



**Lifestyle
Solutions**

Annual Report 2021
Financial Statements



Lifestyle Solutions (Aust) Ltd

ABN 85 097 999 347

Financial Report

For the Year Ended 30 June 2021

Lifestyle Solutions (Aust) Ltd

ABN 85 097 999 347

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General Information

Your Directors present their report on Lifestyle Solutions (Aust) Ltd (“the Company” or “Lifestyle”) for the financial year ended 30 June 2021.

Information on Directors	
All current Directors of Lifestyle Solutions are Non-Executive Directors. The Directors in office at any time during, or since the end of the year are:	
Julie Connolly	Chairperson since November 2018, Director since November 2014
Qualifications and memberships	Master of Commerce, (International Finance, Marketing) Bachelor of Economics (Business, Corporate Law) Graduate Member Australian Institute of Company Directors Financial Services Institute of Australasia Australasian Investor Relations Association
Experience	Extensive experience as a Director, senior executive and advisor in stakeholder communications strategy and management, in both corporate and agency roles.
Special responsibilities	Member of the Governance, Nomination and Remuneration Committee
Dr Ronald Chalmers	Director since September 2018
Qualifications and memberships	Doctor of Philosophy Master of Education (Policy and Administrative Studies) Graduate Diploma in Educational Administration Teachers Higher Certificate Graduate Diploma in Education Bachelor of Arts Graduate Member Australian Institute of Company Directors Graduate Member Executive Fellows Program
Experience	Director General, Disability Services Commission (WA) Public Sector management roles Several years providing support to people with disability and their families/carers Teaching and educational administration Chair, Uniting WA
Special responsibilities	Chairperson of the Governance, Nomination and Remuneration Committee Member of the Quality and Safeguarding Committee

Fiona Evans	Director since September 2018
Qualifications and memberships	Graduate Member Australian Institute of Company Directors Graduate Diploma in Marketing, Monash University Professional Year, Australian Institute of Chartered Accountants Bachelor of Commerce, University of Melbourne
Experience	Commercially and strategically focused non-executive Director who brings risk assessment, analysis and operational accountability to all phases of board governance. 20 plus years as high performance senior executive and business advisor with an emphasis on business development and organisation efficiency.
Special responsibilities	Member of the Audit, Risk and Compliance Committee
Andrew Knight	Director since February 2015
Qualifications and memberships	Diploma in Law Graduate Member Australian Institute of Company Directors
Experience	Experienced lawyer specialising in commercial law, trusts and complex estate planning.
Special responsibilities	Member of the Governance, Nomination and Remuneration Committee Member of the Quality and Safeguarding Committee
Dean Laurence	Director since January 2020
Qualifications and memberships	Master of Commerce, Sydney University Master of Business Administration, UNE Graduate Diploma in Corporate Management, Governance Institute Fellow of the Australian Institute of Company Directors CPA Leadership Victoria Alumnus
Experience	Extensive c suite level experience across a range of industry sectors, including the past 8 years at Board level. A qualified CPA, bringing expertise in Strategy, Risk, IT and Finance. A long-standing member of the AICD, and an experienced business advisor, mentor and alumnus of Leadership Victoria. A passionate advocate on Mental Health and Disability issues, as well as Social Justice.
Special responsibilities	Chairperson of the Audit, Risk and Compliance Committee

Fiona Payne	Director since September 2018
Qualifications and memberships	Bachelor of Applied Science (Physiotherapy) Master of Science (Physiotherapy) Diploma Associate of Speech and Drama Australia Fellow of the Australian Institute of Company Directors Women on Boards Member
Experience	Values driven non-executive Director with extensive governance experience in the government and not for profit sectors.
Special responsibilities	Chairperson of the Quality and Safeguarding Committee Member of the Audit, Risk and Compliance Committee
Karen Woodford	Director since October 2016
Qualifications and memberships	Bachelor of Arts Diploma of Education Diploma of Law Graduate Diploma of Legal Practice Certificate of Corporate Investigations Graduate Member Australian Institute of Company Directors
Experience	Extensive experience in public education. Early career as an infant and primary school teacher. After a short career as a solicitor in private practice, returned to the NSW Department of Education to work as a child protection investigator from 2003 until 2016. Experience in managing and leading a team of child protection investigators. Extensive experience working in a politically sensitive environment.
Special responsibilities	Member of the Governance, Nomination and Remuneration Committee

