



SPINAL LIFE AUSTRALIA LTD

ABN 39 293 063 049

ACN 167 906 256

CONSOLIDATED ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2022

SPINAL LIFE AUSTRALIA LTD

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SPINAL LIFE AUSTRALIA LTD
DIRECTORS' REPORT
For the year ended 30 June 2022

The directors of Spinal Life Australia Ltd present their report together with the financial statements of the consolidated entity, being Spinal Life Australia (the "Company") and its Controlled Entities (the "Group") for the financial year ended 30 June 2022 and the Auditors Report thereon.

Directors

The independent, non-executive directors of the Company at any time during or since the end of the financial year are:

Gyl Stacey	Appointed to Board of Directors January 2016 Elected Chair of the Board 29 August 2019 Member of Audit, Finance and Risk Committee since September 2020 Chair Research and Innovation Advisory Committee since February 2022
Mark Dillman	Appointed to Board of Directors April 2008 Member of Governance and Remuneration Committee since April 2018
Michelle Wilson	Appointed to Board of Directors April 2019 Chair of Audit, Finance and Risk Committee since April 2019
Professor Charles "Phillip" Morris	Appointed to Board of Directors May 2018 Member Governance and Remuneration Committee since May 2018 Member Research and Innovation Advisory Committee since August 2021
Gerard O'Brien	Appointed to Board of Directors April 2019 Chair of Governance and Remuneration Committee since April 2019
Carol Taylor	Appointed to Board of Directors November 2021 after filling a casual vacancy since January 2021 Member Audit, Finance and Risk Committee since January 2022
Dr. Dinesh Palipana	Appointed to Board of Directors November 2021 after filling a casual vacancy since May 2021
Rebecca Tweedy	Appointed to the Board of Directors as an alternate director April 2021
Del Childs	Appointed to the Board of Directors November 2018 Member Audit, Finance and Risk Committee since November 2018 Resigned from Board and Committee November 2021

SPINAL LIFE AUSTRALIA LTD
DIRECTORS' REPORT
For the year ended 30 June 2022

Company Secretary

Christopher Miers

Appointed Company Secretary February 2021

Resigned December 2021

Peta Perring

Appointed Company Secretary January 2022

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	10	11	4	5	3	3
Mark Dillman	11	11	-	-	3	3
Michelle Wilson	10	11	5	5	-	-
Del Childs	5	5	2	2	-	-
Professor Phillip Morris	10	11	-	-	3	3
Gerard O'Brien	9	11	-	-	2	3
Carol Taylor	7	11	2	3	-	-
Rebecca Tweedy	9	11	-	-	-	-
Dr. Dinesh Palipana	5	11	-	-	-	-

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 Spinal Life Australia 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.

SPINAL LIFE AUSTRALIA LTD
DIRECTORS' REPORT
For the year ended 30 June 2022

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.

There were no significant changes to the nature of the activities of the Group during the year.

Overview of the group

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

There was no impact on the amounts recognised, measured and classified in the statements of financial position, financial performances and cash flows of the Group as a result of the change in the basis of preparations.

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.

Review of operations

The Group reported a total comprehensive loss of (\$1,359) for the year to 30 June 2022 (2021: income of \$5,941).

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. Management continues to prioritise the safety and health of employees and customers to reduce risks associated with the pandemic.

The Group received a one-off provider reimbursement payment from the National Disability Insurance Scheme of \$947, to recognize the additional cost of keeping participants safe during the COVID-19 pandemic while providing reasonable and necessary supports.

Dividends

No dividends are paid in accordance with the constitution of Spinal Life Australia.

Events since the end of the financial year

No matter or circumstance has arisen since 30 June 2022 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' REPORT
For the year ended 30 June 2022

Likely developments

The Group will continue to expand its service delivery options for customers and look to enter into new service lines to increase profitability and market share. This will require further investment through partnerships where there are sound opportunities for future development.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report.

Indemnification and insurance of officers and auditors

Indemnification

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

Insurance premiums

During the financial year the Company has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the year ended 30 June 2022 and since the financial year, the Company has paid premiums in respect of such insurance contracts for the year ending 30 June 2023. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of the Group.

The directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

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 2022, the total amount that members of the Company are liable to contribute if the Company wound up is \$9 (2021: \$9).

Auditor's independence declaration

A copy of the auditor's independence declaration is set out on page 7 and forms part of the Directors' report for the financial year ended 30 June 2022.

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



Gyl Stacey
Director

Brisbane

29 September 2022



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

To the 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 2022 there have been:

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

KPMG

KPMG

B E Lovell

Partner

Brisbane

29 September 2022

SPINAL LIFE AUSTRALIA LTD
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
REVENUE	5	<u>46,977</u>	<u>45,580</u>
EXPENSES			
Salaries and on-costs	6	40,771	38,746
Staff related costs		1,099	3,107
Client support costs		156	385
Depreciation and amortisation	6	1,086	1,120
Finance costs		41	25
Information technology & telecommunication expenses		1,309	1,190
Motor vehicle expenses		144	133
Occupancy costs		656	517
Unrealised loss on financial assets at fair value through profit or loss, net		670	-
Other expenses		<u>1,979</u>	<u>1,628</u>
TOTAL EXPENSES		<u>47,911</u>	<u>46,851</u>
NET OPERATING LOSS		(934)	(1,271)
OTHER INCOME			
Capital grants received	7	29	39
Other income received	8	<u>-</u>	<u>6,484</u>
TOTAL OTHER INCOME		<u>29</u>	<u>6,523</u>
NET (LOSS)/PROFIT		<u>(905)</u>	<u>5,252</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		(9)	10
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>(445)</u>	<u>679</u>
TOTAL OTHER COMPREHENSIVE (LOSS)/INCOME		<u>(454)</u>	<u>689</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME		<u>(1,359)</u>	<u>5,941</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 2022

	Notes	2022 \$'000	2021 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	9,535	16,725
Trade and other receivables	10	2,200	1,286
Term deposits	11	1,947	139
Other current assets	12	1,746	2,232
TOTAL CURRENT ASSETS		<u>15,428</u>	<u>20,382</u>
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income	11	4,602	3,421
Financial assets at fair value through profit or loss	11	5,807	3,218
Property and equipment	13	19,311	18,619
Right-of-use assets (leases)	14	308	346
Intangible assets	15	531	692
TOTAL NON-CURRENT ASSETS		<u>30,559</u>	<u>26,296</u>
TOTAL ASSETS		<u>45,987</u>	<u>46,678</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	1,547	1,773
Unexpended grant funds	17	1,307	388
Lease liabilities	14	85	74
Provisions	18	1,676	1,832
Bank loan – Insurance premium finance facility	19	382	140
TOTAL CURRENT LIABILITIES		<u>4,997</u>	<u>4,207</u>
NON-CURRENT LIABILITIES			
Lease liabilities	14	271	318
Other liabilities		6	6
Provisions	18	538	613
TOTAL NON-CURRENT LIABILITIES		<u>815</u>	<u>937</u>
TOTAL LIABILITIES		<u>5,812</u>	<u>5,144</u>
NET ASSETS		<u>40,175</u>	<u>41,534</u>
MEMBERS' FUNDS (EQUITY)			
Other reserves		598	1,052
Accumulated surplus		39,577	40,482
TOTAL MEMBERS' FUNDS (EQUITY)		<u>40,175</u>	<u>41,534</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 2022

	Notes	Other Reserves \$'000	Accumulated Surplus \$'000	Total \$'000
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	5,292	5,941
BALANCE AT 30 JUNE 2021		1,052	40,482	41,534
Net loss for the year		-	(905)	(905)
Other comprehensive loss		(454)	-	(454)
Total comprehensive loss for the year		(454)	(905)	(1,359)
BALANCE AT 30 JUNE 2022		598	39,577	40,175

