

Women's Housing Limited

ABN 93 080 116 883

Financial Statements

For the Year Ended 30 June 2023

Women's Housing Limited

ABN 93 080 116 883

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Directors' Report For the Year Ended 30 June 2023

The directors present their report on Women's Housing Limited ("the Company") for the financial year ended 30 June 2023.

Information on Directors

The names of each person who has been a director during the year and to the date of this report are:

Valerie Mosley

Qualifications BS Business Education
University of Houston (USA)
Leadership Victoria Alumni

Experience Valerie Mosley is a consultant whose previous experience includes Director of IT, KPMG Management Consulting, where she managed an international team that provided enterprise solutions for delivering corporate and financial information. She has also worked as a financial consultant for Merrill Lynch as well as General Manager of an international consulting group that provided advisory services to governments in developing nations in the areas of economic policy and financial reform. She is also joint Company Secretary.

Special responsibilities Chair of the Board; Member of the Audit and Financial Risk Committee

Erica Edmands

Qualifications Bachelor of Laws
Bachelor of Arts (Economics and History)
University of Melbourne
Graduate, Australian Institute of Company Directors
NMAS Nationally Accredited Mediator
Diploma of Governance (Institute of Community Directors)

Experience Erica Edmands has over 20 years experience as an equity and diversity lawyer, nationally accredited mediator, HR Director, facilitator and workplace investigator in the private and public sector. Commencing at Herbert Smith Freehills, she is presently a Director of Inclusion@work, an independent workplace investigation, mediation and diversity and inclusion specialist, and a Partner at En Masse. An experienced NFP board member, Erica is President of Kidsafe Victoria, Deputy Chair of CAPFA and a CEO mentor at Kilfinan Australia.

Peggy O'Neal AO

Qualifications Bachelor of Arts, Virginia Polytechnic Institute and State University (USA)
Juris Doctor, University of Virginia (USA)
Doctor of Laws (Hon), Swinburne University
Fellow, Australian Institute of Company Directors

Experience Peggy O'Neal AO has worked as a lawyer in the superannuation and financial services industry for more than 20 years. She is currently a part-time consultant for Lander & Rogers Lawyers. Previously Peggy was a partner at Herbert Smith Freehills. She presently serves as a non executive director on several boards. Peggy is a past President of the Richmond Football Club and Chancellor of RMIT University.

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Directors' Report For the Year Ended 30 June 2023

Information on Directors (Continued)

Andrew Cronin

Qualifications

Bachelor of Commerce, University of Melbourne
Chartered Accountant, CAANZ
Fellow, Financial Services Institute of Australia
Registered Company Auditor, ASIC

Experience

Andrew Cronin has more than 28 years of experience in the professional services sector. He is currently a partner with PricewaterhouseCoopers, where he specialises in providing assurance and advisory services to public companies. He works across a range of industries, including the property and construction sectors, and he is experienced in advising companies on appropriate governance and internal control frameworks. Andrew has worked in a number of countries, including over two years in the United States.

Special responsibilities

Chair of the Audit and Financial Risk Committee; Member of the Project Control Group

Judy Line

Qualifications

Graduate, Australian Institute of Company Directors (2014)
Master of Business Administration (2001)
Post Graduate Management (1999)
Diploma Community Services (Community Development) (1998)

Experience

Judy Line has worked in the housing and homelessness sector since 1986 and has been CEO at Women's Housing Ltd since 2005. Prior to her position with WHL, Judy worked in women's refuges, a youth service and was the state project officer for the Victorian Public Tenant's Association. Judy is a passionate housing advocate and works within a community development framework. Since joining WHL, the agency has grown from a small transitional housing manager to a housing association that now provides long term social housing and specialises in building new affordable housing for women and their children.

Special responsibilities

Member of the Project Control Group

Daniel Khong

Qualifications

Master of Business Administration, MIT Sloan School of Management, 2011
Master of Architecture, University of Melbourne, 2002
Bachelor of Planning and Design, University of Melbourne, 1998

Experience

Daniel Khong has 20 years' experience of project development, in the property and infrastructure sectors, in a career that spans architectural practice, public sector management and private sector development and finance. Daniel is a Director of Capella Capital where he works on major infrastructure projects in NSW and Victoria, with a focus on the social and affordable housing sector. His core skill is working across disciplines, navigating complex multi-stakeholder projects and engaging with government, housing associations and financiers.