<p>Principal activities</p> <p>The principal activity of Lifestyle Solutions (Aust) Ltd during the financial year was the provision of accommodation and care services for people with a disability and supported care services for young people. No significant changes in the nature of the entity's activity occurred during the financial year.</p> <p>On 12 March 2020, the World Health Organisation declared an outbreak of Coronavirus (COVID-19) a global pandemic, causing a national lockdown of economic activities in various countries around the world including Australia. The effects of the ongoing COVID-19 pandemic on society have been profound and the effect on the global economy has been unprecedented in both scale and speed. Notwithstanding health and economic policy responses from governments globally, there remains a significant degree of uncertainty about the further spread of the virus and its continued economic impact. The Company has remained focused on the business, implementing business continuity measures alongside adopted government guidelines to minimise the disruption and contain the spread of COVID-19 across the sites in Australia. COVID-19 has had a relatively minor impact on the Company's results due to the services provided by the Company being deemed "essential" in Australia.</p>
<p>Short term objectives</p> <p>The Company's short-term objectives are:</p> <ul style="list-style-type: none"> ● To be flexible, engaged and adaptive to key sector transformations and reforms; ● To provide quality services to the people we support; ● To ensure the highest level of safeguards and protections are in place for the people we support; ● To support, nurture and develop our staff; ● To achieve financially efficient and sustainable results; ● Best practice approach to governance, practice, management reporting and risk; ● To deliver an innovative and integrated IT platform across the national footprint.
<p>Long term objectives</p> <p>The Company's long-term objectives are encapsulated in the four strategic pillars:</p> <ul style="list-style-type: none"> ● To be a provider of choice to people and organisations within the disability and out of home care sector; ● To be a leader in the sector and community in regard to disability and out of home care; ● To be a values driven organisation that is recognised as a great place to work; ● To be known as delivering business excellence across our entire service delivery portfolio.
<p>How principal activities assisted in achieving the objectives</p> <p>The principal activities assisted the Company in achieving its objectives by:</p> <ul style="list-style-type: none"> ● Creating solutions for people who require support; ● Commitment to person centred approaches; ● Delivering high quality innovative services and programs.
<p>Performance measures</p> <p>The following measures are used within the Company to monitor performance:</p> <ul style="list-style-type: none"> ● Monthly review of actual income and expenses compared to budget at both program and organisational levels; ● Internal reviews and completion of any resulting corrective actions; ● Review of unresolved complaints; ● Review of instances of unmet contracted service delivery requirements.
<p>Members guarantee</p> <p>Lifestyle Solutions (Aust) Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the Company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$50, subject to the provisions of the Company's constitution.</p> <p>At 30 June 2021 the collective liability of members was \$350 (2020: \$350).</p>

Meetings of Directors

During the financial year;

- 11 meetings of Directors were held;
- 7 meetings of the Audit Risk and Compliance Committee were held;
- 11 meetings of the Governance, Nomination and Remuneration Committee were held;
- 6 meetings of the Quality and Safeguarding Committee were held.

Attendances by each Director during the year were as follows:

	Directors Meetings		Audit Risk and Compliance Committee Meetings		Governance, Nomination and Remuneration Committee Meetings		Quality and Safeguarding Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Julie Connolly	11	11			11	11		
Ronald Chalmers	11	11			11	11	6	6
Fiona Evans	11	11	7	7				
Andrew Knight	11	11			11	9	6	6
Dean Laurence	11	11	7	7				
Fiona Payne	11	11	7	7			6	6
Karen Woodford	11	10			11	11		

Other items

Events after the reporting date

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

Likely developments and expected results of operations

The Company will continue to pursue its activities as described above. The Directors are not planning any changes to the operations which would impact the results of the Company.

Review of operations and significant changes in the state of affairs

A summary of the Company's income and results is set out below:

- Total assets \$60,394,195 (2020: \$72,350,480)
- Deficit for the year (\$79,354) (2020: \$4,172,851 surplus)
- Total revenue and income \$187,112,722 (2020: \$167,837,752)

There have not been any significant changes in the business during the year.

