

SDN Child & Family Services Pty Limited

# Financial Statements

30 June 2023

At our SDN village,  
*everyone belongs*



**sdn**  
children's services

ABN: 15 134 504 377

# Contents

CORPORATE DIRECTORY	1
DIRECTORS' REPORT	2
AUDITOR'S INDEPENDENCE DECLARATION	6
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	7
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF CHANGES IN EQUITY	9
STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL STATEMENTS	
<b>A. WHERE DO OUR FUNDS COME FROM AND HOW ARE THEY SPENT?</b>	
A1. What are our sources of revenue?	11
A2. Where has the funding been spent?	12
<b>B. WHAT ASSETS DO WE HAVE AND HOW DO WE MANAGE THEM?</b>	
B1. Non-current assets	14
<b>C. HOW DO WE MANAGE OUR RISK AND WORKING CAPITAL?</b>	
C1. Capital management	18
<b>D. APPENDICES</b>	
D1. Reserves and accumulated profits	25
D2. Unrecognised items	26
D3. Impairment	26
<b>E. OTHER INFORMATION</b>	
E1. Related parties	27
E2. Summary of significant accounting policies	27
E3. Other required disclosures	28
<b>DIRECTORS' DECLARATION</b>	31
<b>INDEPENDENT AUDITOR'S REPORT</b>	33

# Corporate Directory

## Corporate Directory

Barbara Wise	Chair
Linda Cassidy	Director
Julie Hourigan	Director
Darren Mitchell	Director
Kay Turner	Executive Director

## Registered Office and Principal Place of Business

Level 3  
19-37 Greek Street  
Glebe NSW 2037

## Auditor

BDO Audit Pty Ltd  
Level 11  
1 Margaret Street  
Sydney NSW 2000

# Directors' report for the year ended 30 June 2023

The Directors present their report for SDN Child and Family Services Pty Limited ('CFS') for the year ended 30 June 2023, as a wholly owned subsidiary of SDN Children's Services and its controlled entities (the 'group').

## What do we do?

SDN Child and Family Services Pty Limited is a company limited by shares. The principal activity of the company is the provision of support services for children, young people and families. No significant change in the nature of the company's activity occurred during the financial year.

## Review of our operations in 2022-23

2022-23 saw a return to service delivery uninterrupted by COVID lockdowns and restrictions. It also saw a change to community expectations, lifestyles and working patterns for our families. We have used the year to reestablish systems and processes, especially in our Children's Therapies business.

Workforce issues continue to play a major role in each of the sectors operated in with high staff turnover and number of staff vacancies and lower job applicant levels experienced across the year. This has had an impact on service delivery levels.

A change in the state government's pre-school funding model with the end of their free pre-school initiative has seen the re-introduction of fees for children attending SDN Beranga. We have worked hard to model our fee structure to maintain a service that is affordable to families without compromising the quality of the education outcomes delivered.

During 2022-23, revenue from our fee-for-service therapies for children with a disability or developmental delay continued to decline with the availability of experienced workforce in this sector continuing to be a major factor impeding growth. Our focus turned to improvement of work practices, systems and processes to build capacity to deliver optimal results in future years ahead of focussing on expansion through increased staffing. The decline is not indicative of demand in this area.

We have sustained our level of support for families and continue to be a trusted adviser. Our largest government-funded contract is for the NSW Family Preservation program which is in its second year of the current commissioning contract. Funding for our other programs was maintained during the year.

We continue to use our expertise to advocate for children and young people including our participation in a joint submission to the NDIS review from a new collaboration of not-for-profit providers with whom we continue to work on emerging policy issues.

The number of children, families and agencies supported by the measures of impact tracked for CFS service delivery are outlined below:

- 506 children with disabilities or developmental delay provided with early intervention services (2021-22: 481)
- Worked with 115 children in supported playgroups and activities (2021-22: 23)
- Worked with 710 families facing challenges (2021-22: 741)
- 51 children who face challenges and barriers were supported to enrol in mainstream services (2021-22: 106) – this was partial year funding only and ceased during 2023FY

# Directors' report for the year ended 30 June 2023

- Supported 257 other service providers via:
  - Family Preservation – 114 services (2021-22: 112)
  - Children and Parenting Program – 20 agencies (2021-22: 15)
  - Inner and Eastern Sydney Child and Family Interagency – 78 agencies (2021-22: 82)
  - Playlinks – 45 agencies (2021-22: 21)

## Overall financial position

Total cash equivalents decreased by \$848,484 to \$3,283,749. This decrease was primarily due to a reduction in trade and other payables and an increase in prepayments.

