

MONTSALVAT ACNC GROUP

A.B.N. 78 126 070 988

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2021**

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Montsalvat ACNC Group
Directors' Report
For the Year Ended 30 June 2021

The Directors of Montsalvat Ltd present their report together with the financial statements of the consolidated entity known as Montsalvat ACNC Group comprising of Montsalvat Ltd (the Company) and its commonly controlled entities (the group) for the financial year ended 30 June 2021.

Montsalvat Ltd, the parent entity of the group is not an ACNC registered charity (although an application for registration will shortly be made) and it did not direct any proceeds or assets from any controlled entities that are ACNC registered charities for any non-charitable purpose. The following entities of the Montsalvat ACNC Group are registered as charities with the ACNC:

Montsalvat Utilities Pty Ltd
Montsalvat Trust
The Montsalvat Foundation Inc

The names of the directors in office at any time during, or since the end of the year are set out below. Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Catherine Dale (Board Chair)
John Anthony Howie (Deputy Chair)
Peter Sexton (Treasurer)
Michael Liffman
Kate Dundas (ceased 3 March 2022)
Lisa Riddle (appointed 27 November 2020)
Lynda Jorgensen (appointed 31 July 2020)
Deb Ganderton (appointed 30 April 2021 – ceased 24 March 2022)
Raphael Kilpatrick (appointed 26 November 2021)
Peter Moore (ceased 27 November 2020)
Allan Frederick Willingham (ceased 27 November 2020)
Jacqueline Ogeil (ceased 9 December 2020)
John Wiltshire (ceased 29 April 2021)

Montsalvat's objectives

Montsalvat's mission is to continue to be a living, thriving artistic community welcoming to the general public. We aim to educate and to promote local, national and international cultural practice, and to conserve and enhance, our magnificent natural site and unique buildings so that present and future generations can draw inspiration from Montsalvat's serene beauty and creative heritage.

Strategy for achieving the objectives

- Increase national and international recognition of the artistic and heritage contribution made by Montsalvat's Founders particularly Justus Jorgensen;
- Restore and maintain Montsalvat's heritage buildings and grounds;
- Building on its heritage, develop Montsalvat as a community of artisans where the creation and display of art, skills and artistic performance is central to its existence;
- Develop diversified income streams to ensure financial sustainability;
- Develop the organizational practices and processes, people and facilities to enhance Montsalvat's purpose; and
- Increase community and tourism visitation to Montsalvat

Principal activities

- Arts – Concerts, exhibitions, literary events and festivals;
- Providing studio residence to selected artists;
- Education in art.
- Private events

Principal activities (continued)

No significant changes in the group's state of affairs occurred during the financial year. The group expects to continue its activities in promoting the arts and preserving its buildings in accordance with the terms of the will of Justus Jorgensen and hence there are no likely developments in the group's operations.

Performance measures

The group measures its performance in its ability to make sustainable profits and the expansion of its principal activities in the support of artists.

Financial performance

The consolidated result of the group for the financial year amounted to a surplus of \$115,694 (2020: loss \$245,918). The 2021 financial result was significantly influenced by the impact of COVID-19 that resulted in a number of lengthy lockdowns of Montsalvat function centers that generate the major source of revenue from art exhibitions and concerts as well as public and private events.

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 group, the results of those operations or the state of affairs of the group in future financial years.

Coronavirus (COVID-19)

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially challenging for the group up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is still changing and is dependent on measures imposed by Federal, State and Territory Governments within Australia and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the group 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 provide insurance for the directors and executives of the group against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Contributions on winding up

In the event that the company Montsalvat Ltd is wound up, members are required to contribute a maximum of \$100 each.

