



# Mallee Accommodation and Support Program Ltd

ABN 51 726 968 790

Financial Statements for the year ended 30 June 2022

# MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

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For the year ended 30 June 2022

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# MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

## Directors' Report

For the year ended 30 June 2022

Your directors present their report of Mallee Accommodation and Support Program Ltd ("MASP") for the year ended 30 June 2022.

### Directors

The directors of MASP for the period 1 July 2021 – 30 June 2022 are:

Caroline Smith (Chair)  
Christopher Cresp (appointed 17 November 2021)  
Tristram Lock  
Rebecca Olsen (appointed casual vacancy 1 February 2022)  
Timothy Peters (appointed 17 November 2021)  
Frank Piscioneri  
Mary Rydberg  
Emily Walshaw  
Peter O'Donnell (resigned 17 November 2021)  
Simon Fewings (resigned 2 June 2022)

### Principal activities

The principal activity of the organisation during the financial year was the provision of assistance and support to young people, adults and families in need through a wide range of related support services.

### Our values

The organisation's values are:

- Caring – We listen, we are honest about what we do, we are open minded, objective and non-judgemental.
- Empathy – We show understanding, knowledge and compassion, and respect the dignity of others always.
- Integrity – We do what we say we will do, believe in self and organisation, are honest and work towards continual improvement.
- Aspiration – Continual growth towards future betterment.

### Short-term objectives

The organisation's short-term objectives are:

- to facilitate the availability of appropriate and affordable accommodation options for people experiencing homelessness or housing related crisis;
- to provide affordable rental housing to people on low incomes;
- to address the direct relief of such poverty, sickness, suffering, distress, misfortune, disability, destitution, or helplessness as arouses compassion in the local community of Mildura and the surrounding catchment area; and
- to achieve the goals outlined in the MASP Strategic Plan 2019-22.

### Long-term objectives

The organisation's long-term objectives are:

- develop and deliver innovative solutions for communities to access safe secure housing and aligned services;
- empower our community to be free from homelessness, abuse, poverty and disadvantage to lead safe, secure, healthy and fulfilling lives;
- establish relationships that enable MASP to effectively advocate for our client cohort and the broader community on government policy and agenda; and
- to monitor and endeavour to meet deficiencies in the welfare services of the Community.

# MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

## Directors' Report

For the year ended 30 June 2022

### Strategy for achieving short and long-term objectives

The MASP Strategic Plan outlines a comprehensive strategic framework which guides the organisation's core objectives, principles and priorities and underpins all other business and program planning processes.

To achieve its objectives, MASP has adopted the following strategies:

- Sustainability – Create an appropriate organisational and service model to ensure a sustainable future for the organisation and our clients.
- Innovation – Develop innovative practices to ensure future planning is representative of our clients' needs.
- Professionalism – Foster a professional approach within the organisation and with those with whom we work.
- Excellence – Create a culture of excellence at an organisation, local, state and federal level.

### Performance measures

MASP measures its performance on the achievement of targets for delivery of services.

### Information on directors

| Caroline Smith (Chair) |   |
|------------------------|---|
| Title                  | Director since 2014, Board Chair since 2018   |
| Qualifications         | Bachelor of Business with a major in Accounting and a minor in Human Resource Management, full member of CPA Australia, certificated member of the Governance Institute of Australia and Graduate of the Australian Institute of Company Directors (GAICD). |
| Expertise              | Finance and Accounting  |
| Board Committee(s)     | Finance, Clinical Governance, PCG Sunnyside Living  |
| Experience             | Caroline has over 20 years of experience as an accountant and has been employed in the Business Services, Horticultural, Aboriginal Health and Education industries. Caroline's experience extends to the not-for-profit sector.                            |

  

| Christopher Cresp  |   |
|--------------------|---|
| Title              | Director since 2021   |
| Qualifications     | Registered Nurse Division 1.  |
| Expertise          | Clinical Governance   |
| Board Committee(s) | PCG Sunnyside Living and Clinical Governance  |
| Experience         | Christopher has an extensive background working in Private Consultancies and within remote areas. Christopher has CEO level experience working with Indigenous organisations and communities, as well as experience with both the Royal Flying Doctors and International Red Cross. |