## Operating result

Total revenue of \$14,195,820 was a small increase from prior period revenue of \$14,098,151. Overall CFS recorded a surplus of \$28,226 compared with a deficit of (\$421,175) in the comparative financial year. Net assets increased by \$261,516 to \$1,674,309, reflecting our surplus and a \$233,290 revaluation gain on land and buildings.

## Information on Directors

The Directors in office during the financial year were:

Director's name	Role	Director since	Qualifications and additional Information
Barbara Wise	Chair and Non-Executive Director	February 2015	Bachelor of Arts (Hons), Master of International Studies (USYD)
Linda Cassidy	Non-Executive Director	March 2020	Bachelor of Arts (Social Science) (Curtin); GradCertMktg (UTS); Member of the Australian Institute of Company Directors (MAICD)
Julie Hourigan	Non-Executive Director	January 2022	Master of Law (Human Rights and Social Justice) (UNSW); Graduate Diploma in Legal Practice (CL); Diploma in Law (LPAB); Associate Diploma in Business (SIT)
Darren Mitchell	Non-Executive Director	July 2009	Bachelor of Economics (Sydney), Master of Economics (Sydney); PhD (Syd)
Kay Turner	Executive Director	July 2017	Master of Social Science (UWS), Bachelor of Education (Early Childhood) (Macq)

# Directors' report for the year ended 30 June 2023

## Directors' attendance at CFS Board Meetings

Name	number of meetings attended	number of meetings eligible to attend
Barbara Wise (Chair)	6	6
Linda Cassidy	6	6
Julie Hourigan – <i>appointed January 2022</i>	3	3
Darren Mitchell	6	6
Kay Turner	6	6

### Significant changes in state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the company.

### Events subsequent to the balance date

Since the end of the financial year no matter has arisen that has, or may have, a significant effect on the operations of the company, or the results of those operations or the state of affairs of the company in the financial years subsequent to the financial year ended 30 June 2023.

### Environmental issues

The company's operations are not regulated by any significant environmental regulation under law of the Commonwealth or of a State or Territory. The Directors are aware of general environmental considerations and believe the company complies with community standards.

### Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

### Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

# Directors' report for the year ended 30 June 2023

## **Indemnity and insurance of auditor**

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

## **Auditor's independence declaration**

The auditor's independence declaration for the year ended 30 June 2023 has been received and is on page 6

Signed in accordance with a Resolution of the Board of Directors:



.....

**Barbara Wise**

Director

Dated: 17 October 2023

**DECLARATION OF INDEPENDENCE BY ELYSIA ROTHWELL TO THE DIRECTORS OF SDN CHILD AND FAMILY SERVICES**

As lead auditor of SDN Child and Family Services for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



**Elysia Rothwell**  
Director

**BDO Audit Pty Ltd**

Sydney

17 October 2023



# Statement of profit or loss and other comprehensive income for the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Revenue	A1	14,195,820	14,098,151
Employee benefits expenses	A2	(9,541,656)	(9,778,195)
Occupancy expenses	A2	(740,750)	(578,637)
Administration expenses	A2	(2,972,270)	(2,973,463)
Service delivery expenses	A2	(380,307)	(684,021)
Depreciation expenses	A2	(491,129)	(468,966)
Finance costs	A2	(41,482)	(36,044)
<b>Surplus/(deficit) before income tax expense</b>		<b>28,226</b>	<b>(421,175)</b>
Income tax expense	E2 (ii)	-	-
<b>Surplus/(deficit) after income tax expense</b>		<b>28,226</b>	<b>(421,175)</b>
<b>Other comprehensive income, net of tax</b>			
<i>Will not be reclassified to profit or loss</i>			
Revaluation gain on land and buildings		233,290	-
<b>Total comprehensive income for the year</b>		<b>261,516</b>	<b>(421,175)</b>

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

# Statement of financial position as at 30 June 2023

	Notes	2023 \$	2022 \$
<b>Current assets</b>			
Cash and cash equivalents	C1 (ii)	3,283,749	4,132,233
Trade receivables		349,560	225,692
Other current assets		472,522	5,817
Assets held to maturity		24,060	23,858
<b>Total current assets</b>		<b>4,129,891</b>	<b>4,387,600</b>
<b>Non-current assets</b>			
Property, plant and equipment	B1	1,471,959	1,294,632
Right-of-use-assets	B1	597,293	221,345
<b>Total non-current assets</b>		<b>2,069,252</b>	<b>1,515,977</b>
<b>Total assets</b>		<b>6,199,143</b>	<b>5,903,577</b>
<b>Current liabilities</b>			
Trade and other payables	C1 (iii)	1,897,194	2,148,997
Provisions	C1 (iv)	1,044,820	1,086,031
Borrowings	C1 (v)	500,000	500,000
Lease liabilities	C1 (vi)	404,450	182,530
<b>Total current liabilities</b>		<b>3,846,464</b>	<b>3,917,558</b>
<b>Non-current liabilities</b>			
Provisions	C1 (iv)	473,877	534,691
Lease liabilities	C1 (vi)	204,493	38,535
<b>Total non-current liabilities</b>		<b>678,370</b>	<b>573,226</b>
<b>Total liabilities</b>		<b>4,524,834</b>	<b>4,490,784</b>
<b>Net assets</b>		<b>1,674,309</b>	<b>1,412,793</b>
<b>Equity</b>			
Issued equity	C1 (vii)	100,000	100,000
Reserves	D1 (i) - (ii)	1,925,679	1,692,389
Retained losses	D1 (iii)	(351,370)	(379,596)
<b>Total equity</b>		<b>1,674,309</b>	<b>1,412,793</b>