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 2022

	Notes	2022 \$'000	2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from government and customers		47,923	53,660
Payments to employees and suppliers		(47,296)	(47,125)
GST paid, net		(87)	(197)
Cash generated from operating activities		540	6,338
Interest received		16	31
Interest paid		(41)	(24)
NET CASH INFLOW FROM OPERATING ACTIVITIES		515	6,345
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of financial assets, net		1,261	1,822
Acquisition of financial assets		(7,963)	(953)
Acquisition of property and equipment		(1,442)	(324)
Payments for intangible assets		(87)	(358)
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		(8,231)	187
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments		(86)	(133)
Dividends and realised gains		370	216
Proceeds from borrowings		242	140
NET CASH INFLOW FROM FINANCING ACTIVITIES		526	223
Net (decrease)/increase in cash and cash equivalents		(7,190)	6,755
Cash and cash equivalents, beginning of year		16,725	9,970
CASH AND CASH EQUIVALENTS END OF YEAR	9	9,535	16,725

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 2022

1. CORPORATE INFORMATION

Spinal Life Australia Ltd (the "Company") was incorporated under the *Corporations Act 2001* on 21 February 2014 and is a company limited by guarantee that is domiciled in Australia. Spinal Life Australia was formerly known as Spinal Injuries Australia Ltd. The registered office and principal place of business of Spinal Life Australia 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 2022. The Group consists of the Company and two subsidiary entities, Inclusive Communities Foundation and Spinal Futures Ltd

Spinal Life Australia is a not-for-profit entity for financial reporting purposes. These consolidated financial statements for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors of the Company on 29 September 2022.

2. BASIS OF PREPARATION

These consolidated financial statements are general purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. They have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures as required by the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*.

These consolidated financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosure. In the prior year the consolidated financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. There was no impact on the recognition and measurement of amounts recognised in the statements of profit or loss and other comprehensive income, financial position, changes in equity and cash flows of the Group as a result of the change in the basis of preparation.

3. SIGNIFICANT ACCOUNTING POLICIES

New and amended standards adopted by the Group

The Group has initially adopted the following standard from 1 July 2021:

- *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*;

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

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

Significant accounting policies

Apart from the above, the Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, unless mentioned otherwise.

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(i) Basis of measurement

The consolidated financial statements have been prepared on the historical cost convention, except for financial instruments which are recorded at fair value.

(ii) Fair value of assets and liabilities

'Fair value' is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques to maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or liability measured at fair value has a bid price and an ask price, the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

(iii) Functional and presentation currency and rounding

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency. The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the consolidated financial statements have been rounded to the nearest thousand, unless otherwise stated.

(iv) Income tax

The Group is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(v) 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.

Other significant accounting policies are presented in the notes to which the policy relates as follows.

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

4. USE OF JUDGEMENTS AND ESTIMATES

When preparing the consolidated 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.

5. 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.

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

5. REVENUE (Continued)

(v) 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.

Grant and subsidies revenue with performance obligations satisfied over time are disclosed using the input method based on personnel expenses to recognise revenue.

	2022	2021
	\$'000	\$'000
Revenue		
Services income	40,630	39,788
Grants and subsidies	4,756	4,844
Fundraising – Gifts and contributions	154	220
Rental income	47	49
Interest income	16	31
Other revenue	1,374	648
Total revenue	<u>46,977</u>	<u>45,580</u>
<i>Grants and subsidies</i>		
Commonwealth government		
Department of Health	4,006	3,700
Total Commonwealth government	<u>4,006</u>	<u>3,700</u>
State government		
Department of Communities, Disability Services and Seniors	458	903
Motor Accident Insurance Commission	276	249
Department of Transport and Main Roads	(14)	(29)
Total State government	<u>720</u>	<u>1,123</u>
Local government		
Sunshine Coast Regional Council	-	8
Moreton Bay Regional Council	-	5
Mackay Regional Council	-	8
City of Rockingham	5	-
Total Local government	<u>5</u>	<u>21</u>
Total Government grant revenue	<u>4,731</u>	<u>4,844</u>
Non-Government grants and subsidies	25	-
Total grants and subsidies	<u>4,756</u>	<u>4,844</u>