Indemnification and insurance of officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company (as named above) and officers of the Company against liability incurred as such a Director or officer to the extent permitted by the Australian Charities and Not-for-profits Commission Act. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

Environmental regulation

The Directors are satisfied that adequate systems are in place for the management of the Company's environmental responsibility and compliance with the various licence conditions and regulations. Further, the Directors are not aware of any material breaches of these requirements and to the best of their knowledge all activities have been undertaken in compliance with environmental requirements.

Auditors

PwC, Level 3, 45 Watt Street, Newcastle NSW 2300.

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 9 of the financial report. PricewaterhouseCoopers continues in office.

Rounding of amounts

Amounts have been rounded off in the financial statements to the nearest dollar.

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

Director: .....
Julie Connolly

Director: .....
Dean Laurence

3 November 2021



Auditor's Independence Declaration

As lead auditor for the audit of Lifestyle Solutions (Aust) Ltd for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

VINCENZO DEDE'

Vincenzo Dede
Partner
PricewaterhouseCoopers

Newcastle
3 November 2021

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Liability limited by a scheme approved under Professional Standards Legislation.

Lifestyle Solutions (Aust) Ltd
ABN 85 097 999 347

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2021

	Note	2021	2020
		\$	\$
Revenue	2	187,112,722	167,837,752
Employee benefits expense	3	(144,561,874)	(123,795,097)
Agency staffing		(9,861,501)	(8,590,905)
Depreciation and amortisation expense	3	(5,590,135)	(4,860,304)
Client expenses		(9,752,413)	(9,388,119)
Occupancy expenses		(9,019,598)	(8,969,198)
Other expenses		(8,406,555)	(8,061,278)
Surplus/(Deficit) before income tax		(79,354)	4,172,851
Income tax expense		-	-
Surplus/(Deficit) for the year		(79,354)	4,172,851
<i>Items that will not be reclassified to profit or loss</i>			
Other comprehensive income			
Revaluation of land and buildings		890,000	501,886
Total comprehensive income for the year		810,646	4,674,737

The above statement should be read in conjunction with the accompanying notes

Lifestyle Solutions (Aust) Ltd
ABN 85 097 999 347
Statement of Financial Position
For the Year Ended 30 June 2021

	Note	2021	2020
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	15,007,862	20,224,413
Trade and other receivables	5	2,380,181	4,792,723
Other assets	6	<u>10,740,297</u>	<u>14,910,281</u>
TOTAL CURRENT ASSETS		<u>28,128,340</u>	<u>39,927,418</u>
NON-CURRENT ASSETS			
Right of use assets	7	10,580,970	11,752,245
Property, plant and equipment	8	<u>21,684,885</u>	<u>20,670,817</u>
TOTAL NON-CURRENT ASSETS		<u>32,265,855</u>	<u>32,423,062</u>
TOTAL ASSETS		<u>60,394,195</u>	<u>72,350,480</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	19,796,558	27,887,823
Borrowings	10	756,900	2,637,449
Lease liabilities	7	2,386,940	2,112,986
Provisions	11	2,713,700	2,478,220
Other liabilities	12	<u>1,215,383</u>	<u>4,471,963</u>
TOTAL CURRENT LIABILITIES		<u>26,869,481</u>	<u>39,588,441</u>
NON-CURRENT LIABILITIES			
Trade and other payables	9	1,455,865	-
Borrowings	10	2,065,028	2,160,407
Lease liabilities	7	8,503,005	9,812,017
Provisions	11	<u>1,813,160</u>	<u>1,912,605</u>
TOTAL NON-CURRENT LIABILITIES		<u>13,837,058</u>	<u>13,885,029</u>
TOTAL LIABILITIES		<u>40,706,539</u>	<u>53,473,470</u>
NET ASSETS		<u>19,687,656</u>	<u>18,877,010</u>
EQUITY			
Retained earnings		16,572,555	16,651,909
Revaluation reserve		<u>3,115,101</u>	<u>2,225,101</u>
TOTAL EQUITY		<u>19,687,656</u>	<u>18,877,010</u>

The above statement should be read in conjunction with the accompanying notes

Lifestyle Solutions (Aust) Ltd
ABN 85 097 999 347
Statement of Changes in Equity
For the Year Ended 30 June 2021