Special Responsibilities

Chair of the Project Control Group

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Adrian McKenzie has held the position of joint Company Secretary since September 2013.

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Directors' Report

For the Year Ended 30 June 2023

Sub-committees

The Company has an Audit and Financial Risk Committee (AFRC). This committee consists of Andrew Cronin (Chair) and Valerie Mosley as a member. The committee assists the Board with its fiduciary responsibilities relating to accounting, internal control systems, financial risk management systems and reporting practices.

The Company has a Project Control Group (PCG). This committee consists of Daniel Khong (Chair), Andrew Cronin and Judy Line as members. The PCG assists the Board with its fiduciary responsibilities relating to housing projects and project risk management.

From time to time the board may establish other ad-hoc committees to assist the Board with its fiduciary responsibilities. No other committees were established during the financial year and at the date of this report.

Review of Operations

The Company recorded a profit of \$21,180,559 in the current year (2022: \$26,579,070). The current year's result was largely impacted by capital grant income of \$22,988,845 (2022: \$20,904,536) associated with the Big Housing Build and a revaluation decrement of \$2,092,503 (2022: revaluation increment of \$4,153,681) in respect of the Company's investment properties.

The Company continued to progress its Big Housing Build construction program, which has a capital budget of \$131 million to build 309 new properties across metropolitan and regional Victoria. The Company also acquired 7 new dwellings in Ballan under the Big Housing Build program in the current year that has a carrying value of \$3,240,000 at 30 June 2023. There were some delays with construction progress in the current year due to global supply chain and labour shortages associated with Covid-19. In accordance with the requirements of Australian Accounting Standards (AAS), capital grant income related to the Big Housing Build of \$11,009,927, which was received and not spent during the year was recorded as deferred capital income on the balance sheet as a current liability.

In accordance with the Company's governance and oversight processes, the Project Control Group, as a sub-committee of the Board has oversight in respect of the Big Housing Build project and proactively communicated with the Victorian Government regarding construction and other risks as they arose, and it engaged with lawyers and other external consultants and experts to mitigate such risks.

Principal Activities

The principal activities of the Company during the financial year were:

- The provision of transitional accommodation for homeless and at-risk women across Victoria;
- The provision of housing information and referral services for women across Victoria; and
- The development and management of community housing for homeless or disadvantaged women across Victoria.

No significant changes in the nature of the Company's activity occurred during the financial year other than those outlined in the Review of Operations section.

Short Term and Long Term Objectives

The Company's objectives are to:

- Operate and manage long-term and transitional affordable and affordable and social housing;
- Increase the supply of affordable housing through acquisition and development; and
- Provide affordable and social housing services to homeless, at risk, and disadvantaged women.

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Directors' Report For the Year Ended 30 June 2023

Strategy for Achieving the Objectives

To achieve its stated objectives, the Company has adopted the following strategies:

- Seek capital contributions from government;
- Build cash reserves and surpluses to fund new development opportunities;
- Develop a business structure that raises debt through financial institutions to build affordable housing;
- Operate and manage effective and efficient affordable housing services; and
- Raise philanthropic funding to the extent practicable.

Key Performance Measures

The Company measures its performance (including any key performance indicators) by:

- Measuring service delivery performance against specified criteria and operational requirements, including those set by the Housing Registrar;
- Performing against an annual business plan, operating plans for specific projects, and capital project budgets; and
- Monitoring and evaluating individual capital projects progressively against agreed budgets until completion.

Members' Guarantee

Women's Housing Limited 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 for all members, subject to the provisions of the Company's constitution.

At 30 June 2023 the collective liability of members was \$300 (2022: \$300).

Meeting of Directors

During the financial year, the following number of meetings of the Board of Directors, Audit & Financial Risk Committee (AFRC) and Project Control Group (PCG) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		AFRC Committee		Project Control Group	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Valerie Mosley	12	12	4	4	-	-
Erica Edmands	12	11	-	-	-	-
Peggy O'Neal	12	8	-	-	-	-
Andrew Cronin	12	11	4	4	9	9
Judy Line	12	11	-	-	9	9
Daniel Khong	12	10	-	-	9	9

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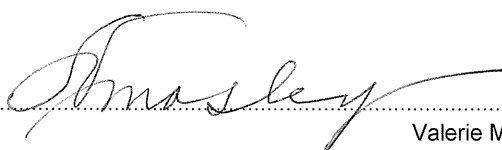
Directors' Report For the Year Ended 30 June 2023

Auditor's Independence Declaration

The auditor's independence declaration in accordance with Section 60.40 of the Australian Charities and Not-for-profits Commission Act 2012 for the year ended 30 June 2023 has been received and can be found on page 6 of the financial report.