Information on Directors

Catherine Dale

Qualifications

- Doctorate of Philosophy
- Master of Business Administration
- Master of Education
- Bachelor of Music
- Qualified Town Clerk

Experience

- General Manager Eurobodella Shire Council

John Anthony Howie

Qualifications

LL.B University of Melbourne

Experience

- Lawyer and Consultant with his own practice
- Chair, Corporate and Governance standing committee, Vision 2020 Australia
- Board member, Vision 2020 Australia, Cain Foundation
- Former Chair, Victorian Legal Aid
- Former President, Film Victoria
- Former Chair Vic Sport
- Former Deputy Chair, Olympic Park Trust
- Former Board member, Melbourne and Olympic Park Trust
- Former Board member, Victoria Law Foundation

Michael Liffman

Qualifications

- BA hons. University of Melbourne
- M.Sc [Social Admin], London School of Economics
- Ph.D University of Melbourne

Experience

Founding Director of the Asia-Pacific Centre for Philanthropy and Social Investment at Swinburne University; now Adjunct Associate Professor. Community agency experience includes the Brotherhood of St Laurence, and the Ecumenical Migration Centre, CEO of one of Australia's leading philanthropic foundations, The Myer Foundation. During his term at the Myer Foundation he created The Cranlana Program, and was closely involved in the establishment of Asialink. He was also administrator of the Sidney Myer Performing Arts Awards.

Michael is a Director of WINGS (Worldwide Initiatives for Grantmaker Support), and of the Melbourne Forum. He is a former President of the Australian Association of Philanthropy and was a member of the International Network on Strategic Philanthropy. He was a Director of the Australian Institute of Multicultural Affairs. Other involvements have included membership of the Human Research Ethics Committee of the Government of Victoria's Department of Human Services, the Community Advisory Committee of the Special Broadcasting Service, the Immigration Review Tribunal, Southport Community Nursing Home, and the Alpine School for Student Leadership.

Montsalvat ACNC Group
Directors' Report
For the Year Ended 30 June 2021

Peter Sexton

Qualifications

- Chartered Accountant (CAANZ)
- GAICD
- Bachelor of Business (RMIT)

Experience

- Retired external audit partner of RSM Australia Partners
- Director at William Angliss Institute of TAFE
- Director and chair of the audit committee at Australian Securities Ltd
- Member of the Finance & Audit Committee for the National Trust of Australia (Victorian Division)

Kate Dundas

Qualifications

- Ba (Hons) Industrial Design
- MA Landscape Architecture
- MSc Urban Design
- Non-executive director at 3000acres

Experience

Lisa Riddle

Qualifications

- D.App.Sci (Town Planning)
- Certified Practicing Planner
- MAICD

Experience

- Owner and Director, Praxis Planning Pty Ltd
- Former Director, Ethos Urban Pty Ltd
- Former owner and Managing Director, Planisphere Pty Ltd
- Former Planning Panels Victoria sessional member
- Former alternate member Heritage Council of Victoria
- Former member Planning Institute of Victoria Committee

Lisa Riddle is a highly experienced planner with over 40 years in local government and private practice as owner and Director. She has contributed to planning practice in Victoria through her involvement in the PIA, the Heritage Council and Planning Panels, with many professional awards, and continues to work in the field. A large proportion of her work has been focussed on strategic planning and the interface between design, character, landscape and heritage. She has conducted overseas study tours for planners and related professionals, in NZ and the USA. Lisa is a Fellow of the Planning Institute and was awarded Victorian Planner of the Year in 2019.

Lynda Jorgensen

Qualifications

- Certificate IV Disability
- Certificate III Early Childhood Education & Care
- Certificate II Hospitality & Tourism

Experience

- Granddaughter of Justus Jorgensen (founding member of Montsalvat).
- Small business owner / operator and farmer

Deborah Ganderton

Qualifications

- Master of Arts (Professional Communication)
- Master of Science (Strategic Foresight)

Experience

CEO of the Greater Metropolitan Cemeteries Trust with 40 years' experience in business development, community engagement, advocacy, change management and building resilient cultures in organisations.

Raphael Kilpatrick

Qualifications

- Master of Disaster, Design & Development (RMIT)
- Bachelor of Design, Interior Design (RMIT)

Experience

- Teacher in the Interior Design Honours Course at RMIT
- Raphael is the son of the sculptor Matcham Skipper and the jeweller Sandy Kilpatrick and experienced living and working at Montsalvat over many years. He has worked extensively with not-for-profit organisations and in 2009 he was the co-founder and director of a social enterprise, working closely with young people from a refugee program. In 2013 Raphael worked with Schoolhouse Studios to transform an industrial warehouse in Collingwood into a thriving gallery and event space.