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

# Statement of changes in equity for the year ended 30 June 2023

Notes	Issued equity \$	Asset revaluation reserve \$	Other reserve \$	Retained losses \$	Total \$
<b>Balance at 30 June 2021</b>	<b>100,000</b>	<b>472,389</b>	<b>1,220,000</b>	<b>41,579</b>	<b>1,833,968</b>
Deficit for the year	-	-	-	(421,175)	(421,175)
Other comprehensive income for the year, net of tax	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(421,175)</b>	<b>(421,175)</b>
<b>Balance at 30 June 2022</b>	<b>100,000</b>	<b>472,389</b>	<b>1,220,000</b>	<b>(379,596)</b>	<b>1,412,793</b>
Surplus for the year	-	-	-	28,226	28,226
Other comprehensive income for the year, net of tax	-	233,290	-	-	233,290
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>233,290</b>	<b>-</b>	<b>28,226</b>	<b>261,516</b>
<b>Balance at 30 June 2023</b>	<b>100,000</b>	<b>705,679</b>	<b>1,220,000</b>	<b>(351,370)</b>	<b>1,674,309</b>

The above statement of changes in equity should be read in conjunction with the accompanying note

# Statement of cash flows for the year ended 30 June 2023

	Notes	2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Receipts from customers and government (inclusive of GST)		15,511,263	15,853,570
Payments to suppliers and employees (inclusive of GST)		(15,465,366)	(15,118,823)
Interest received		37,248	(22,752)
Interest paid		(41,482)	(13,292)
Interest paid on lease liabilities		(17,427)	-
<b>Net cash from/(used in) operating activities</b>		<b>24,236</b>	<b>698,703</b>
<b>Cash flows from investing activities</b>			
Payments for financial assets		(466,911)	-
Payments for property, plant and equipment		(4,800)	(53,428)
<b>Net cash used in investing activities</b>		<b>(471,711)</b>	<b>(53,428)</b>
<b>Cash flows from financing activities</b>			
Repayments of lease liabilities		(401,009)	(434,937)
<b>Net cash from/(used in) financing activities</b>		<b>(401,009)</b>	<b>(434,937)</b>
<b>Net decrease in cash held</b>		<b>(848,484)</b>	<b>210,338</b>
Cash and cash equivalents at beginning of financial year		4,132,233	3,921,895
Cash and cash equivalents at end of financial year	C1 (ii)	<u>3,283,749</u>	<u>4,132,233</u>

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

## A. WHERE DO OUR FUNDS COME FROM AND HOW ARE THEY SPENT?

### A1. WHAT ARE OUR SOURCES OF REVENUE?

Our primary sources of revenue are from State and Federal Government grants and disability services fees. We also generated revenue from staff services provided to the parent entity, SDN Children's Services.

	2023	2022
	\$	\$
Parent Fees and childcare benefits	355,012	-
Disability services revenue	1,290,603	1,712,654
Interest received	37,284	602
Grants - Commonwealth government	344,611	314,876
Grants - NSW state government	10,307,006	10,143,053
Donations and bequests	80,135	88,730
Staffing recoveries and other intercompany charges*	1,766,200	1,832,624
Other revenue	14,969	5,612
Total revenue	<u>14,195,820</u>	<u>14,098,151</u>

\*Recoveries from parent entity for staff costs

#### Donations recognised in Statement of Profit or Loss and Other Comprehensive Income

	2023	2022
	\$	\$
SDN Child and Family Services Pty Limited - general donations <sup>1</sup>	-	41,808
SDN Child and Family Services Pty Limited - child care fees <sup>2</sup>	80,135	46,922
Total	<u>80,135</u>	<u>88,730</u>

<sup>1</sup> Donations disclosed as donations and bequests under revenue which are general donations not directed towards a specific purpose.

<sup>2</sup> Revenue from donations that are directed for use in payment of childcare fees.