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6. EXPENSES

	2022	2021
	\$'000	\$'000
Salaries and on-costs		
Salaries and wages	34,253	32,830
Superannuation	3,069	2,903
Other benefits	3,449	3,013
Total salaries and on-costs	<u>40,771</u>	<u>38,746</u>
Depreciation expenses		
Buildings	412	392
Furniture and equipment	337	325
Right-of-use assets	88	102
Motor vehicles	1	19
Total depreciation expenses	<u>838</u>	<u>838</u>
Amortisation expense		
Software development costs	248	282
Total depreciation and amortisation	<u>1,086</u>	<u>1,120</u>

7. CAPITAL GRANTS RECEIVED

Commonwealth government		
Department of Industry, Science, Energy and Resources	9	-
Total Commonwealth Government	<u>9</u>	<u>-</u>
State government		
Gambling Community Benefit Fund	20	35
Total State Government	<u>20</u>	<u>35</u>
Non-government capital grants	<u>-</u>	<u>4</u>
Total capital grants received	<u>29</u>	<u>39</u>

8. OTHER INCOME RECEIVED

JobKeeper stimulus	-	6,417
ATO cash flow boost	-	50
NDIS personal protective equipment cost recovery	-	17
Total other income received	<u>-</u>	<u>6,484</u>

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

9. FINANCIAL ASSETS: 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.

	2022 \$'000	2021 \$'000
Cash at bank	9,535	16,725
Total cash and cash equivalents	<u>9,535</u>	<u>16,725</u>

10. FINANCIAL ASSETS: 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.

Trade debtors	2,367	1,307
Other receivables	13	59
Less allowance	<u>(180)</u>	<u>(80)</u>
Total trade and other receivables	<u>2,200</u>	<u>1,286</u>

Movement in allowance for doubtful debts

Balance at beginning of year	(80)	(51)
Increase to provision during the year	(251)	(155)
Bad debts expensed during the year	151	126
Balance of allowance for doubtful debts	<u>(180)</u>	<u>(80)</u>

11. OTHER 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.

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

11. FINANCIAL INSTRUMENTS (continued)

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); and
- 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.

Classifications are determined by both:

- The entities business model for managing the financial asset; and
- 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.

	2022	2021
	\$'000	\$'000
Term deposits	1,947	139
Total term deposits	1,947	139

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	5,807	3,218
Total financial assets at FVTPL	5,807	3,218

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

11. FINANCIAL INSTRUMENTS (continued)

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.

Financial assets at fair value through other comprehensive income

	2022	2021
	\$'000	\$'000
Capital notes	317	326
Shares in listed entities	4,285	3,095
Total financial assets at FVTOCI	4,602	3,421

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').

Financial assets

Cash and cash equivalents	9,535	16,725
Trade and other receivables	2,200	1,286
Term Deposits	1,947	139
Financial assets at fair value through profit or loss	5,807	3,218
Financial assets at fair value through other comprehensive income	4,602	3,421
Balance at End of Year	24,091	24,789

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

12. OTHER CURRENT ASSETS

	2022 \$'000	2021 \$'000
Prepaid expenses	785	491
Accrued income	961	1,623
Other debtors	-	118
Total other current assets	<u>1,746</u>	<u>2,232</u>

13. 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:

	2022	2021
Buildings	40 years	40 years
Furniture and Equipment	2 – 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.

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

13. PROPERTY AND EQUIPMENT (Continued)

	2022	2021
	\$'000	\$'000
<u>Land and buildings</u>		
At cost	21,108	20,124
Accumulated depreciation	(3,184)	(2,773)
Total land and buildings	17,924	17,351
<u>Furniture and equipment</u>		
At cost	2,382	2,079
Accumulated depreciation	(1,358)	(1,020)
Total furniture and equipment	1,024	1,059
<u>Motor vehicles</u>		
At cost	83	83
Accumulated depreciation	(83)	(82)
Total motor vehicles	-	1
<u>Assets under construction</u>		
At cost	363	208
Total Property and Equipment	19,311	18,619

(i) Reconciliations

<u>Land and buildings</u>		
Carrying value at beginning of year	17,351	17,743
Additions	9	-
Transfer from assets under development	975	-
Depreciation expenses	(411)	(392)
Carrying value at end of year	17,924	17,351