Allan Frederick Willingham

Qualifications

- Bachelor of Architecture University of Melbourne 1969
- Diploma of Architecture Gordon Institute of Technology Geelong 1970
- Master of Architecture University of Melbourne 1983
- Registered Architect 12390 State of Victoria
- Institute of Advanced Architectural Studies at York, UK: Conservation Short Courses 1976
- Member Australia ICOMOS

Experience

Allan Willingham is a registered architect in the State of Victoria. He has extensive teaching, research and practice experience in architecture, architectural history and building conservation and conducts a specialised practice from his North Fitzroy offices. Allan has published many of his researches in architectural history and conservation practice, including a number which relate to Geelong or to Western Victorian properties, towns and heritage places. He was a member of the Historic Buildings Preservation Council in Victoria (1977-1981) and the Historic Buildings Council (1981-1990) and has travelled widely in Europe and North America to study heritage practice. Allan appears regularly as an expert witness in heritage and conservation planning matters and for 15 years conducted a 'Building and DIY' program on ABC Radio in Victoria. He is a past vice-president of the Royal Historical Society of Victoria and an honorary life member of the Victorian Artists' Society. Allan was a member of the Victorian Attorney-General's Law Reform Advisory Council from 1997 to 1999 as a community representative.

Peter Moore

Qualifications

- BA / MA Cambridge University
- Certified Diploma in Accounting and Finance (CACA UK)

Experience

Peter Moore was a management consultant for 27 years with Accenture working in the UK, Australia and Asia Pacific across a range of industries. His activities included strategy development, financial reviews, operational improvement, change management, program management and IT implementation. His management roles included leading Accenture's Resources Industry Group first for Australia and then across the Asia Pacific region. He has now set up his own business providing advisory and publishing services.

John Arthur Wiltshire

Qualifications

- BA University of Cambridge
- Ph D La Trobe University

Experience

Professor of English at La Trobe University before his retirement in 2006; currently Adjunct Professor. His professional work spans eighteenth-century literature, medical history and narrative, and art history. At La Trobe he has organised many conferences, the last in 2004 drawing delegates from New Zealand, India, Italy, Switzerland, UK and USA. He is a frequent speaker at international conferences, and has been a past President of the Johnson Society of Australia. His association with Montsalvat spans several decades from the time that his children were employed there to a period as a volunteer guide 2006-8. He is especially concerned that both the fabric and the history of Montsalvat be preserved.

Jacqueline Ogeil

Qualifications

- Doctorate of Philosophy
- Master of Music
- Bachelor of Music Education
- Bachelor of Music

Experience

- Director of the Woodend Winter Arts Festival
- Former Director of Duneira Estate.
- Jacky Ogeil is an internationally respected artistic leader, performer and musicologist. Concurrently with her artistic activities Jacky worked in secondary and tertiary education for over 20 years.

Montsalvat ACNC Group
Directors' Report
For the Year Ended 30 June 2021

Information on Directors

During the financial year, meetings of directors were held and attendances by each director were as follows:

	Number eligible to attend	Number attended
Catherine Dale (Board Chair)	10	10
John Anthony Howie (Deputy Chair)	10	10
Peter Sexton (Treasurer)	10	10
Michael Liffman	10	10
Kate Dundas	10	7
Lisa Riddle	4	4
Lynda Jorgensen	7	7
Deb Ganderton	1	1
Raphael Kilpatrick	0	0
Peter Moore	5	5
Allan Frederick Willingham	5	5
Jacqueline Ogeil	3	2
John Wiltshire	9	1

Auditor's Independence Declaration

A copy of the lead auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 28.

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

Director: Catherine Dale
Catherine Dale (Chair)

Director: Howie
John Howie (Deputy Chair)

Dated: 29 April 2022

Montsalvat ACNC Group
Consolidated Statement of Revenue & Expenses and Other Comprehensive Income
For the year ended 30 June 2021