As part of its activities, SDN Child and Family Services Pty Limited receives donations from philanthropic foundations, businesses and individuals for our work with our three priority areas:

- Aboriginal and Torres Strait Islander Early Childhood Scholarships
- Working with children with disability, including our Access and Inclusion Scholarships and our work at SDN Beranga
- Working with children and families facing challenges

## A. WHERE DO OUR FUNDS COME FROM AND HOW ARE THEY SPENT?

### *What is the relevant accounting policy?*

#### *Revenue recognition*

Revenue from the rendering of childcare and disability services is recognised upon delivery of the service. Revenue from childcare benefit is recognised in the period to which the benefit relates.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the company obtains control of the grant. If conditions are attached to the grant which must be satisfied, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the company incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the performance obligation has been delivered to the contributor, otherwise the grant is recognised as revenue on receipt.

General donations are recognised as revenue when received. Donations of child care fees are recognised as revenue when the care is delivered.

Staffing recoveries are received when the company's staff provide services for the parent entity, SDN Children's Services. Revenue is recognised upon delivery of the service.

### A2. WHERE HAS THE FUNDING BEEN SPENT?

We have spent the income we received over the course of this financial year on programs that support the following goals.

	2023: \$	2022 \$
Support children who face challenges	4,676,316	4,836,920
Strengthen families and communities	9,491,278	9,682,406
Total expenditure*	<u>14,167,594</u>	<u>14,519,326</u>

\*Expenditure includes, depreciation and administration staff costs

The main categories of expenditure were as follows:

	2023 \$	2022 \$
Superannuation expenses	854,525	802,762
Other employee benefits expense	8,687,131	8,975,433
Employee benefits expenses	<u>9,541,656</u>	<u>9,778,195</u>
Rent expense	395,902	372,584
Furniture and appliance expenses	6,449	5,657
Repairs and maintenance expense	338,399	200,396
Occupancy expenses	<u>740,750</u>	<u>578,637</u>

## A. WHERE DO OUR FUNDS COME FROM AND HOW ARE THEY SPENT?

	2023 \$	2022 \$
Operating expenditure	313,477	326,054
IT and equipment expense	203,110	154,508
Other expenses	5,361	77,743
Corporate recoveries	2,354,073	2,297,836
Professional fees	96,249	117,322
<b>Administration expenses</b>	<u><b>2,972,270</b></u>	<u><b>2,973,463</b></u>
Childcare expenses	170,958	129,478
Consulting expenses	48,324	265,286
Training and program expenses	161,025	289,257
<b>Service delivery expenses</b>	<u><b>380,307</b></u>	<u><b>684,021</b></u>
<b>Depreciation expenses</b>	<u><b>491,129</b></u>	<u><b>468,966</b></u>
<b>Finance costs</b>	<u><b>41,482</b></u>	<u><b>36,044</b></u>
<b>Total expenditure</b>	<u><b>14,167,594</b></u>	<u><b>14,519,326</b></u>

## B. WHAT ASSETS DO WE HAVE AND HOW DO WE MANAGE THEM?

### B1. NON-CURRENT ASSETS

	2023	2022
	\$	\$
<b>Property, Plant and Equipment</b>		
Freehold land - at valuation	840,500	727,750
	<u>840,500</u>	<u>727,750</u>
Freehold buildings - at valuation	579,800	502,250
Less: accumulated depreciation	-	(24,395)
	<u>579,800</u>	<u>477,855</u>
Centre and program equipment - at cost	365,109	365,109
Less: accumulated depreciation	(313,450)	(276,082)
	<u>51,659</u>	<u>89,027</u>
<b>Total property, plant and equipment</b>	<u><b>1,471,959</b></u>	<u><b>1,294,632</b></u>
	2023	2022
	\$	\$
<b>Right-of-use Assets</b>		
Right-of-use Assets - Property - at cost	971,089	854,821
Less: accumulated depreciation	(549,738)	(729,376)
	<u>421,351</u>	<u>125,445</u>
Right-of-use Assets - Equipment - at cost	191,383	100,737
Less: accumulated depreciation	(89,506)	(81,555)
	<u>101,877</u>	<u>19,182</u>
Right-of-use Assets - Vehicle - at cost	183,034	139,633
Less: accumulated depreciation	(108,969)	(62,915)
	<u>74,065</u>	<u>76,718</u>
<b>Total right-of-use Assets</b>	<u><b>597,293</b></u>	<u><b>221,345</b></u>
<b>Total non-current assets</b>	<u><b>2,069,252</b></u>	<u><b>1,515,977</b></u>