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

Director:



Valerie Mosley

Dated this 16 day of November 2023

Auditor's independence declaration

We declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit of the financial report of Women's Housing Limited for the year ended 30 June 2023.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

**HLB Mann Judd
Chartered Accountants**

16 November 2023

A handwritten signature in blue ink that appears to be 'Jude Lau'.

**Jude Lau
Partner**

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2023

		2023	2022
	Note	\$	\$
Income	4(a)	29,382,381	27,074,488
Other income	4(b)	62,158	1,572,090
Staffing and development		(2,591,643)	(2,430,872)
Depreciation expense	5	(217,087)	(201,258)
Emergency housing assistance		(895,374)	(842,062)
Property costs		(1,797,251)	(1,970,026)
Property development bid costs - Big Housing Build		(23,959)	(166,055)
Administration		(329,789)	(315,420)
Net gain/(loss) on revaluation of investment properties	9	(2,092,503)	4,153,681
Other expenses		(108,223)	(94,267)
Finance expenses	5	(208,151)	(201,229)
Net profit/(loss) before income tax		21,180,559	26,579,070
Income tax expense		-	-
Net profit/(loss) for the year	16	21,180,559	26,579,070
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified to profit or loss when specific conditions are met		-	-
Total comprehensive income for the year		21,180,559	26,579,070

The accompanying notes form part of these financial statements.

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Statement of Financial Position As At 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6a	6,363,019	4,560,230
Term deposits	6b	-	9,503,397
Trade and other receivables	7	509,953	669,686
Other assets	10	163,698	212,815
TOTAL CURRENT ASSETS		7,036,670	14,946,128
NON-CURRENT ASSETS			
Property, plant and equipment	8	127,897	112,578
Investment properties	9	120,343,922	92,165,329
Right-of-use assets	11(a)	320,097	194,775
TOTAL NON-CURRENT ASSETS		120,791,916	92,472,682
TOTAL ASSETS		127,828,586	107,418,810
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	3,548,475	1,548,622
Lease liabilities	11(b)	106,319	150,290
Employee benefits	14	466,766	482,639
Other financial liabilities	15	11,215,526	14,107,075
TOTAL CURRENT LIABILITIES		15,337,086	16,288,626
NON-CURRENT LIABILITIES			
Borrowings	13	8,893,757	8,881,952
Lease liabilities	11(b)	227,755	50,449
Employee benefits	14	20,907	29,261
TOTAL NON-CURRENT LIABILITIES		9,142,419	8,961,662
TOTAL LIABILITIES		24,479,505	25,250,288
NET ASSETS		103,349,081	82,168,522
EQUITY			
Retained earnings	16	103,349,081	82,168,522
TOTAL EQUITY		103,349,081	82,168,522

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 30 June 2023

2023

		Retained Earnings	Total
Note		\$	\$
	Balance at 1 July 2022	82,168,522	82,168,522
	Net profit/(loss) for the year	21,180,559	21,180,559
	Balance at 30 June 2023	103,349,081	103,349,081

2022

		Retained Earnings	Total
Note		\$	\$
	Balance at 1 July 2021	55,589,452	55,589,452
	Net profit/(loss) for the year	26,579,070	26,579,070
	Balance at 30 June 2022	82,168,522	82,168,522

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 30 June 2023

	2023	2022
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from grants and customers (inc GST)	8,668,922	11,419,851
Receipts from capital grants - Big Housing Build	20,080,319	34,822,989
Payments to suppliers (inc GST) and employees	(6,604,245)	(8,998,848)
Interest received	292,107	10,151
Interest paid	(185,402)	(185,373)
Net cash provided by/(used in) operating activities	22,251,701	37,068,770
CASH FLOWS FROM INVESTING ACTIVITIES:		
Land deposits refunded	200,000	636,000
Proceeds from term deposit	9,503,397	-
Payment for capital works - Big Housing Build	(26,624,469)	(24,441,302)
Payment for investment properties - Big Housing Build	(3,292,503)	-
Payment for capital works - investment properties	-	(25,975)
Purchase of plant and equipment	(86,546)	(34,948)
Payment for land deposits	-	(235,400)
Term deposits invested	6(b) -	(9,503,397)
Net cash provided by/(used in) investing activities	(20,300,121)	(33,605,024)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of lease liabilities	(148,791)	(151,234)
Net cash provided by/(used in) financing activities	(148,791)	(151,234)
Net increase/(decrease) in cash and cash equivalents held	1,802,789	3,312,512
Cash and cash equivalents at beginning of year	4,560,230	1,247,718
Cash and cash equivalents at end of financial year	6(a) 6,363,019	4,560,230