2021	Note	Retained Earnings	Revaluation Reserve	Total
		\$	\$	\$
Balance at 1 July 2020		16,651,909	2,225,101	18,877,010
Surplus/(Deficit) for the year		(79,354)	-	(79,354)
Movement in revaluation reserve		-	890,000	890,000
Balance at 30 June 2021		16,572,555	3,115,101	19,687,656

2020	Note	Retained Earnings	Revaluation Reserve	Total
		\$	\$	\$
Balance at 1 July 2019		12,479,058	1,723,215	14,202,273
Surplus/(Deficit) for the year		4,172,851	-	4,172,851
Movement in revaluation reserve		-	501,886	501,886
Balance at 30 June 2020		16,651,909	2,225,101	18,877,010

The above statement should be read in conjunction with the accompanying notes

Lifestyle Solutions (Aust) Ltd
ABN 85 097 999 347
Statement of Cash Flows
For the Year Ended 30 June 2021

	Note	2021	2020
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		22,408,575	17,165,429
Receipts from Government funding		174,594,800	158,352,401
Payments to suppliers and employees		(194,203,464)	(150,945,438)
Interest received		-	25,216
Finance costs		(716,145)	(679,760)
Net cash inflow from operating activities	15	2,083,766	23,917,848
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		398,513	544,834
Purchase of property, plant and equipment		(4,687,843)	(3,752,658)
Net cash (outflow) from investing activities		(4,289,330)	(3,207,824)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		88,499	1,983,699
Repayment of borrowings		(1,403,359)	(2,092,398)
Proceeds from motor vehicle loans		652,754	861,061
Repayment of motor vehicle loans		(1,313,822)	(1,775,837)
Principal payment of ROU lease liability		(1,035,057)	(1,631,379)
Net cash (outflow) from financing activities		(3,010,986)	(2,654,854)
Net increase (decrease) in cash and cash equivalents held		(5,216,552)	18,055,170
Cash and cash equivalents at beginning of year		20,224,414	2,169,243
Cash and cash equivalents at end of financial year	4	15,007,862	20,224,413

The above statement should be read in conjunction with the accompanying notes

Lifestyle Solutions (Aust) Ltd

ABN 85 097 999 347

Notes to the Financial Statements

For the Year Ended 30 June 2021

The financial statements are for Lifestyle Solutions (Aust) Ltd (the "Company") as a not-for-profit individual entity.

1. Summary of significant accounting policies

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards – Reduced Disclosure Requirements and comply with other requirements of the law.

For the purposes of preparing the financial statements, the Company is a not-for-profit entity. The financial statements were authorised for issue by the Directors on 28 October 2021.

(b) Basis of preparation

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

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

The financial statements have been prepared on an accruals basis and are based on historical cost, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

On 12 March 2020, the World Health Organisation declared an outbreak of Coronavirus (COVID-19) a global pandemic, causing a national lockdown of economic activities in various countries around the world including Australia. The effects of the ongoing COVID-19 pandemic on society have been profound and the effect on the global economy has been unprecedented in both scale and speed. Notwithstanding health and economic policy responses from governments globally, there remains a significant degree of uncertainty about the further spread of the virus and its continued economic impact. The Company has remained focused on the business, implementing business continuity measures alongside adopted government guidelines to minimise the disruption and contain the spread of COVID-19 across the sites in Australia. COVID-19 has had a relatively minor impact on the Company's results due to services provided by the Company being deemed "essential" in Australia.

(c) Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Notes to the Financial Statements

For the Year Ended 30 June 2021

Accrued income

As at 30 June 2021 the Company recognised \$9,094,286 (2020: \$11,808,837) of accrued income related to services provided for Out of Home Care, residential disability and foster care services. This is estimated by management as the expected revenue that will be received based on services provided prior to 30 June 2021. Fees charged for care or services provided to clients are recognised when the performance obligation, being the provision of services, is fulfilled and it is probable that the consideration for services will be collected. Revenue is also recognised when the contract in place with the customer is implied through past service history. Where a contract for services has been agreed or is implied with the customers but not yet paid, income is accrued. This estimate considers the age of the accrued income and the historical evidence of amounts actually received from the relevant government agencies. The accrued income is expected to be received within the next 12 months.

Provision for expected credit losses on receivables

As at 30 June 2021 the Company's current receivables were \$2,380,181 (2020: \$4,792,723) (net of expected credit losses). At each balance sheet date the Company evaluates the collectability of trade receivables and records provisions for expected credit losses based on experience including comparisons of the relative age of accounts and consideration of actual write-off history.