<u>Furniture and equipment</u>		
Carrying value at beginning of year	1,059	1,256
Additions	86	92
Transfer from assets under development	217	37
Disposal	-	(1)
Depreciation expenses	(338)	(325)
Carrying value at end of year	1,024	1,059

<u>Motor vehicles</u>		
Carrying value at beginning of year	1	20
Depreciation expenses	(1)	(19)
Carrying value at end of year	-	1

<u>Assets under development</u>		
Carrying value at beginning of year	208	55
Additions	1,347	190
Transfer to land and building	(975)	-
Transfer to furniture and equipment	(217)	(37)
Carrying value at end of year	363	208
Total Property and Equipment	19,311	18,619

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

14. LEASES

Accounting Policy – Leases

Spinal Life Australia as Lessee

The Group leases various offices and vehicles. Rental contracts are typically for fixed periods of nine months to three 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.

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.

Right-of-use assets

Right-of-use assets related to leased properties are presented as property, plant and equipment.

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

14. LEASES (Continued)

	Buildings \$'000	Equipment \$'000	Total \$'000
Balance at 1 July 2020	427	20	447
Additions to right-of-use assets	-	-	-
Depreciation charge for the year	(85)	(16)	(101)
Balance at 30 June 2021	<u>342</u>	<u>4</u>	<u>346</u>
 Additions to right-of-use assets	 50	 -	 50
Depreciation charge for the year	(84)	(4)	(88)
Balance at 30 June 2022	<u>308</u>	<u>0</u>	<u>308</u>

The total cash outflow for leases in 2022 was \$87 (2021: \$133).

Future Lease payments (undiscounted)

	2022 \$'000	2021 \$'000
Less than one year	102	89
One to five years	296	398
More than five years	-	-
Future lease payments (Spinal Life Australia as Lessee)	<u>398</u>	<u>487</u>

Amounts recognised in the consolidated statement of financial position

Right-of-use assets

Buildings, net	308	342
Equipment, net	-	4
Carrying Value at End of Year	<u>308</u>	<u>346</u>

Lease liabilities

Current	85	74
Non-current	271	318
Carrying Value at End of Year	<u>356</u>	<u>392</u>

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.

Lease payments recognised as an expense for short-term leases and leases of low-value assets was \$78 (2021: \$80).

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

14. LEASES (Continued)

Spinal Life Australia as Lessor

Future Lease payments (undiscounted)

	2022	2021
	\$'000	\$'000
Less than one year	30	38
One to five years	-	30
More than five years	-	-
Future lease payments (Spinal Life Australia as Lessor)	30	68

15. 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, any impairment loss or subsequent reversal, and amortisation methods are reviewed, and adjusted if appropriate, at each year end.

Software development costs

At cost	1,503	1,392
Accumulated amortisation	(993)	(745)
Total software development costs	510	647

Assets under development

At cost	21	45
Total Intangible Assets	531	692

(i) Reconciliations

Software development costs

Carrying value at beginning of year	647	377
Additions	87	313
Transfers from intangible assets under development	24	239
Amortisation expense	(248)	(282)
Carrying value at end of year	510	647

Intangible assets under development

Carrying value at beginning of year	45	239
Additions	21	45
Disposals	(21)	-
Transferred to software development costs	(24)	(239)
Carrying value at end of year	21	45

Total Intangible Assets	531	692
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SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

16. TRADE AND OTHER PAYABLES

Accounting policy – Trade and other payables

Trade and other payables are carried at amortised cost 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.

	2022	2021
	\$'000	\$'000
Trade creditors	681	935
Other creditors	739	493
Revenue in advance	127	345
Total Trade and Other Payables	<u>1,547</u>	<u>1,773</u>

17. UNEXPENDED GRANT FUNDS

Commonwealth government

Department of Health and Aged Care – CHSP	96	108
Department of Health and Aged Care – COS	313	267
Department of Health and Aged Care – DSOA	597	-
Total Commonwealth Government	<u>1,006</u>	<u>375</u>

State government

Motor Accident Insurance Commission	276	-
WA Department of Communities Disability Services	13	13
Total State Government	<u>289</u>	<u>13</u>

Local government

City of Greater Geraldton	8	-
City of Mandurah	2	-
Mandurah Tourism Incorporated	2	-
Total Local Government	<u>12</u>	<u>-</u>

Total Unexpended Grant Funds	<u>1,307</u>	<u>388</u>
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18. 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.

SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

18. EMPLOYEE BENEFITS (Continued)

(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.

	2022	2021
	\$'000	\$'000
Provisions (current)	1,676	1,832
Provisions (non-current)	538	613
Total employee benefits	<u>2,214</u>	<u>2,445</u>

19. BANK LOAN – INSURANCE PREMIUM FINANCE FACILITY

Bank Loan – Insurance premium finance facility	173	140
Bank Loan – Workcover insurance finance facility	209	-
Total Bank Loan	<u>382</u>	<u>140</u>

The insurance facility covers Insurance Premiums for the year to 31 March 2023 with a term ending 31 January 2023. The facility is repayable at \$25 per month (principal and interest).

The workcover facility covers Insurance Premiums for the year to 30 June 2022 with a term ending 16 August 2022. The facility is repayable at \$104 per month (principal and interest).

20. AUDITOR'S REMUNERATION

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

KPMG Australia

Audit of the financial report	37	18
Consulting services	10	2
Total KPMG Australia Remuneration	<u>47</u>	<u>20</u>

21. 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 Spinal Life Australia. 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:

Total Remuneration Key Management Personnel	<u>2,141,466</u>	<u>1,854,262</u>
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SPINAL LIFE AUSTRALIA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

22. RELATED PARTY TRANSACTIONS (Continued)

(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 2022, the Company incurred legal fees of \$20,490 with M & K Lawyers (2021: \$38,170) and had no payment outstanding as at 30 June 2022 (2021: nil outstanding).

23. PARENT INFORMATION

	2022	2021
	\$'000	\$'000
Statement of Financial Position		
ASSETS		
Current assets	10,869	10,410
Non-current assets	20,173	19,875
TOTAL ASSETS	31,042	30,285
LIABILITIES		
Current liabilities	4,970	4,195
Non-current liabilities	815	937
TOTAL LIABILITIES	5,785	5,132
MEMBERS' FUNDS (EQUITY)		
Other reserves	11	11
Accumulated surplus	25,246	25,142
TOTAL MEMBERS' FUNDS (EQUITY)	25,257	25,153
Statement of Profit or Loss and Other Comprehensive Income		
Total surplus	104	4,998
TOTAL COMPREHENSIVE INCOME	104	4,998

Spinal Life Australia has not entered into any guarantees during the year ended 30 June 2022 in relation to the debts of its controlled entities.

24. CONTINGENT LIABILITIES

Spinal Life Australia, 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.

There were no contingent liabilities at reporting date which would have a material effect on the Group's financial statements at 30 June 2022 (2021: nil).

25. CAPITAL COMMITMENTS

The Group has not entered into any capital expenditure contracts at 30 June 2022.

26. SUBSEQUENT EVENTS

No matter or circumstance has arisen since 30 June 2022 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 2022**

In the opinion of the directors of Spinal Life Australia Limited ('the Company'):

- (a) The Company is not publicly accountable;
- (b) The consolidated financial statements and notes that are set out on pages 8 to 27 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
 - ii. complying with Australian Accounting Standards – Simplified Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*; and
- (c) There are reasonable grounds to believe that the Company and the group entities identified in Note 1 will be able to meet any obligations or liabilities as and when they become due and payable.

Signed in accordance with a resolution of the directors.



Gyl Stacey
Director

Brisbane

29 September 2022



Independent Auditor's Report

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

Opinion

We have audited the **Financial Report**, of the 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*, including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2022, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Simplified Disclosures* 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 2022;
- 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;
- 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 – Simplified Disclosures* 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. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Group's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



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

- iv. Conclude on the appropriateness of the Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered 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.
- v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the 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

29 September 2022