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the Year Ended 30 June 2023

The financial report covers Women's Housing Limited as an individual entity. Women's Housing Limited ("the Company") is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Women's Housing Limited is Australian dollars.

The financial report was authorised for issue by the Directors on 2023.

When required by Accounting Standards, or when deemed appropriate by management for financial reporting clarity, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1. Basis of Preparation

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

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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2. Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

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Notes to the Financial Statements **For the Year Ended 30 June 2023**

2. Summary of Significant Accounting Policies (Continued)

(a) Revenue and other income (continued)

Revenue from rendering of services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Operating grant income

Operating grants are recognised as income where there is reasonable assurance that the grant will be received and all grant conditions will be met. The Company recognises a deferred income liability when consideration is received for grants where there is not reasonable assurance that all grant conditions will be met.

Capital grant income

Where the Company receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts recognised under other Australian Accounting Standards. Income is recognised progressively as the asset is constructed which aligns with the Company's obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

Rental income

Investment property income is recognised in accordance with the terms outlined in the tenancy agreements and is accrued on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Interest income

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

Donations and bequests

Donations and bequests are recognised as revenue when received.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(b) Income Tax

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

Notes to the Financial Statements

For the Year Ended 30 June 2023

2. Summary of Significant Accounting Policies (Continued)

(c) Goods and Services Tax (GST)

Revenue, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST. Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position Financial instruments.

(e) Investments and Other Financial Instruments

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

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

Impairment of financial assets

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

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Notes to the Financial Statements For the Year Ended 30 June 2023

2. Summary of Significant Accounting Policies (Continued)

(e) Financial Instruments (continued)

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.

(f) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(g) Trade and other payables

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

(h) Borrowings

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

(i) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Items of property, plant and equipment acquired for significantly less than fair value have been recorded at the acquisition date fair value.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Motor Vehicles	20 -25%
Furniture and equipment	20 - 30%

Notes to the Financial Statements

For the Year Ended 30 June 2023

2. Summary of Significant Accounting Policies (Continued)

(i) Plant and Equipment (Continued)

Depreciation (continued)

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised as income in profit or loss in the period which they arise.

(j) Investment Property

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the Company. Investment properties are initially recognised at cost including transaction costs. The Company obtains independent valuations for its investment properties on a biennial basis to determine the fair value of investment properties. At the end of each reporting period, the Directors update their assessment of the fair value of each property, considering the most recent independent valuations and consideration of other relevant data including market-based evidence. Investment properties are neither depreciated nor tested for impairment. Investment properties also include properties under construction for future use as investment properties. They are recorded at cost during the construction phase.

For investment properties measured at fair value, the current use of the asset is considered the highest and best use.

Movements in fair value are recognised directly to profit or loss. Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

(k) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2. Summary of Significant Accounting Policies (Continued)

(k) Leases (Continued)

Right of use asset

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured where there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Adoption of short term leases or low value asset exception

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is any indication that an asset may be impaired.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2. Summary of Significant Accounting Policies (Continued)

(m) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled, inclusive of on-costs.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

(n) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 1 July 2022, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

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

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments makes changes to a number of standards. The Company has adopted AASB 2020-3 from 1 July 2022. The new standard covers amendments to AASB 9 Financial Instruments, AASB 116 AASB 116 Property, Plant and Equipment and AASB 137 Provisions, Contingent Liabilities and Contingent but it has not had a material impact on the Company's financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2023

3. Critical Accounting Estimates and Judgements

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Measuring deferred capital grant income

Where the Company has received capital grant income to construct an identifiable non-financial asset, such income is recognised as deferred capital grant income until the underlying asset is constructed. The Company applies significant judgement when measuring the deferred capital grant income balance, which references the estimated stage of completion at the end of each financial year.

