2021 to include a rehabilitation and fitness centre and completion date is expected in December 2021.

The Group has not entered into any other capital expenditure contracts at 30 June 2021.

23. DIVIDENDS

As SLA is income tax exempt it does not have any franking credits available. Under the Companies constitution no dividends are allowed to be paid.

24. SUBSEQUENT EVENTS

No matter or circumstance has arisen since 30 June 2021 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

SPINAL LIFE AUSTRALIA LTD.
DIRECTORS' DECLARATION
For the year ended 30 June 2021

The directors of the Group declare that, in the directors' opinion:

- (a) The consolidated financial statements and notes set out on pages 10 to 30 are in accordance with the Australian Charities and Not-for-Profit Commission (ACNC) Act 2012, including:
 - i. Complying with *Australian Accounting Standards – Reduced Disclosure Requirements* (including Australian Accounting Interpretations) and the *Australian Charities and Not-for-Profits Commission Regulation 2013*, Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date, and

- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Gyl Stacey

Gyl Stacey

Director

Brisbane

6 October 2021



Independent Auditor's Report

To the members of Spinal Life Australia Limited and its controlled entities

Opinion

We have audited the **Financial Report**, of Spinal Life Australia Limited and its controlled entities (the Group).

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

- i. giving a true and fair view of the Group's financial position as at 30 June 2021, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Consolidated statement of financial position as at 30 June 2021;
- ii. Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- iii. Notes including a summary of significant accounting policies; and
- iv. Directors' declaration.

The Group consists of Spinal Life Australia Limited (the Company) and the entities it controlled at year-end or from time to time during the financial year.

Basis for opinion

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

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC.
- ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iii. Assessing the Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

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

We also:

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



Auditor's responsibilities for the audit of the Financial Report (continued)

We communicate with the Directors of the registered Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

KPMG

B E Lovell
Partner

Brisbane
6 October 2021