Significant judgment is required in determining the collectability of the receivables. When the expected payments from the Government are different from the fair value such differences will impact the valuation of the receivable.

(d) Adoption of new and revised accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period. A summary of the new standards is set out below:

AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Entities (effective financial years commencing on or after 1 July 2021)

AASB 1060 is a new stand-alone disclosure standard to replace the current reduced disclosure requirements (RDR) framework and provides for an increase in disclosures compared to Special Purpose Financial Statements, particularly related parties, financial instruments and tax.

(e) Comparative figures

Certain comparative numbers have been reclassified for consistency with the current year presentation.

(f) Revenue and other income

The Company recognises revenue when performance obligations have been met, at the value of consideration to which the entity expects to be entitled in exchange for those services and that each specific criteria have been met for each of Lifestyle Solutions (Aust) Ltd's activities as discussed below.

All revenue is stated net of the amount of goods and services tax (GST).

Provision of services (client fees)

The Company provides accommodation and care services for people with a disability as well as supported care for young people. Revenue is recognised once the services have been provided to the clients and is measured at the fair value of the consideration received or receivable. See note 1(c) for significant estimates made in relation to the recognition of accrued revenue.

Notes to the Financial Statements

For the Year Ended 30 June 2021

Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Grant revenue

Grant revenue is recognised in the profit or loss when the Company obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity 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 service has been delivered to the contributor.

When, the Company receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

Repayment of government grants previously recognised as income is recognised as an expense in the year of repayment.

Donations

Donations and bequests are recognised as revenue when control passes, which is normally on receipt, or where special terms and conditions are attached to them, in accordance with those terms and conditions.

Interest revenue

Interest income is recognised on an accruals basis.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

(g) Goods and services tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax 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.

(h) Income tax

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

Lifestyle Solutions (Aust) Ltd

ABN 85 097 999 347

Notes to the Financial Statements

For the Year Ended 30 June 2021

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position. Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition.

(j) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

In the periods when the freehold land and buildings are not subject to an independent valuation, the Directors conduct Directors' valuations to ensure the land and buildings carrying amount is not materially different to the fair value.

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.

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Freehold land and buildings that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired. Crown lands are also recognised as an asset of the Company given it is controlled and available for use by the Company.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

The carrying amount of plant and equipment is reviewed annually by Directors 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 asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate net asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the costs of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Notes to the Financial Statements

For the Year Ended 30 June 2021

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated. Properties held for investment purposes are not depreciated.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Buildings	2.5%
Plant and equipment	5% - 40%
Motor vehicles	8% - 33%

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

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

(k) Leases

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 payment 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 is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Notes to the Financial Statements

For the Year Ended 30 June 2021

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. While the Company revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Company.

Extension and termination options are included in a number of leases across the Company. These terms are used to maximise operational flexibility in terms of managing contracts.

(I) Financial instruments

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

Classification and measurement

Trade and other receivables

Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 14 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Company's impairment policies and the calculation of the loss allowance are provided below.

Other financial assets

Classification of financial assets at amortised cost

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Classification of financial assets at fair value through profit or loss

The Company classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost (see note 7(b) above) or FVOCI (see below)
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI, of which there are none.

There are currently no financial instruments classified as FVTPL.

Notes to the Financial Statements

For the Year Ended 30 June 2021

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Other financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are initially measured at fair value and subsequently measured at amortised cost.

Impairment of financial instruments

The Company's Trade Receivables are subject to AASB 9's expected credit loss model.

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, the trade and other receivables are assessed based on credit risk characteristics, the days past due and the historical loss rates which are adjusted to reflect current and forward looking information.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Derecognition

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

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value.

Value in use is either the discounted cash flows relating to the asset or depreciated replacement cost if the criteria in AASB 136 'Impairment of Assets' are met. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Company would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Lifestyle Solutions (Aust) Ltd

ABN 85 097 999 347

Notes to the Financial Statements

For the Year Ended 30 June 2021

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(m) Employee benefits

Short term obligations

Liabilities for wages, salaries including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. These are recognised as current liabilities in trade and other payable and short term provisions.