#### Movements in carrying amounts

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



## B. WHAT ASSETS DO WE HAVE AND HOW DO WE MANAGE THEM?

	<i>Property, plant and equipment</i>			Total \$
	Land \$	Buildings \$	Plant and Equipment \$	
2023				
Balance at the beginning of year	727,750	477,855	89,027	1,294,632
Additions	-	4,800	-	4,800
Revaluation	112,750	120,540	-	233,290
Depreciation expense	-	(23,395)	(37,368)	(60,763)
Carrying amount at the end of year	840,500	579,800	51,659	1,471,959

	<i>Property, plant and equipment</i>			Total \$
	Land \$	Buildings \$	Plant and Equipment \$	
2022				
Balance at the beginning of year	727,750	502,250	76,117	1,306,117
Additions	-	-	53,428	53,428
Depreciation expense	-	(24,395)	(40,518)	(64,913)
Carrying amount at the end of year	727,750	477,855	89,027	1,294,632

### *What is the relevant accounting policy?*

#### *Non-current assets*

Each class of non-current assets is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

#### *Plant and equipment*

Plant and equipment are measured on a cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

#### *Land and buildings*

Freehold land and buildings are initially recorded at cost on acquisition and subsequently shown at fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. An independent valuation of all freehold land and associated buildings is generally performed every three years.

The most recent revaluation was completed by an accredited independent valuer as at 30 June 2023.

The revaluation was based on the following assumptions:

- The company intends to retain the land and buildings for continuous use in the foreseeable future;
- The operating license for each property is current and transferrable;
- The information provided by the company for the revaluation is accurate and verifiable;
- The building complies with all relevant statutory requirements in respect of matters such as but not limited to health, building and fire safety regulations (including asbestos and legionnaires disease),

## B. WHAT ASSETS DO WE HAVE AND HOW DO WE MANAGE THEM?

- rules, regulations, orders and codes of all authorities, and that there are no outstanding requisitions;
- That there are no onerous encumbrances or interests reported on title, which adversely affect the values, marketability and continued utility of the property or business;
- That the subject property is affected by a caveat, with the Caveator being 'Minister for Ageing, Minister for Disability Services NSW'.

The primary method utilised by the independent valuer was the Direct Comparison method based on a rate per licensed place. They analysed sales evidence of similar transacted childcare centres in the vicinity of the properties and determined an appropriate rate per licensed place.

The secondary method used by the independent valuer was the Capitalisation of Income approach, which estimates the net market rental income of each property analysed on an income basis per licensed place, then capitalised this figure at an appropriate capitalisation rate (net yield) to arrive at market value.

Increases in the carrying amount arising on revaluation of freehold land and buildings are credited to a revaluation reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset.

Thereafter the decrements are taken to profit or loss. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All other impairments are charged to the statement of profit or loss and other comprehensive income. Leasehold improvements are measured at cost less depreciation and impairment losses.

### *Depreciation*

The depreciable amount of all tangible fixed assets including buildings, but excluding freehold land, is depreciated over their useful lives to the company commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

<b>Class of fixed asset</b>	<b>Depreciation rate</b>
Buildings	4% - 10% straight line
Plant and equipment	20% - 33% straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

## B. WHAT ASSETS DO WE HAVE AND HOW DO WE MANAGE THEM?

### *Right-of-use Assets*

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the financial period in which they are incurred.

## C. HOW DO WE MANAGE OUR RISK AND WORKING CAPITAL?

### C1. CAPITAL MANAGEMENT

Management controls the capital of SDN Child and Family Services Pty Limited to ensure that adequate cash flows are generated to fund its operations and that returns from investments are maximised. The parent entity's Risk and Audit Committee monitors the financial position in line with this objective. The Risk and Audit Committee operates under policies approved by the Board of Directors and provides regular reports.

The company has generated positive operating cash flows for the past two years.

The company's capital consists of issued capital and accumulated equity.

Management effectively manages the company's capital by assessing the company's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of cash investments and debt levels.

There have been no changes to the strategy adopted by management to control the capital of the company since the previous year. The strategy of the company is to maintain a low gearing ratio. Any funding required is sourced from the parent entity, see Note C1 (v). The external debt held by the company is \$nil.

#### (i) Working Capital

	2023	2022
	\$	\$
Current Assets	4,129,891	4,387,600
Current Liabilities	3,846,464	3,917,558
Net Current Assets	283,427	470,042

#### (ii) Current Assets

##### Cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank and in hand	1,903,992	2,754,708
Short-term bank deposits	1,379,757	1,377,525
	3,283,749	4,132,233

### *What is the relevant accounting policy?*

#### *Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

## C. HOW DO WE MANAGE OUR RISK AND WORKING CAPITAL?

### (iii) Current Liabilities

#### Trade and other payables

	2023 \$	2022 \$
Trade payables	370,174	663,711
Sundry payables and accrued expenses	507,005	520,372
Unearned income - grant revenue	999,946	963,030
Unearned income - childcare fees in advance	20,069	1,884
	<u>1,897,194</u>	<u>2,148,997</u>

As part of its activities, SDN Child and Family Services Pty Limited receives funding from government departments in its capacity as project manager which are then distributed to external child care centres around New South Wales. Projects which SDN Child and Family Services Pty Limited managed include the Supporting Children with Additional Needs Program (SCAN) program. This program was funded by the NSW Department of Education to provide advice, support and resources to child care services for children with additional needs. This program ended on November 2014. As at June 2023 \$735,940 program and administration funding (2022: \$735,940) program and administration funding) was held on behalf of the Department of Education which will be refunded to the Department upon request.