	Note	2021	2020
		\$	\$
Revenue	2	743,742	1,276,376
Other income	2	814,779	254,647
Expenses			
Employee benefits		(844,042)	(906,901)
Cost of materials & consumables used		(115,275)	(197,270)
Accounting & audit fees		(29,405)	(65,713)
Advertising		(2,860)	(41,912)
Bad & doubtful debts		-	-
Consulting fees		(20,500)	(84,566)
Depreciation		(51,097)	(59,444)
Insurance		(81,178)	(81,824)
Bank interest & fees		(28,083)	(14,277)
IT expenses		(35,686)	(34,089)
Legal fees		(42,943)	(20,337)
Maintenance - buildings & grounds		(71,280)	(125,165)
Utilities & rates		(50,187)	(70,703)
Other expenses		(70,291)	(74,740)
Surplus/(deficit) for the year		<u>115,694</u>	<u>(245,918)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive result		<u>115,694</u>	<u>(245,918)</u>

This statement is to be read in conjunction with the accompanying notes

Montsalvat ACNC Group
Consolidated Statement of Financial Position
For the year ended 30 June 2021

	Note	2021	2020
Assets		\$	\$
Current assets			
Cash and cash equivalents	3	347,625	113,749
Trade and other receivables	4	23,275	62,308
Inventories		17,325	17,670
Other assets	5	47,748	60,654
Total current assets		<u>435,973</u>	<u>254,381</u>
Non-current assets			
Property, plant and equipment	6	12,936,689	12,935,731
Other financial assets		22,220	14,000
Total non-current assets		<u>12,958,909</u>	<u>12,949,731</u>
Total assets		<u>13,394,882</u>	<u>13,204,112</u>
Liabilities			
Current liabilities			
Trade and other payables	7	192,759	233,630
Financial liabilities	8	175,194	188,035
Borrowings		-	16,600
Provisions	9	48,169	59,058
Total current liabilities		<u>416,122</u>	<u>497,323</u>
Non-current liabilities			
Provisions	9	3,928	9,651
Borrowings	10	574,000	412,000
Total non-current liabilities		<u>577,928</u>	<u>421,651</u>
Total liabilities		<u>994,050</u>	<u>918,974</u>
Net assets		<u>12,400,832</u>	<u>12,285,138</u>
Equity			
Trust Corpus		109,205	109,205
Asset Revaluation Reserve		12,169,492	12,169,492
Retained Earnings		122,135	6,441
Total Equity		<u>12,400,832</u>	<u>12,285,138</u>

This statement is to be read in conjunction with the accompanying notes

Montsalvat ACNC Group
 Consolidated Statement of Changes in Equity
 For the year ended 30 June 2021

	Total	Retained Earning	Trust Corpus	Asset Revaluation Reserve
2021				
Balance at beginning of the financial year	12,285,138	6,441	109,205	12,169,492
Surplus/(deficit) for the year	115,694	115,694	-	-
Balance at end of the financial year	12,400,832	122,135	109,205	12,169,492
2020				
Balance at beginning of the financial year	12,531,056	252,359	109,205	12,169,492
Surplus/(deficit) for the year	(245,918)	(245,918)	-	-
Balance at end of the financial year	12,285,138	6,441	109,205	12,169,492

This statement is to be read in conjunction with the accompanying notes

Montsalvat ACNC Group
Consolidated Statement of Cash Flows
For the year ended 30 June 2021

	2021	2020
	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities		
Receipts from customers	853,816	1,335,983
Payments to employees and suppliers	(1,487,491)	(1,735,885)
Trust funds and deposits paid	(8,220)	(14,000)
Government Grants, Jobkeeper & cash boost funding	728,190	203,000
Donations received	80,318	43,444
Interest paid	(25,762)	(10,627)
Interest received	9	11
Net cash provided by/(used in) operating activities	<u>140,860</u>	<u>(178,074)</u>
Cash flows from investing activities		
Proceeds from asset sales	-	1,771
Payments for property, plant and equipment	(52,384)	(91,668)
Net cash provided by/(used in) investing activities	<u>(52,384)</u>	<u>(89,897)</u>
Cash flows from financing activities		
Payments made on behalf of related parties		
Drawings / (repayment) of borrowings	145,400	312,400
Net cash provided by/(used in) financing activities	<u>145,400</u>	<u>312,400</u>
Net increase (decrease) in cash and cash equivalents	233,876	44,429
Cash and cash equivalents at the beginning of the financial year	113,749	69,320
Cash and cash equivalents at the end of the financial year	<u>347,625</u>	<u>113,749</u>

This statement is to be read in conjunction with the accompanying notes

Montsalvat ACNC Group
Notes to the Financial Statements
For the year ended 30 June 2021

The financial report includes the combined financial statements and notes of Montsalvat Ltd (the Company) and its commonly controlled entities (the group). The financial statements were authorised for issue by members of the Board on the date of the Directors' Report.