  

| Tristram Lock      |  |
|--------------------|--|
| Title              | Director since 2019  |
| Qualifications     | Bachelor of Laws from Waikato University (NZ) and Master in Laws from University of Amsterdam (NL).  |
| Expertise          | Legal  |
| Board Committee(s) | Clinical Governance  |
| Experience         | Tristram is a Principal solicitor with Mildura law firm Holcroft Lawyers. Tristram has worked in the legal services industry in both Australia and New Zealand for over 10 years and, in his early career, served as legal representative for the child. |

  

| Rebecca Olsen |  |
|---------------|--|
| Title         | Director since 2022  |
| Expertise     | Resource Management, Asset Management, Risk Assessment & Management.   |
| Experience    | Rebecca has over 34 years' experience in the Public Sector. She has been responsible for the largest Police Division in the state. Rebecca sits on a number of Executive Positions across the Mallee and contributes to Strategic Planning on a regional and divisional level. |

# MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

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## Directors' Report

For the year ended 30 June 2022

### Information on directors (cont.)

| Timothy Peters     |  |
|--------------------|--|
| Title              | Director since 2021  |
| Qualifications     | Masters of Business Administration, Graduate Certificate in International Business, Bachelor's Degree in Multimedia and Marketing.   |
| Expertise          | ICT Management and Governance  |
| Board Committee(s) | Finance  |
| Experience         | Timothy holds over 15 years' experience across a range of sectors. Timothy has extensive experience in ICT strategies and development, across higher education and federal government sectors. |

| Frank Piscioneri   |   |
|--------------------|---|
| Title              | Director since 2020   |
| Qualifications     | Diploma of Business Studies (Accounting), Fellow of CPA Australia (FCPA), Certified Member of Governance Institute of Australia GIA (Cert), Graduate Member of the Australian Institute of Company Directors (GAICD). |
| Expertise          | Financial Management and Corporate Governance   |
| Board Committee(s) | Finance (Chair)   |
| Experience         | Frank has extensive experience in financial management (CFO), operations and corporate governance across education, local government and health sectors.  |

| Mary Rydberg       |   |
|--------------------|---|
| Title              | Director since 2018   |
| Qualifications     | Graduate Diploma of Business, Graduate Member of the Australian Institute of Company Directors, Member of Women on Boards.  |
| Expertise          | Governance and Business Management  |
| Board Committee(s) | Clinical Governance (Chair)   |
| Experience         | Mary is a semi-retired leader with experience within the health and community services sectors for the State Government, hospitals, not-for-profit sector and local government. Mary is a Chair of Mildura Base Public Hospital Board, a member of the Mallee Track Health & Community Services Board, a member of the Mildura Rural City Council Audit & Risk Committee and a member of the board of Enliven Victoria. |

| Emily Walshaw  |  |
|----------------|--|
| Title          | Director since 2019  |
| Qualifications | Certificate of Governance Practice, Advanced Diploma Leadership and Management, Graduate of the Australian Institute of Company Directors (GAICD).   |
| Expertise      | Governance and Risk  |
| Experience     | Emily has over 12 years' experience in corporate administration, risk, governance and compliance in public and not-for-profit tertiary health and public education sectors across a number of states and territories and overseas. |

| Peter O'Donnell |   |
|-----------------|---|
| Title           | Director since 2021, resigned 17 November 2021  |
| Qualifications  | Fellow of CPA Australia (FCPA), Business owner for over 20 years, accredited mindshop facilitator.  |
| Expertise       | Finance and Accounting  |
| Experience      | Peter was previously a Director on the MASP Board 2006-2016 and is currently the Executive Director of Southern Cross Farms and the Chair of Mildura Airport Board. Peter was the founder of the Kokoda Youth Leadership Program. |

| Simon Fewings  |  |
|----------------|--|
| Title          | Director since 2018, resigned on 2 June 2022   |
| Qualifications | Diploma in Community Services/Community Development, Advanced Diploma in Business Management and Leadership and Cert IV in Training & Assessing.   |
| Expertise      | Education, Government Policy Frameworks  |
| Experience     | Simon was the Manager Koorie Training at SuniTAFE and holds strong interests in community development and community-controlled learning. Simon has a long history of volunteering his time with local and state organisations. |

# MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

## Directors' Report

For the year ended 30 June 2022

### Company secretary

Julie Humphrey was appointed Company Secretary effective 1 June 2021. Julie resigned from MASP effective 7 December 2021. Vincent Wilson was appointed Company Secretary on a temporary basis effective 7 December 2021. Charmaine Calis was appointed Company Secretary effective 7 June 2022.