As at 30 June 2023 \$264,006 (2022: \$227,080) was recorded in unearned income representing advances for grant funding received from government.

#### *What is the relevant accounting policy?*

##### *Trade Payables*

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

##### *Funds held on behalf of funding bodies*

Funds for operational projects undertaken by the company on behalf of funding bodies are recognised on the statement of financial position as unearned income. As the project commences and costs are incurred the unearned income recognised is reduced and costs are recognised in the statement of profit or loss and other comprehensive income. Where the funds received relate to capital projects, funds are only recognised as revenue when the company obtains control of the contribution and has no obligation to repay the funds. Until control is obtained the amounts are held as unearned revenue.

## C. HOW DO WE MANAGE OUR RISK AND WORKING CAPITAL?

### (iv) Provisions

	2023	2022
	\$	\$
<b>Current</b>		
Annual leave	482,846	544,145
Long service leave	401,637	382,788
Rostered days off	9,438	8,199
Make-good	150,899	150,899
	<u>1,044,820</u>	<u>1,086,031</u>
<b>Non-current</b>		
Long service leave	32,360	37,483
Contract termination	441,517	497,208
	<u>473,877</u>	<u>534,691</u>
<b>Movement in provisions</b>	<b>2023</b>	<b>2022</b>
	\$	\$
Make-good		
Opening balance	150,899	127,381
Increase in provisions	-	23,518
<b>Balance at 30 June</b>	<u>150,899</u>	<u>150,899</u>
Contract termination		
Opening balance	497,208	396,490
Additions	-	100,718
Reversals	55,691	-
<b>Balance at 30 June</b>	<u>441,517</u>	<u>497,208</u>

A provision has been recognised for employee entitlements relating to annual and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

A provision has also been recognised for employee entitlements relating to contract terminations for employees on fixed term contracts based on the amount expected to be settled in the event that funding programs are not renewed. The liability represents the termination payments to be paid at the anticipated completion of their employment.

The measurement and recognition criteria for employee benefits have been included in critical accounting estimates and judgements below.

#### *Amounts not expected to be settled within the next 12 months*

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the company does not have an unconditional right to defer settlement. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The amounts of \$73,722 reflect leave that is not expected to be taken within the next 12 months.

## C. HOW DO WE MANAGE OUR RISK AND WORKING CAPITAL?

### *Provision for make-good*

A provision has been recognised in relation to the make-good of a number of premises currently leased by SDN Child and Family Services Pty Limited. This amount represents the accrued value to be paid out upon termination of the lease to make-good the premises.

### *What is the relevant accounting policy?*

#### *Provisions*

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at balance date, taking into account the risks and uncertainties surrounding the obligation.

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

#### *Employee benefits*

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 current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

The liability is 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 to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The liability for contract termination is recognised as a current or non-current liability. The liability is measured at the amount expected to be paid when the liability is settled and is based on employees' services up to the reporting date.

The company contributes to a number of superannuation funds which exist to provide benefits to employees and their dependants on retirement, disability or death. The company's commitment in respect of the superannuation funds (which are all accumulation funds) is limited to making the specified contributions. The company's contributions to the superannuation funds are expensed in the statement of profit or loss and other comprehensive income as incurred.

## C. HOW DO WE MANAGE OUR RISK AND WORKING CAPITAL?

### *Critical accounting estimates and judgements*

#### *Provision for employee benefits*

The liability for employee benefits is recognised and measured at the value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the value of the liability for long service leave, estimates of attrition rates and pay increases through promotion and inflation have been taken into account. Where actual rates are different to those estimated the long service leave expense will be impacted.

#### *Provision for make good*

The provision for make good represents the present value of the estimated costs to make good the premises leased by the company at the end of the respective lease terms. The calculation includes various assumptions around expected reparation works, timing of works and final costs. Where actual costs are different to the estimate the make good expense will be impacted.

#### *Provision for termination liabilities*

The company recognises termination benefits for employees employed to work for specific grant funded programs where ongoing employment is dependent on renewal of the funding program. The provision is measured at the present value of the amounts expected to be paid on termination of the program.