Fair value of investment properties

The investment properties were valued by Directors based on independent valuations commissioned by the Company. The valuation was based on the fair value utilising market rentals and recent sales data. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a revaluation decrement of \$(2,092,503) (2022: increment of \$4,153,681) being recognised for the year ended 30 June 2023.

For the properties which were revalued as at 30 June 2022, the Directors have reviewed the key assumptions adopted by the valuers, other market data points as at 30 June 2023 and do not believe there has been a significant change in the assumptions at 30 June 2023. Therefore, Directors believe the carrying amount of the freehold land and buildings reflects their fair value at 30 June 2023.

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Notes to the Financial Statements For the Year Ended 30 June 2023

4. Income and Other Income

(a) Income

	2023	2022
	\$	\$
- rent	3,034,082	2,860,143
- interest received	292,107	10,090
- operating grants	3,067,347	3,299,719
- capital grants	22,988,845	20,904,536
15 (a) Total income	<u>29,382,381</u>	<u>27,074,488</u>

(b) Other Income

- other income	10,749	2,825
- donations	51,409	1,569,265
Total other income	<u>62,158</u>	<u>1,572,090</u>
Total income and other income	<u>29,444,539</u>	<u>28,646,578</u>

5. Result for the Year

The result for the year includes the following specific expenses:

	2023	2022
	\$	\$
Employee benefits expense		
- Contributions to defined contribution superannuation funds	243,213	213,555
Depreciation expense		
- Motor vehicles	20,147	22,896
- Furniture and equipment	51,079	37,462
- Right-of-use assets	145,861	140,900
Total depreciation expense	<u>217,087</u>	<u>201,258</u>
Finance costs		
- Interest expense	185,402	185,373
- Interest – Cremorne lease	10,944	4,051
- Loan amortization	11,805	11,805
Total finance costs	<u>208,151</u>	<u>201,229</u>
Bad debts written off	80,000	50,000
Auditor remuneration - audit services	54,210	31,515

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Notes to the Financial Statements For the Year Ended 30 June 2023

6. Cash and Cash Equivalents

	2023	2022
Note	\$	\$
Cash at bank	6,363,019	4,560,230
Total cash and cash equivalents	6,363,019	4,560,230

(a) Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents	6,363,019	4,560,230
Balance as per statement of cash flows	6,363,019	4,560,230

(b) Financial instruments

Term deposits maturing <90 days	-	9,503,397
Total financial instruments	-	9,503,397

7. Trade and other receivables

	2023	2022
Note	\$	\$
CURRENT		
Trade receivables	173,381	150,247
Provision for impairment	(140,000)	(120,000)
	33,381	30,247
GST receivable	338,903	179,547
Deposits	124,674	124,672
Refundable land deposit	-	235,400
Other receivables	12,995	99,820
Total current trade and other receivables	509,953	669,686

(a) Reconciliation of changes in the provision for impairment of receivables is as follows:

Balance at beginning of the year	120,000	100,000
Additional impairment loss recognised	20,000	20,000
<i>Amounts written off as uncollectible:</i>		
Directly to P&L	-	-
Balance at end of the year	140,000	120,000

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Notes to the Financial Statements For the Year Ended 30 June 2023

8. Property, plant and equipment

	2023 \$	2022 \$
Motor vehicles		
At cost	131,334	117,781
Accumulated depreciation	(76,347)	(75,541)
Total motor vehicles	<u>54,987</u>	<u>42,240</u>
Furniture and equipment		
At cost	316,820	263,169
Accumulated depreciation	(243,910)	(192,831)
Total furniture and equipment	<u>72,910</u>	<u>70,338</u>
Total property, plant and equipment	<u>127,897</u>	<u>112,578</u>

(a) Movements in Carrying Amounts

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

	Motor Vehicles \$	Furniture and Equipment \$	Total \$
Year ended 30 June 2023			
Balance at beginning of year	42,240	70,338	112,578
Additions	32,893	53,651	86,544
Depreciation expense	(20,146)	(51,079)	(71,225)
Balance at the end of the year	<u>54,987</u>	<u>72,910</u>	<u>127,897</u>

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Notes to the Financial Statements For the Year Ended 30 June 2023