Long service leave provision

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

Post-employment obligations

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(n) Make good provisions

The Company reviews the assumptions used in estimating the amount of make good provision required for operating leases at the end of each reporting period. Consistent with last period, the Directors have assumed that the make good provision relating to properties where the lease has expired are due and payable within twelve months at reporting date.

(o) Other expenses

Expenses are recognised in the Statement of Profit and Loss and Other Comprehensive Income on an accrual basis.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2. Revenue	2021	2020
	\$	\$
Revenue from continuing operations		
Provision of services		
- Client fees	21,700,261	18,083,370
- Grant funding	164,627,903	148,409,636
	<u>186,328,164</u>	<u>166,493,007</u>
Other revenue		
- Interest revenue	-	25,216
- Donations	1,130	7,356
- Community grants	39,768	191,600
- Trading income	218,790	167,940
- Other revenue	524,870	952,634
	<u>784,549</u>	<u>1,344,746</u>
Total revenue	<u>187,112,722</u>	<u>167,837,752</u>

3. Expenses

The following significant expense items are relevant in explaining the financial performance:

Expenses

Depreciation and Amortisation	5,590,135	4,860,304
Rental expense on operating leases (short term leases)	2,486,820	3,025,100
Employee benefits expense:		
- Salaries and wages	116,822,759	103,041,428
- Superannuation	10,949,716	9,594,554
- Annual Leave	7,929,915	7,076,566
- Long Service Leave	828,655	600,682
- Other benefits	8,030,829	3,481,867
	<u>144,561,874</u>	<u>123,795,097</u>

Notes to the Financial Statements

For the Year Ended 30 June 2021

4. Cash and cash equivalents

	2021	2020
	\$	\$
Cash at bank	15,007,862	20,224,413

Cash at the end of the financial year is reconciled to items in the statement of cash flows.

Bank Guarantees

The Company has bank guarantees with the bank as the bond for certain rental properties. This amounted to \$314,129 (2020: \$416,730).

5. Trade and other receivables

	2021	2020
	\$	\$
Trade receivables	3,405,004	6,193,045
Provision for expected credit loss	(1,162,019)	(1,599,232)
	2,242,985	4,593,813
Staff loans	11,963	12,548
Other receivables	125,233	186,362
Total current trade and other receivables	2,380,181	4,792,723

6. Other assets

	2021	2020
	\$	\$
Prepayments	985,390	2,583,071
Accrued income	9,094,286	11,808,837
Other current assets	660,621	518,373
	10,740,297	14,910,281

Notes to the Financial Statements

For the Year Ended 30 June 2021

7. Leases

Amounts recognised in the balance sheet	2021	2020
The balance sheet shows the following amount relating to leases:	\$	\$
Right-of-use assets		
Right-of-use assets at the beginning of the period	11,752,245	10,622,601
Additions	1,589,958	2,933,781
Depreciation charge	(2,761,233)	(1,804,137)
Right-of-use assets at the end of the period	10,580,970	11,752,245
Lease liabilities		
Current	2,386,940	2,112,986
Non-current	8,503,005	9,812,017
	10,889,945	11,925,003
Amounts recognised in the consolidated income statement		
- depreciation charge on right-of-use assets	2,761,232	1,804,137
- finance costs – interest on lease liabilities	487,220	392,503

Notes to the Financial Statements

For the Year Ended 30 June 2021

8. Property, plant and equipment

	2021	2020
	\$	\$
Freehold land and building held at fair value	15,085,850	13,640,000
Plant and equipment		
At cost	12,004,444	10,755,893
Accumulated depreciation	(7,841,750)	(6,275,830)
Total plant and equipment	<u>4,162,695</u>	<u>4,480,063</u>
Motor vehicles		
At cost	8,422,952	8,168,641
Accumulated depreciation	(5,986,612)	(5,617,888)
Total motor vehicles	<u>2,436,340</u>	<u>2,550,754</u>
Total plant and equipment	<u>6,599,035</u>	<u>7,030,817</u>
Total property, plant and equipment	<u>21,684,885</u>	<u>20,670,817</u>