#### (v) Borrowings

	2023 \$	2022 \$
Loans payable to SDN Children's Services	500,000	500,000

In 2016, the company's parent entity, SDN Children's Services provided an unsecured at-call loan to the company to assist in the development of the NDIS program. Interest is charged on a monthly basis at a variable interest rate of 4.52% per annum (2022: 4.52%).

### *What is the relevant accounting policy?*

#### *Borrowings*

Loans and borrowings are initially recognised at the fair value of the consideration received net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.



## C. HOW DO WE MANAGE OUR RISK AND WORKING CAPITAL?

### (vi) Lease liabilities

	2023 \$	2022 \$
Current		
Lease Liabilities - Property	334,497	124,107
Lease Liabilities - Equipment	21,318	19,947
Lease Liabilities - Vehicle	48,635	38,476
Total current lease liabilities	404,450	182,530
Non-current		
Lease Liabilities - Property	90,429	-
Lease Liabilities - Equipment	86,962	-
Lease Liabilities - Vehicle	27,102	38,535
Total non-current lease liabilities	204,493	38,535
<b>Total lease liabilities</b>	<b>608,943</b>	<b>221,065</b>

### *What is the relevant accounting policy?*

#### *Lease liabilities*

Leases have been recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

The Company determines its incremental borrowing rate based on rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The company has adopted a borrowing rate of 3.52%.

## C. HOW DO WE MANAGE OUR RISK AND WORKING CAPITAL?

(vii) Issued Capital

	2023 \$	2022 \$
2 fully paid ordinary shares (2022: 2 fully paid ordinary shares)	<u>100,000</u>	<u>100,000</u>

## D. APPENDICES

### D1. RESERVES AND ACCUMULATED PROFITS

(i) Equity contribution	2023	2022
	\$	\$
Opening balance	1,220,000	1,220,000
Balance at 30 June	<u>1,220,000</u>	<u>1,220,000</u>

In 2012, the company's parent entity, SDN Children's Services, advanced the company \$1,220,000 to assist in the development of the Beranga childcare centre. The advance is not subject to any formal agreement covering terms such as repayment or interest charges to be levied. On initiation of the advance, repayment was neither planned nor likely. As a result, the advance has been treated as an equity contribution in accordance with the provisions of *AASB 139 Financial Instruments: Recognition and Measurement*.

(ii) Asset revaluation reserve	2023	2022
	\$	\$
Asset revaluation reserve	<u>705,679</u>	<u>472,389</u>

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets as described in Note B1.

(iii) Accumulated losses	2023	2022
	\$	\$
Opening balance	(379,596)	41,579
Surplus/(deficit) during the year	<u>28,226</u>	<u>(421,175)</u>
Closing balance	<u>(351,370)</u>	<u>(379,596)</u>

## D. APPENDICES

### D2. UNRECOGNISED ITEMS

#### **Bank Guarantees**

SDN Child and Family Services Pty Limited has provided rental guarantees amounting to \$47,575 (2022: \$47,575).

#### **Contingent Liability**

SDN Child and Family Services Pty Limited holds the land title of 128 Hartington Street, Rooty Hill. The land is part of the Beranga project. A caveat exists over the property which dictates that SDN Child and Family Services Pty Limited is not able to dispose of the land without the prior consent of the NSW Department of Communities and Justice. On disposal of the asset, the company is required to remit to the Department an amount of the proceeds equal to the proportion of total funds that they contributed to the project. Only the SDN portion of the property at the valuation date is taken up.

### D3. IMPAIRMENT

#### *Impairment of financial assets*

The entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

## E. OTHER INFORMATION

### E1. RELATED PARTIES

#### Directors Remuneration

Board members serve on a voluntary basis and do not receive remuneration. They can be reimbursed for a reasonable amount of expenses directly related to Board activities.

#### Related Party Transactions

Transactions between related parties are on a cost basis.

All staff are eligible for a discount on childcare fees in SDN services for their children.

As at 30 June 2023, trade payables in SDN Child and Family Services Pty Limited included an amount of \$282,839 (2022: \$312,099) payable to its parent entity, SDN Children's Services. This balance is net by the trade receivable owed to SDN Child and Family Services Pty Limited of \$267,935 (2022: \$211,329) from SDN Children's Services.

In 2016, SDN Children's Services, the parent entity, provided an unsecured at-call loan of \$500,000 to SDN Child and Family Services Pty Limited to assist in the development of the NDIS program. Interest is charged on a monthly basis at a variable interest rate of 4.52% per annum. No repayments of the principal balance have occurred.

### E2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the Australian Charities and Not-for-profits Commission Act 2012, as appropriate for not-for-profit oriented entities.