9. Investment Properties

	Note	2023 \$	2022 \$
Investment properties, at fair value			
Opening balance at 1 July		65,650,000	61,470,345
Acquisition of investment properties		3,292,503	-
Capital improvements		-	25,974
Net gain (loss) from fair-value adjustment		(2,092,503)	4,153,681
Closing balance at 30 June	9(a)	66,850,000	65,650,000
Investment properties - Capital work in progress, at cost			
Opening balance at 1 July		26,515,329	-
Transfer from prepayments		-	1,936,833
Land acquisition and construction costs		26,978,593	24,578,496
Closing balance at 30 June		53,493,922	26,515,329
Total investment properties		120,343,922	92,165,329

(a) Investment properties held

656 Mountain Hwy, Bayswater	11,435,000	11,435,000
658 Mountain Hwy, Bayswater	10,735,000	10,735,000
Bentleigh	20,250,000	21,615,000
Box Hill	1,560,000	1,250,000
Cobblebank	620,000	620,000
Craigieburn	1,570,000	1,570,000
Meadow Heights	3,460,000	3,460,000
Newport	10,250,000	11,235,000
Strathtulloch	525,000	525,000
Tarneit	615,000	615,000
Werribee	2,590,000	2,590,000
Ballan	3,240,000	-
Total investment properties held	66,850,000	65,650,000

(b) Amounts recognised in profit and loss for investment properties

Rental income	1,657,755	1,836,740
Direct operating expenses from the property that generated rental income	(642,752)	(885,971)
Total amounts recognised in profit and loss for investment properties	1,015,003	950,769

Notes to the Financial Statements

For the Year Ended 30 June 2023

9. Investment Properties (continued)

(c) Valuation basis

It is the Company's policy to obtain independent valuations for its completed investment properties on a biennial basis to enable Directors to determine the fair value of investment properties. At the end of each reporting period, the Directors update their assessment of the fair value of each property, taking into account the most recent independent valuations and consideration of other relevant data. The Directors determine a property's value within a range of reasonable fair value estimates. For investment properties, the fair values are based on directors' valuation which take into consideration recent external independent valuations performed using comparable market data for similar properties and other market data points as at each year end.

Fair value is determined by reference to market-based evidence, which are the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a willing seller in an arm's length transaction as at the valuation date.

For all properties other than Ballan, Newport, Bentleigh and Box Hill, the Directors have determined that the independent valuations performed on the investment properties as at 30 June 2022 were not materially different as at 30 June 2023 based on a review of market conditions and movements to warrant a change to the recorded value of these properties as at 30 June 2023.

(d) Director of Housing securities

The Director of Housing has registered their interest on the title of all the Company's existing properties except for the Box Hill and Ballan properties. The registration of the Director's interest under the provisions of the *Housing Act 1983* has the effect of preventing dealings in the title without the consent of the Director. The registration of the Director's interest does not prevent the asset from being used as mortgage security against borrowings.

The Director has registered a mortgage over the Ballan property. The registration of the Director's mortgage over Ballan does not prevent the asset from being used as mortgage security against borrowings.

The Director has registered a mortgage over the land acquired at 10 Big Housing Build development sites. The registration of the Director's mortgage over the land acquired at 10 Big Housing Build development sites does not prevent the asset from being used as mortgage security against borrowings.

(e) Secured liabilities and assets pledged as security

Security is held for the bank loans as detailed in Note 13. These loans are secured by first mortgages over the investment properties at Newport, Bentleigh, Box Hill, Bayswater and land acquired at 10 Big Housing Build development sites and a priority deed is in place between the Company, NHFIC, Bank Australia and the Director of Housing.

(f) Covenant - Nelson Street Box Hill

The property at Nelson Street, Box Hill, has a S173 Agreement under the *Planning and Environment Act 1987* on all titles which restricts the use of the site for social housing for a period of 15 years from the date of acquisition in February 2020. This has the effect of restricting who could buy the properties if the Company wanted to sell this property. The Company has planned to hold the property as a long-term investment and the Company's valuation reflects the impact of this covenant.

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Notes to the Financial Statements For the Year Ended 30 June 2023

10. Other Assets

	2023	2022
	\$	\$
CURRENT		
Prepayments	119,968	97,159
Accrued income	43,730	115,656
Total current other assets	163,698	212,815

11. Company as a lessee

The Company has a lease over its office premises.

Information relating to the lease in place and associated balances and transactions are provided below.

Terms and conditions of lease

The Company has a lease over its office and parking spaces in Cremorne, which expires in December 2026.