Montsalvat Ltd, the parent entity of this group, is not an ACNC registered charity (although an application for registration will shortly be made) and it did not direct any proceeds or assets from any controlled entities that are ACNC registered charities for any non-charitable purpose. The following entities of the Montsalvat ACNC Group are registered as charities with the ACNC:

Montsalvat Utilities Pty Ltd
Montsalvat Trust
The Montsalvat Foundation Inc

1. Summary of significant accounting policies

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

(a) New or amended Accounting Standards and Interpretations adopted

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

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The group adopted the revised Conceptual Framework from 1 January 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the group's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities The group has adopted AASB 1060 from 1 January 2020. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs.

(b) Basis of preparation

The financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

1. Summary of significant accounting policies (continued)

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Montsalvat Ltd at 30 June 2021 and the results of all controlled entities for the year then ended. Montsalvat Ltd and its controlled entities together are referred to in these financial statements as the 'group'.

Control exists when Montsalvat Ltd is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Controlled entities are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

A list of controlled entities is contained in Note 11 to the financial statements. All controlled entities have a financial year end of 30 June.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Where the Group loses control over a controlled entity, it derecognises the assets and liabilities in the controlled entity. The group recognises the fair value of the consideration received with any gain or loss in the profit or loss.

(d) Going Concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the group recorded declining revenue from the negative impact of covid-19 lockdowns and restrictions which continued after year-end and may cast significant doubt over the group's ability to continue as a going concern.

Despite this financial performance, the directors believe there are reasonable grounds to believe the group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report, after consideration of the following factors:

- The group reported an operating surplus and positive cash flows from operating activities for the financial year and at year-end the group's current assets exceeded its current liabilities.
- On 28 April 2022, a Deed of Release was signed in relation to a property owned by Montsalvat in Christmas Hills in the north of Melbourne. That property will be available for sale by late August 2022 when Montsalvat will achieve vacant possession of the property under law. A recent independent valuation of the property valued it at \$1,150,000.
- The group continues to explore fundraising efforts to attract grants and donations which will be used to finance the future growth of Montsalvat.

Accordingly, the directors believe it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the group does not continue as a going concern.

1. Summary of significant accounting policies (continued)

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and which are used in the management of cash on a day-to-day basis.

(f) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate, less any allowance for expected credit losses.

(g) 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.

Freehold land and buildings as well as artwork and display antiques are carried at their fair value, based on periodic valuations every 5 years by external independent valuers, less accumulated depreciation on buildings. Increases in the carrying amounts arising on revaluation are credited to an asset revaluation reserve in equity. 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.

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

Depreciation

The depreciable cost of all fixed assets, including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is available for use. The depreciation rates used for each class of depreciable asset are:

Fixed asset class	Depreciation rate
Freehold buildings	0.50%
Property improvements	2.50%
Plant & equipment	5% to 15%
Furniture & fittings	10%
Computer equipment	25%
Catering equipment	16.67%
Farm vehicles	8.33%

The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in surplus or deficit in the period in which they arise. When revalued assets are sold, amounts included in the asset revaluation reserve relating to that asset are transferred to retained earnings.

1. Summary of significant accounting policies (continued)

(h) Impairment of assets

At the end of each reporting period the group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in surplus or deficit.

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.

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

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(i) 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 group 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.

(j) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(k) Employee provisions

Current employee provisions

The current portion of this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts are classified as current liabilities since the group does not have an unconditional right to defer the settlement of these liabilities in the event employees wish to use their leave entitlement.

Short-term employee benefits are shown at the amounts expected to be paid.

1. Summary of significant accounting policies (continued)

(k) Employee provisions (continued)

Long-term employee provisions

The non-current portion of this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service. The amounts accrued are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible the estimated future cash outflows.

Contributions to employee's superannuation

Contributions to superannuation plans are expensed in the periods in which they are incurred.