### Meetings of directors

The number of meetings of the Board of Directors ("Board") and each Board committee held and attended during the year ended 30 June 2022 were:

|                   | Board    |          | Finance  |          | Clinical Governance |          | PCG: Sunnyside Living |          | Risk & Strategy |          |
|-------------------|----------|----------|----------|----------|---------------------|----------|-----------------------|----------|-----------------|----------|
|                   | Eligible | Attended | Eligible | Attended | Eligible            | Attended | Eligible              | Attended | Eligible        | Attended |
| Caroline Smith    | 15       | 14       | 12       | 11       | 11                  | 3        | 6                     | 6        | 1               | 1        |
| Christopher Cresp | 8        | 7        | -        | -        | 6                   | 5        | 4                     | 1        | -               | -        |
| Tristram Lock     | 15       | 13       | -        | -        | 11                  | 9        | 2                     | 1        | -               | -        |
| Rebecca Olsen     | 6        | 5        | -        | -        | -                   | -        | -                     | -        | -               | -        |
| Timothy Peters    | 8        | 8        | 5        | 5        | -                   | -        | -                     | -        | -               | -        |
| Frank Piscioneri  | 15       | 13       | 12       | 11       | -                   | -        | 2                     | 2        | -               | -        |
| Mary Rydberg      | 15       | 14       | -        | -        | 11                  | 11       | 2                     | 1        | -               | -        |
| Emily Walshaw     | 15       | 10       | -        | -        | -                   | -        | -                     | -        | 1               | 1        |
| Peter O'Donnell   | 7        | 6        | -        | -        | -                   | -        | -                     | -        | -               | -        |
| Simon Fewings     | 14       | 7        | -        | -        | -                   | -        | 2                     | 1        | 1               | 1        |

### After balance date events

The impact of the Coronavirus (COVID-19) pandemic is still ongoing for MASP as at 30 June 2022. At the date of this report, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually developing and is dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of MASP, or the results of those operations.

### Contributions on winding up

MASP is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If MASP is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the entity. At 30 June 2022, the total amount that members of MASP are liable to contribute if MASP is wound up is \$28.

### Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2022 has been received and can be found immediately after this directors' report.

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



Caroline Smith, Director

Dated this 4<sup>th</sup> day of October 2022

**MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD**

ABN 51 726 968 790

**Auditor's Independence Declaration**

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# MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

## Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2022

|  | Note | 2022<br>\$        | 2021<br>\$        |
|--|------|-------------------|-------------------|
| <b>Revenue</b>                                 |      |                   |                   |
| Revenue  | 2.1  | 15,429,919        | 13,546,000        |
| Other revenue                                  | 2.2  | 95,199            | 136,882           |
| <b>Total revenue</b>                           |      | <b>15,525,118</b> | <b>13,682,882</b> |
| <b>Expenditure</b>                             |      |                   |                   |
| Employee benefits expense                      | 3.3  | 10,853,132        | 9,596,818         |
| Operating expenses                             | 3.1  | 2,869,268         | 2,133,980         |
| Depreciation                                   | 4.3  | 626,956           | 611,931           |
| Finance expense                                |      | 49,610            | 48,282            |
| <b>Total expenditure</b>                       |      | <b>14,398,966</b> | <b>12,391,011</b> |
| <b>Operating surplus before income tax</b>     |      | <b>1,126,152</b>  | <b>1,291,871</b>  |
| Income tax expense                             |      | -                 | -                 |
| <b>Operating surplus after income tax</b>      |      | <b>1,126,152</b>  | <b>1,291,871</b>  |
| <b>Other comprehensive income for the year</b> |      | <b>-</b>          | <b>-</b>          |
| <b>Total comprehensive income for the year</b> |      | <b>1,126,152</b>  | <b>1,291,871</b>  |