(a) Right-of-use assets

	Office Premises	Total
	\$	\$
Year ended 30 June 2023		
Balance at beginning of year	194,775	194,775
Modifications	271,183	271,183
Depreciation expense	(145,861)	(145,861)
Balance at end of year	320,097	320,097
Year ended 30 June 2022		
Balance at beginning of year	188,382	188,382
Additions	147,293	147,293
Depreciation expense	(140,900)	(140,900)
Balance at end of year	194,775	194,775

(b) Lease liabilities

	2023	2022
	\$	\$
CURRENT		
Lease liability payable within 1 year	106,319	150,290
NON-CURRENT		
Lease liability payable within one to five years	227,755	50,449
Total lease liabilities	334,074	200,739

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Notes to the Financial Statements

For the Year Ended 30 June 2023

11 Company as a lessee (continued)

(c) Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit and loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2023	2022
	\$	\$
Interest expense on lease liabilities	(10,944)	(4,051)
Depreciation of right-of-use assets	(145,861)	(140,900)
	<u>(156,805)</u>	<u>(144,951)</u>

(d) Statement of Cash Flows

Total cash outflow for leases	<u>(148,791)</u>	<u>(151,234)</u>
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12. Trade and Other Payables

	2023	2022
	\$	\$
CURRENT		
Trade payables	788,677	434,553
GST payable	-	74,185
Accrued expenditure – Big Housing Build	2,392,325	741,852
Employee benefits	52,354	50,681
Other payables	315,119	247,351
Total current trade and other payables	<u>3,548,475</u>	<u>1,548,622</u>

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Notes to the Financial Statements For the Year Ended 30 June 2023

13. Borrowings

	2023	2022
	\$	\$
NON-CURRENT		
<i>Secured liabilities:</i>		
Bank loans	9,000,000	9,000,000
Loan establishment costs	(106,243)	(118,048)
Total non-current borrowings	<u>8,893,757</u>	<u>8,881,952</u>

(a) Bank loan facility

The bank loan is a \$9 million banking facility that was secured through the National Housing Finance and Investment Corporation (NHFIC) in June 2020. The banking facility is an interest-only loan (being a fixed interest rate of 2.06%) and is for 12 years. The Company has drawn down all financing facilities available under the NHFIC facility.

The Company entered into an agreement with Bank Australia for construction finance of \$23 million which came into effect in December 2021. The agreement has a term of 5 years and the interest rate is based on the quarterly index rate plus a 2.5% margin. The facility remains unused at 30 June 2023 however has been used in the 2024 financial year as detailed at note 24.

(b) Assets pledged as security

NHFIC holds a registered first mortgage over the Bentleigh, Newport and Box Hill properties which are valued at \$32,060,000. NHFIC also has a general security agreement over the assets of the Company (whether by way of collateral or otherwise). No other assets are pledged in respect of this facility.

There were no defaults during the year ended 30 June 2023 (2022: NIL).

The key financial covenants imposed by NHFIC in the current year are:

- a temporary minimum actual and forecast interest cover ratio of 1.25;
- a temporary minimum security pool interest cover ratio threshold of 1.25; and
- LVR not to exceed 45%.

The actual and forecast and security pool interest cover ratio covenants imposed by NHFIC will increase to a minimum of 1.5 upon the earlier of:

- the practical completion of construction of the Lyndarum and Pakenham Big Housing Build sites; and
- the first drawdown under the loan agreement between Bank Australia and WHL.

As per note 22, the Company drew down \$1,000,000 from the Bank Australia loan facility on 30th August 2023 and the Company's minimum ICR increased to 1.5. Based on information available at the time of this report, the Company has forecasted that it will meet the minimum ICR of 1.5 in the 2024 year. However there are several variables beyond the control of the Company that remain a risk to the Company's ability to meet a minimum ICR of 1.5 in the 2024 year.

The significant non financial covenants imposed by NHFIC are:

- production of audited financial statements and other financial information; and
- all mortgaged properties are to be valued at least every 3 years.

Bank Australia holds a registered first mortgage over the Bayswater properties which are valued at \$22,170,000. Bank Australia holds a registered first mortgage over land acquired for 10 Big Housing Build sites which have a carrying value of \$14,758,000 as at 30 June 2023. Bank Australia has a finance direct deed in place with the Company, the Director of Housing and itself. Bank Australia holds a general security interest over all present properties and any properties acquired in the future.