	Land and Buildings \$	Plant and Equipment \$	Motor Vehicles \$	Total \$
Balance at the beginning of year	13,640,000	4,480,063	2,550,754	20,670,817
Additions	555,850	1,493,519	1,008,757	3,058,126
Revaluation increase	890,000	-	-	890,000
Disposals - written down value	-	(37,697)	(67,457)	(105,154)
Depreciation expense	-	(1,773,190)	(1,055,714)	(2,828,904)
Balance at 30 June 2021	<u>15,085,850</u>	<u>4,162,695</u>	<u>2,436,340</u>	<u>21,684,885</u>

(a) Asset revaluations

The Directors have established a policy that a full independent and external valuation will be obtained every three years. Directors' valuations are determined in the intervening period. In the current period, a mixture of independent valuations and Directors' valuations were obtained. The assumptions underlying the values for land and buildings (including those made by the valuers) were reviewed by the Directors on 30 June 2021. The fair value assessment of land and buildings at 30 June 2021 has been conducted using the information available at the time of the preparation of the financial statements and best estimates of future performance.

The valuation resulted in a revaluation increment of \$890,000 being recognised in the revaluation reserve for the year ended 30 June 2021.

Notes to the Financial Statements

For the Year Ended 30 June 2021

8. Property, plant and equipment (cont'd)

(b) Restricted assets

The Company's financial statements include assets which are restricted by externally imposed conditions, for example funding agreement requirements. The titles of these assets are held by the Company.

These assets are only available for application in accordance with the terms of the funding agreement. Should the services cease for which the funding was provided, or the funding withdrawn, the assets are required to be returned to the government entity or to another organisation as directed by the government entity.

	2021	2020
	\$	\$
Land and Buildings	9,360,000	9,360,000
Total	9,360,000	9,360,000

(c) Leasehold assets

The Company's financial statements include Crown Reserves within the land and buildings balance on the balance sheet over which the Company has been appointed Trust Manager. Lifestyle Solutions has constructed a building upon this land which is carried at Fair Value.

9. Trade and other payables

	2021	2020
	\$	\$
CURRENT		
Trade payables	2,177,078	2,847,928
Sundry payables and accrued expenses	6,770,757	7,380,925
GST payable	(172,384)	41,566
Other payables	2,582,878	2,861,024
NDIA COVID advance	-	7,878,667
Annual Leave	8,438,229	6,877,713
Total current trade and other payables	19,796,558	27,887,823
NON CURRENT		
Sundry payables and accrued expenses	1,455,865	-
Total non-current trade and other payables	1,455,865	-

NDIA COVID advance relates to a COVID-19 one-off advance that the *National Disability Insurance Agency* (NDIA) paid in FY20 to the Company to be able to provide support to their clients.

Notes to the Financial Statements

For the Year Ended 30 June 2021

10. Borrowings

	2021	2020
CURRENT	\$	\$
Secured liabilities:		
Bank loans	92,292	1,647,394
Motor vehicle loans	664,608	990,055
Total current borrowings	756,900	2,637,449
NON-CURRENT		
Secured liabilities:		
Bank loans	818,323	865,556
Motor vehicle loans	1,246,705	1,294,851
Total non-current borrowings	2,065,028	2,160,407

(a) Total current and non-current secured liabilities

Bank loans	910,615	2,512,950
Motor vehicle loans	1,911,313	2,284,906
	2,821,928	4,797,856

(b) The carrying amounts of non-current assets pledged as security are:

Land and buildings	15,085,850	13,640,000
Plant and equipment	4,162,695	4,480,063
Motor vehicles	2,436,340	2,550,754
	21,684,885	20,670,817

The bank debt is secured by a registered first mortgage over certain freehold properties owned by the Company.

Borrowings are secured by way of a fixed and floating charge over the assets of the Company.

The Company has complied with the financial covenants during the financial year.

Total finance cost on borrowings was \$228,927 at an average interest rate of 4.46%. The loans mature between 04/07/21 and 22/02/26.