#### New, revised or amending Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

#### (i) Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical cost. The company is a not-for-profit organisation. As such the term "profit" is not applicable and the term "surplus" is used where required. The financial statements are presented in Australian Dollars.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

## E. OTHER INFORMATION

### (ii) Income tax

No provision for income tax has been recognised as the company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

### (iii) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### (iv) Comparative figures

Where required by Accounting Standards and/or for improved presentation purposes comparative figures have been adjusted to conform with changes in presentation for the current year.

## E3. OTHER REQUIRED DISCLOSURES

### (i) Auditor's remuneration

	2023	2022
	\$	\$
Remuneration of the auditor for:		
- audit services	26,000	25,000
- assistance with the preparation of financial statements	7,500	7,000
	<u>33,500</u>	<u>32,000</u>

### (ii) Events occurring after reporting date

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

## E. OTHER INFORMATION

### (iii) Information and declaration to be furnished under the Charitable Fundraising Act 1991

The fundraising accounts have been prepared on an accruals basis and comply with Applicable Accounting Standards.

	2023	2022
	\$	\$
<i>Statement of fundraising income and expenditure:</i>		
Gross proceeds from fundraising	-	-
Net surplus from fundraising	-	-
<i>Application of fundraising proceeds:</i>		
Opening balance	-	-
Net proceeds from fundraising	-	-
Purchase of children's play materials	-	-
Contributions toward childcare fees	-	-
Contributions toward childcare materials	-	-
Total fundraising reserve	-	-

### Forms of Fundraising Appeals conducted for the year ended 30 June 2023

For the purpose of reporting under the requirements of the Charitable Fundraising Act 1991, SDN Child and Family Services has detailed the forms of fundraising activities conducted for the year ended 30 June 2023. The fundraising activities and appeals include hosting of functions, raffles, sale of items and donations.

## E. OTHER INFORMATION

### (iv) Key management personnel compensation

#### Key management personnel

##### Directors

Barbara Wise  
 Linda Cassidy  
 Julie Hourigan  
 Darren Mitchell  
 Kay Turner

##### Directors Remuneration

Board members serve on a voluntary basis and do not receive remuneration. They can be reimbursed for a reasonable amount of expenses directly related to Board activities.

#### Other key management personnel as at 30 June 2023

Kay Turner, Chief Executive Officer  
 Zarin Medhora, Head of People and Organisational Development  
 Dianne Speakman, Head of Communications and Corporate Affairs  
 Peter Rae, Chief Financial Officer  
 Glynis Chang, Director of Organisational Development  
 Adrienne Jerram, Director of Marketing and Customer Experience

	Short-term benefits \$	Post- employment benefits \$	Other long term benefits \$	Total \$
<b>2023</b>				
Total compensation	964,024	87,879	108,994	1,160,897
<b>2022</b>				
Total compensation	901,274	83,140	14,354	998,768



# Directors' Declaration for the year ended 30 June 2023

## Declaration by Directors in respect of fundraising appeals.

In the opinion of the Board of Directors of SDN Child and Family Services Pty Limited:

- (a) The consolidated statement of profit and loss and other comprehensive income gives a true and fair view of all income and expenditure of SDN Child and Family Services Pty Limited with respect to fundraising appeals; and
- (b) The consolidated statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeals; and
- (c) The provisions of the Charitable Fundraising Act 1991 (NSW), the regulations under the Act and the conditions attached to the authority have been complied with; and
- (d) The internal controls exercised by SDN Child and Family Services Pty Limited are appropriate and effective in accounting for all income received and applied by SDN Child and Family Services Pty Limited Limited from any of its fundraising appeals.

Signed in accordance with a Resolution of the Board of Directors.



.....  
Barbara Wise  
Director

17 October 2023

# Directors' Declaration for the year ended 30 June 2023

## Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the the Australian Accounting Standards - Simplified Disclosures, the Australian Charities and Not-for-profits Commission Act and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- 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 Board of Directors and is signed for and on behalf of the directors by



.....  
Barbara Wise  
Director

17 October 2023

## INDEPENDENT AUDITOR'S REPORT

To the members of SDN Child and Family Services

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of SDN Child and Family Services (the registered entity), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of SDN Child and Family Services, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the registered entity's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) 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 also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Other information

The responsible entities of the registered entity are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the registered entity's annual report, but does not include the financial report and our auditor's report thereon.



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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

#### **Responsibilities of responsible entities for the Financial Report**

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, responsible entities are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

The responsible entities of the registered entity are responsible for overseeing the registered entity's financial reporting process.

#### **Auditor's responsibilities for the audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

**BDO Audit Pty Ltd**

A handwritten signature in blue ink that reads 'BDO'.

A handwritten signature in blue ink that reads 'Elysia Rothwell'.

Elysia Rothwell  
Director

Sydney, 17 October 2023