The key financial covenants imposed by Bank Australia are:

- a minimum interest cover ratio threshold of 1.5 at all times following completion of Big Housing Build construction phase;

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Notes to the Financial Statements For the Year Ended 30 June 2023

13. Borrowings (continued)

(b) Assets pledged as security (continued)

- a minimum security pool interest cover ratio threshold of 1.5 following completion of Big Housing Build construction phase; and
- LVR not to exceed 50%.

The significant non financial covenants imposed by Bank Australia are:

- production of audited financial statements and other financial information; and
- requests for valuations of mortgaged properties at any time (but only once every 3 calendar years).

No other assets are pledged as security.

The Company complied with all financial covenants throughout the financial years ended 30 June 2022 and 30 June 2023.

(c) Priority deed

A priority deed is in place between the Company, NHFIC, Bank Australia and the Director of Housing. The agreement sets out that:

- NHFIC holds first priority over all properties mortgaged to them and holds first ranking general security agreement, subject to other mortgages; .
- Bank Australia holds first priority over all properties mortgaged to them and holds second ranking general security agreement, subject to other mortgages; and
- the Director of Housing holds second ranking security over all properties mortgaged to the Director of Housing.

14. Employee Benefits

	2023	2022
	\$	\$
CURRENT		
Annual leave	308,774	332,647
Long service leave	157,992	149,992
Total current employee benefits	466,766	482,639
NON-CURRENT		
Long service leave	20,907	29,261
Total non-current employee benefits	20,907	29,261

(a) Employee benefits

Employee benefits represent amounts accrued for annual leave and long service leave.

The current portion for 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 experience, the Company 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 must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for 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.

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Notes to the Financial Statements For the Year Ended 30 June 2023

15. Other Financial Liabilities

		2023	2022
	Note	\$	\$
CURRENT			
Capital grants deferred – Big Housing Build	15(a)	11,009,927	13,918,453
Government grants		81,993	79,094
Rent received in advance		123,606	109,528
Total current other financial liabilities		<u>11,215,526</u>	<u>14,107,075</u>

(a) Capital grants deferred – Big Housing Build

		2023	2022
	Note	\$	\$
Opening balance of capital grants deferred – Big Housing Build		13,918,453	-
Grant consideration for capital works received during the year		20,080,319	34,822,989
Capital grant income recognised on completion of capital works during the year	4 (a)	(22,988,845)	(20,904,536)
Closing balance of capital grants deferred – Big Housing Build		<u>11,009,927</u>	<u>13,918,453</u>

16. Retained Earnings

	2023	2022
	\$	\$
Retained earnings at the beginning of the financial year	82,168,522	55,589,452
Net profit/(loss) for the year	21,180,559	26,579,070
Retained earnings at end of the financial year	<u>103,349,081</u>	<u>82,168,522</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2023

17. Key Management Personnel

(a) Total remuneration paid

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

The total remuneration paid to key management personnel of the Company is \$811,290 (2022: \$756,181).

None of the directors were entitled to receive any remuneration.

(b) Director-related transactions

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

There were no director-related transactions in the current year.

(c) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members. Transactions between other related parties are on normal commercial terms and conditions no more favorable than those available to other persons unless otherwise stated.

18. Fair Value Measurement

The Company measures the following assets at fair value on a recurring basis after their initial recognition. The Company does not have any other assets or liabilities that are measured at fair value on a non-recurring basis.

	Note	2023 \$	2022 \$
Recurring fair value measurements			
Investment properties	9	66,850,000	65,650,000
Total assets at fair value on a recurring basis		<u>66,850,000</u>	<u>65,650,000</u>

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Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 30, 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 2022*; and
 - b. give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Company.
2. 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.

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

Director
Valerie Mosley

Dated this 16 day of November 2023

Independent Auditor's Report to the Members of Women's Housing Limited

Opinion

We have audited the financial report of Women's Housing Limited ("the Company") which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the Company 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 Company's financial position as at 30 June 2023 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 2022*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence 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 confirm that the independence declaration required by Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to Board of Directors, would be in the same terms if given as at the time of this auditor's report.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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

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If, based on the work we have performed, 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 the Australian Accounting Standards – Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Company'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 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Company 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 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A handwritten signature in blue ink, appearing to read 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in blue ink, appearing to be 'Jude Lau'.

Jude Lau
Partner

16 November 2023