The accompanying notes form part of these financial statements



# MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

## Statement of Financial Position

As at 30 June 2022

|                                      | Note | 2022<br>\$        | 2021<br>\$        |
|--------------------------------------|------|-------------------|-------------------|
| <b>ASSETS</b>                        |      |                   |                   |
| <b>Current Assets</b>                |      |                   |                   |
| Cash and cash equivalents            | 6.1  | 4,142,889         | 2,853,749         |
| Financial assets                     | 4.4  | 4,234,720         | 4,136,188         |
| Trade and other receivables          | 5.1  | 179,313           | 388,018           |
| Other current assets                 | 5.2  | 56,694            | 227,905           |
| <b>Total Current Assets</b>          |      | <b>8,613,616</b>  | <b>7,605,860</b>  |
| <b>Non-Current Assets</b>            |      |                   |                   |
| Property, plant and equipment        | 4.1  | 7,694,586         | 7,953,550         |
| Right-of-use assets                  | 4.2  | 904,981           | 797,972           |
| <b>Total Non-Current Assets</b>      |      | <b>8,599,567</b>  | <b>8,751,522</b>  |
| <b>TOTAL ASSETS</b>                  |      | <b>17,213,183</b> | <b>16,357,382</b> |
| <b>LIABILITIES</b>                   |      |                   |                   |
| <b>Current Liabilities</b>           |      |                   |                   |
| Trade and other payables             | 5.3  | 568,956           | 720,740           |
| Employee benefits liabilities        | 3.2  | 1,060,453         | 1,066,378         |
| Contract liabilities                 | 5.4  | 1,639,517         | 1,869,310         |
| Borrowings                           | 6.2  | 10                | 10                |
| Lease liabilities                    | 6.3  | 191,976           | 193,253           |
| <b>Total Current Liabilities</b>     |      | <b>3,460,912</b>  | <b>3,849,691</b>  |
| <b>Non-Current Liabilities</b>       |      |                   |                   |
| Employee benefits liabilities        | 3.2  | 228,328           | 234,382           |
| Lease liabilities                    | 6.3  | 779,897           | 655,415           |
| <b>Total Non-Current Liabilities</b> |      | <b>1,008,225</b>  | <b>889,797</b>    |
| <b>TOTAL LIABILITIES</b>             |      | <b>4,469,137</b>  | <b>4,739,488</b>  |
| <b>NET ASSETS</b>                    |      | <b>12,744,046</b> | <b>11,617,894</b> |
| <b>EQUITY</b>                        |      |                   |                   |
| Revaluation surplus reserve          | 8.1  | 425,111           | 425,111           |
| Retained surplus                     |      | 12,318,935        | 11,192,783        |
| <b>TOTAL EQUITY</b>                  |      | <b>12,744,046</b> | <b>11,617,894</b> |

The accompanying notes form part of these financial statements

# MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

## Statement of Changes in Equity For the year ended 30 June 2022

|   | Retained<br>surpluses<br>\$ | Revaluation<br>surplus reserve<br>\$ | Total equity<br>\$ |
|---|-----------------------------|--------------------------------------|--------------------|
| <b>2022</b>                                     |                             |                                      |                    |
| <b>Balance at 1 July 2021</b>                   | 11,192,783                  | 425,111                              | 11,617,894         |
| Surplus for the year                            | 1,126,152                   | -                                    | 1,126,152          |
| <b>Balance at 30 June 2022</b>                  | <b>12,318,935</b>           | <b>425,111</b>                       | <b>12,744,046</b>  |
| <b>2021</b>                                     |                             |                                      |                    |
| <b>Balance at 1 July 2020</b>                   | 9,874,555                   | 451,468                              | 10,326,023         |
| Surplus for the year                            | 1,291,871                   | -                                    | 1,291,871          |
| Derecognition of disposal of land and buildings | 26,357                      | (26,357)                             | -                  |
| <b>Balance at 30 June 2021</b>                  | <b>11,192,783</b>           | <b>425,111</b>                       | <b>11,617,894</b>  |

# MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

## Statement of Cash Flows

For the year ended 30 June 2022

|  | Note | 2022<br>\$       | 2021<br>\$         |
|--|------|------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |      |                  |                    |
| Receipts from customers (including GST)                      |      | 16,772,033       | 14,238,712         |
| Payments to clients, suppliers and employees (including GST) |      | (15,034,730)     | (13,025,907)       |
| Interest received  |      | 26,895           | 14,148             |
| Interest paid  |      | (49,610)         | (48,282)           |
| <b>Net cash provided by operating activities</b>             | 8.2  | <b>1,714,588</b> | <b>1,178,671</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |      |                  |                    |
| Proceeds from the sale of plant and equipment                |      | 49,727           | 68,818             |
| Acquisition of property, plant and equipment                 |      | (163,596)        | (231,704)          |
| Investment in term deposits                                  |      | (98,532)         | (1,876,207)        |
| <b>Net cash used in investing activities</b>                 |      | <b>(212,401)</b> | <b>(2,039,093)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                  |      |                  |                    |
| Repayment of finance leases                                  |      | (213,047)        | (210,991)          |
| <b>Net cash used in financing activities</b>                 |      | <b>(213,047)</b> | <b>(210,991)</b>   |
| Net increase/(decrease) in cash and cash equivalents held    |      | 1,289,140        | (1,071,413)        |
| Cash and cash equivalents at beginning of financial year     |      | 2,853,749        | 3,925,162          |
| <b>Cash and cash equivalents at end of financial year</b>    | 6.1  | <b>4,142,889</b> | <b>2,853,749</b>   |