(I) Financial Instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through surplus or deficit' in which case transaction costs are expensed to surplus or deficit immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in surplus or deficit.

(i) Financial assets at fair value through surplus or deficit

Financial assets are classified at 'fair value through surplus or deficit' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in surplus or deficit.

1. Summary of significant accounting policies (continued)

(l) Financial instruments (continued)

(ii) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in surplus or deficit through the amortisation process and when the financial asset is de-recognised.

(iv) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in surplus or deficit through the amortisation process and when the financial liability is de-recognised.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the group's assessment at the end of each reporting period as to whether the financial instruments 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 and loss.

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the group no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount 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 surplus or deficit.

(m) Fair value of assets and liabilities

The group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

1. Summary of significant accounting policies (continued)

(m) Fair value of assets and liabilities (continued)

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

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

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

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in the highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the group's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(n) Revenue and other income

The group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the group is expected to be entitled in exchange for transferring good or services to a customer. For each contract with a customer, the group identifies the performance obligations in the contract, determines the transaction price which takes into account estimates of variable consideration and the time value of money, allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered, and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

1. Summary of significant accounting policies (continued)

(n) Revenue and other income (continued)

Sales revenue

Events and fundraising are recognised when received or receivable.

Donations and bequests

Donations and bequests are recognised on receipt.

Grants

Grant revenue is recognised in profit or loss when the group satisfies the performance obligations stated within the funding agreements. If conditions are attached to the grant which must be satisfied before the group is eligible to retain the contribution, the grant will be recognised in the consolidated statement of financial position as a contract liability until those conditions are satisfied.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

Other revenue

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

Volunteer services

The group has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

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

(o) Income tax

No provision for income tax has been raised as the entities within the group are exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(p) 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 (ATO). In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

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

1. Summary of significant accounting policies (continued)

(q) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Comparative amounts for the prior year have in some cases been aggregated with other balances to reflect a revised grouping of related balances for the current financial year.

When the group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional statement of financial position as at the beginning of the preceding comparative period, in addition to the minimum comparative financial statements, must be disclosed.

(r) Current and non-current classification

Assets and liabilities are presented in the consolidated statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(s) Critical accounting estimates and judgements

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

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the group based on known information. This consideration extends to the nature of the services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Impairment

The group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Useful lives

The group assesses the useful lives of assets at the end of each reporting period and reviews the accumulated depreciation attributable to each asset.

Montsalvat ACNC Group
Notes to the Financial Statements
For the year ended 30 June 2021

	2021	2020
	\$	\$
2	Revenue	
	Contracts with customers	1,108,776
	Rent	167,600
	743,742	1,276,376
	<i>Disaggregation of revenue</i>	
	All revenue from contracts with customers was transferred at a point in time.	
	Other income	
	Jobkeeper / cash boost	203,000
	Government grants	4,500
	Donations	43,444
	Proceeds from asset sales	1,771
	Interest	11
	Other	1,921
	814,779	254,647
3	Cash and Cash Equivalents	
	Cash at bank	112,249
	Petty cash	600
	Float	900
	347,625	113,749
4	Trade and Other Receivables	
	Current	
	Trade debtors & rent receivables	133,907
	Other	3,294
	Allowance - expected credit losses	
	- trade debtors	(30,523)
	- rent	(44,370)
	23,275	62,308
5	Other Current Assets	
	Prepayments	60,654

Montsalvat ACNC Group
Notes to the Financial Statements
For the year ended 30 June 2021