(c) Bank loan facility

As at 30 June 2021 the Company had unused bank facilities of \$2,613,270 (2020: \$6,571,859)

Notes to the Financial Statements

For the Year Ended 30 June 2021

10. Borrowings (cont'd)

The facilities in place are:

	2021	2020
	\$	\$
Overdraft Facility	-	4,500,000
Finance leasing facility	4,500,000	4,500,000
Business lending – bank guarantees	500,000	500,000
	<u>5,000,000</u>	<u>9,500,000</u>

11. Provisions

	2021	2020
	\$	\$
CURRENT		
Provision for Long Service Leave	153,356	103,684
Provision for Make Good	2,560,344	1,874,536
Provision for restructure	-	500,000
	<u>2,713,700</u>	<u>2,478,220</u>
NON CURRENT		
Provision for Long Service Leave	1,430,849	1,066,036
Provision for Make Good	382,311	846,569
	<u>1,813,160</u>	<u>1,912,605</u>

12. Other liabilities

Deferred Income	<u>1,215,383</u>	<u>4,471,963</u>
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13. Capital and leasing commitments

(a) Operating lease commitments

Non-cancellable operating leases contracted for but not recorded as liabilities in the financial statements:

	2021	2020
	\$	\$
- no later than 1 year	426,717	824,598
- between 1 year and 5 years	-	-
- more than 5 years	-	-
	<u>426,717</u>	<u>824,598</u>

Notes to the Financial Statements

For the Year Ended 30 June 2021

13. Capital and leasing commitments (cont'd)

Operating lease commitments are made up of non-cancellable property leases of less than 12 months duration with rent payable in advance and operating leases for vehicles between 9 and 12 months.

Property lease terms and provisions are negotiated on a lease-by-lease basis and may include provisions for minimum lease payments to be indexed in line with CPI each year. Property leases under a week-by-week arrangement have been included at their statutory notice period. These leases may be cancelled by either party subject to statutory lease requirements. Lease commitments of greater than 12 months duration are now included in assets and liabilities.

Refer to note 7 for further information regarding accounting for leases.

14. Contingent liabilities and contingent assets

The Company has no material contingent assets and liabilities as at the reporting date (30 June 2020: nil).

15. Cash flow information

Reconciliation of profit for the year to net cash flows from operating activities

	2021 \$	2020 \$
Surplus / (Deficit) for the year	(79,354)	4,172,851
Depreciation and amortisation	5,590,136	4,860,304
Gain on disposal of fixed assets	(253,598)	(329,644)
<i>Changes in net assets and liabilities</i>		
<i>(Increase) / decrease in Assets:</i>		
Trade and other receivables	2,412,542	(2,200,187)
Other Assets	4,169,984	2,975,874
<i>Increase / (decrease) in Liabilities:</i>		
Trade and other payables	(6,635,400)	11,827,606
Other financial liabilities	(3,256,579)	1,620,895
Provisions	136,035	990,149
Net cash generated by operating activities	2,083,766	23,917,848

Notes to the Financial Statements

For the Year Ended 30 June 2021

16. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transaction with related parties:

(a) Key management personnel

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

Key management personnel compensation:	2021	2020
	\$	\$
- short term benefits	1,718,772	1,637,495
	<u>1,718,772</u>	<u>1,637,495</u>

(b) Other related parties

There are no other related parties.

(c) Transactions with related parties

There were no transactions between related parties during the year. If there are related party transactions they are conducted on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

17. Subsequent events

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

18. Reserves

Asset revaluation reserve

The asset revaluation reserve records unrealised gains on revaluation of property, plant and equipment recorded at fair value.

19. Company details

The registered office of the Company is:

Lifestyle Solutions (Aust) Ltd
33 Fern Street
ISLINGTON NSW 2296

The principal places of business are:

Lifestyle Solutions (Aust) Ltd
33 Fern Street
ISLINGTON NSW 2296

Lifestyle Solutions (Aust) Ltd

ABN 85 097 999 347

Directors' Declaration

The Directors declare that:

(a) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company.

Signed in accordance with a resolution of the Directors made pursuant to s.60.15 of the Australian Charities and Not-for-profits Commission Regulation 2013.

On behalf of the Directors

Director: 
Julie Connolly

Director: 
Dean Laurence

3 November 2021



Independent auditor's report

To the members of Lifestyle Solutions (Aust) Ltd

Our opinion

In our opinion:

The accompanying financial report of Lifestyle Solutions (Aust) Ltd (the Company) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2021
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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

Independence

We are independent of the Company in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the financial report for the year ended 30 June 2021, but does not include the financial statements 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 that we 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 management and the directors for the financial report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, Management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so. The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers

VINCENZO DEDE'

Vincenzo Dede
Partner

Newcastle
3 November 2021