6	Property, Plant & Equipment	2021	2020
		\$	\$
	Freehold land & buildings - at valuation:		
	Land - at valuation 30/6/2018	3,550,000	3,550,000
	Buildings - at valuation 30/6/2018	4,900,000	4,900,000
	less accumulated depreciation	<u>(73,500)</u>	<u>(49,000)</u>
		<u>8,376,500</u>	<u>8,401,000</u>
	Property Improvements - at cost	165,795	43,924
	less accumulated depreciation	<u>(2,586)</u>	<u>(1,487)</u>
		<u>163,209</u>	<u>42,437</u>
	Plant & Equipment - at cost	167,491	165,127
	less accumulated depreciation	<u>(146,888)</u>	<u>(141,459)</u>
		<u>20,603</u>	<u>23,668</u>
	Furniture & Fittings - at cost	165,904	165,904
	less accumulated depreciation	<u>(116,727)</u>	<u>(106,495)</u>
		<u>49,177</u>	<u>59,409</u>
	Computer Equipment - at cost	80,863	79,332
	less accumulated depreciation	<u>(72,441)</u>	<u>(66,949)</u>
		<u>8,422</u>	<u>12,383</u>
	Catering Equipment - at cost	101,212	98,012
	less accumulated depreciation	<u>(90,605)</u>	<u>(86,260)</u>
		<u>10,607</u>	<u>11,752</u>
	Tractor - at cost	25,864	25,864
	less accumulated depreciation	<u>(25,864)</u>	<u>(25,864)</u>
		<u>-</u>	<u>-</u>
	Antiques - at directors valuation	297,380	297,380
	Artwork - at directors valuation	4,010,791	4,010,791
	Work in Progress	-	76,911
		<u>12,936,689</u>	<u>12,935,731</u>

Land and buildings were last valued as at 30 June 2018 by Karl Cundall, FPAO Certified Practising Valuer, Australian Property Institute Member No.62181.

Antiques and artworks are currently held at Directors valuation. A valuation of antiques and artwork is a complex and expensive process especially for the initial valuation. An independent valuation will be carried out by a qualified valuer once funding is available.

Montsalvat ACNC Group
Notes to the Financial Statements
For the year ended 30 June 2021

6 Property, Plant & Equipment – Movements in carrying amounts

Year ended 30 June 2021	Land	Buildings	Artwork & Antiques	Property Improvements	Plant & Equipment	Catering Equipment	Computer Equipment	Furniture & Fittings	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at start of year	3,550,000	4,851,000	4,308,171	42,437	23,668	11,752	12,383	59,409	76,911	12,935,731
Additions				44,960	2,364	3,200	1,531			52,055
Depreciation		(24,500)		(1,099)	(5,429)	(4,345)	(5,492)	(10,232)		(51,097)
Transfers				76,911					(76,911)	-
Balance at end of year	3,550,000	4,826,500	4,308,171	163,209	20,603	10,607	8,422	49,177	-	12,936,689

Year ended 30 June 2020	Land	Buildings	Artwork & Antiques	Property Improvements	Plant & Equipment	Catering Equipment	Computer Equipment	Furniture & Fittings	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at start of year	3,550,000	4,875,500	4,308,171	43,535	34,590	14,327	12,542	61,559	-	12,900,224
Additions						6,764	5,333	2,790	76,911	91,798
Depreciation		(24,500)		(1,098)	(5,268)	(9,339)	(5,492)	(10,594)		(56,291)
Transfers					(5,654)			5,654		-
Balance at end of year	3,550,000	4,851,000	4,308,171	42,437	23,668	11,752	12,383	59,409	76,911	12,935,731

Montsalvat ACNC Group
Notes to the Financial Statements
For the year ended 30 June 2021

	2021	2020
	\$	\$
7	Trade and Other Payables	
	Trade creditors	162,225
	Grants in advance	32,500
	Superannuation payable	19,093
	GST payable	(8,121)
	PAYG withholding payable	14,980
	Accrued expenses	12,953
	192,759	233,630
8	Financial liabilities	
	Customer Deposits	184,898
	Deposit Held for Artist	1,445
	Gift Voucher Sales/Redemptions	1,692
	175,194	188,035
9	Provisions	
	Current	
	Provision for annual leave	45,690
	Provision for long service leave	13,368
	48,169	59,058
	Non-Current	
	Provision for long service leave	9,651
	3,928	9,651
	Total Provisions	68,709
	52,097	68,709
10	Borrowings	
	Non-Current	
	Westpac loan facility	412,000
	574,000	412,000

The loan of \$800,000 has a variable interest rate, is repayable by 30 June 2023 and is secured over all assets of the Montsalvat Group. During the current and prior year, there were no defaults or breaches in relation to the loan.

11	Controlled entities	% Owned	% Owned
	<i>Consolidated:</i>		
	Montsalvat Trust	100	100
	Montsalvat Utilities Pty Ltd	100	100
	The Montsalvat Foundation Inc	0	0

The Boards of the Montsalvat Foundation Inc and Montsalvat Ltd share a majority of common Directors and all donations received by the Foundation are transferred to the Montsalvat to be spent in accordance with donor wishes.

Montsalvat ACNC Group
Notes to the Financial Statements
For the year ended 30 June 2021

12 Notes to the Cash Flow Statement

	2021	2020
	\$	\$
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
a) Reconciliation of cash		
Cash at bank	347,625	113,749
b) Reconciliation of cash flows from operations		
Operating surplus / (deficit)	115,694	(245,918)
add back proceeds from asset sales	-	(1,771)
<i>Non-cash flows in profit:</i>		
Increase / (decrease) in employee provisions	(16,612)	(4,518)
Depreciation	51,097	59,574
Other	329	(130)
<i>Changes in assets and liabilities</i>		
(Increase) / decrease in trade & other receivables	39,033	(46,001)
(Increase) / decrease in prepayments	12,907	(20,949)
(Increase) / decrease in inventory	345	(3,172)
(Increase) / decrease in deposits paid	(8,220)	(14,000)
Increase / (decrease) in trade & other payables	(40,743)	124,366
Increase / (decrease) in trust funds & deposits	(12,970)	(25,555)
Increase / (decrease) in fees in advance		
Net cash provided by / (used in) operating activities	140,860	(178,074)

13 Key Management Personnel Compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including any director is considered key management personnel.

The total remuneration paid to key management personnel of the group during the year was as follows:

	2021	2020
	\$	\$
Short-term employment benefits	111,184	149,658
Post-employment benefits	10,966	14,218
	<u>122,150</u>	<u>163,876</u>

14 Auditor's Remuneration

	2021	2020
	\$	\$
Audit of the financial statements	8,000	8,000
Other services	-	-
	<hr/> 8,000	<hr/> 8,000

15 Related Party Transactions

There were no related party transactions during the year.

16 Commitments and Contingencies

As at 30 June 2021, the group had no commitments or contingencies.

17 Events Subsequent to Year End

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially challenging for the group up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is still changing and remains dependent on measures imposed by Federal, State and Territory Governments within Australia and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group.

18 Company Details

The registered office of the company and the principal place of business is 7 Hillcrest Avenue, Eltham VIC 3095.

DIRECTORS' DECLARATION

The directors of the Company declare that in the directors' opinion:

1. The consolidated financial statements and notes of the group, as set out on pages 9 to 27, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - (a) comply with Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
 - (b) give a true and fair view of the financial position of the group as at 30 June 2021 and of its performance for the year ended on that date.
2. 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 signed in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Director: Catherine Dale
Catherine Dale (Chair)

Director: John Howie
John Howie (Deputy Chair)

Dated: 29 April 2022

**LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SUBDIVISION 60-C OF THE
AUSTRALIAN CHARITIES AND NOT-FOR-PROFIT COMMISSION ACT 2012**

To the directors of Montsalvat ACNC Group:

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

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

LDAssurance
Chartered Accountants



Stephen O'Kane
Partner

Dated this 29th day of April 2022
330 Collins Street, Melbourne.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF MONTSALVAT ACNC GROUP

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of Montsalvat Ltd and its commonly controlled entities ('the Group'), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of revenue & expenses and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effects of the matters described in the *Basis of Qualified Opinion* section of our report, the accompanying financial report of the Group has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

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

Basis of Qualified Opinion

We were unable to verify the completeness, existence and valuation of antiques and artworks, which represents 32.2% of the total assets of the Group at balance date. Accordingly, we are not in a position to, and do not, express an opinion on the completeness, existence and valuation of antiques and artworks.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ('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 qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(d) "Going Concern" to the consolidated financial statements. The financial report has been prepared on a going concern basis and is dependent on a number of factors as outlined in Note 1(d). These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*. The directors' responsibility also includes such internal control as it determines 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.

Responsibilities of the Directors for the Financial Report (continued)

In preparing the financial report, the directors are responsible for assessing the Group'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 directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group'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 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

LDAssurance
Chartered Accountants



Stephen O'Kane
Partner

Dated this 29th day of April 2022
330 Collins Street, Melbourne.