The accompanying notes form part of these financial statements

# MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

## Notes to the Financial Statements

For the year ended 30 June 2022

### Note 1 Summary of Significant Accounting Policies

The financial statements cover Mallee Accommodation and Support Program Ltd (“MASP”) as an individual entity, incorporated and domiciled in Australia. MASP is a company limited by guarantee.

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

#### New or amended Accounting Standards and Interpretations adopted

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

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

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

The following Accounting Standards and Interpretations are most relevant to MASP:

#### *Conceptual Framework for Financial Reporting (Conceptual Framework)*

MASP has adopted the revised Conceptual Framework from 1 July 2021. 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 MASP financial statements.

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

MASP has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is some increased disclosure in these financial statements.

#### Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – *Simplified Disclosures* and interpretations issued by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) as appropriate for not-for-profit oriented entities. MASP is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except certain classes of property, plant and equipment.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying MASP’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the relevant notes.

#### a) Company details

The registered office and principal place of business is:

120-124 Pine Avenue  
Mildura VIC 3500

**Notes to the Financial Statements**

For the year ended 30 June 2022

**Note 1 Summary of Significant Accounting Policies (cont.)**

**b) Current and non-current classification**

Assets and liabilities are presented in the 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 MASP's normal operating cycle; it is held 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 MASP'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.

**c) Income tax**

As MASP is a charitable institution in terms of subsection 50-5 of the *Income Tax Assessment Act 1997*, as amended, it is exempt from paying income tax. MASP also holds deductible gift recipient status.

**d) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 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.

# MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

## Notes to the Financial Statements

For the year ended 30 June 2022

### Note 2 Funding Delivery of Our Services

MASP's overall objective is to provide the provision of assistance and support to young people, adults, and families in need through a wide range of related support services throughout the Mallee region. To enable MASP to fulfil its objective it receives income mainly based on government funding. MASP also receives income from sales, the supply of services and rental income as outlined below.

- 2.1: Revenue
- 2.2: Other revenue

|                          | 2022              | 2021              |
|--------------------------|-------------------|-------------------|
|                          | \$                | \$                |
| <b>Note 2.1: Revenue</b> |                   |                   |
| Operating grants         | 13,022,260        | 11,202,990        |
| Sales                    | 140,469           | 110,052           |
| Rental revenue           | 247,096           | 231,135           |
| Services revenue         | 2,020,094         | 2,001,823         |
| <b>Total revenue</b>     | <b>15,429,919</b> | <b>13,546,000</b> |

All of the above revenue is recognised from contracts within the geographical region of Australia.

#### Note 2.2: Other revenue

|   |               |                |
|---|---------------|----------------|
| Capital funding                               | 23,563        | 38,043         |
| Fundraising                                   | -             | (4,000)        |
| Donations                                     | 18,647        | 50,103         |
| Other income                                  | 1,214         | 1,701          |
| Interest income                               | 26,895        | 14,148         |
| Other gains                                   | -             | 220            |
| Gain on sale of property, plant and equipment | 24,880        | 36,667         |
| <b>Total other revenue</b>                    | <b>95,199</b> | <b>136,882</b> |

### Revenue recognition

MASP recognises revenue as follows:

#### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which MASP is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, MASP:

1. identifies the contract with a customer;
2. identifies the performance obligations in the contract;
3. determines the transaction price which takes into account estimates of variable consideration and the time value of money;
4. 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
5. 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.

#### *Grants*

MASP's programs are supported by grants received from the federal, state and local governments.

Grant revenue is recognised in profit or loss when MASP satisfies the performance obligations stated within the funding agreements. If conditions are attached to the grant which must be satisfied before MASP is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied. Based on the terms and conditions of the grant agreements grant revenue is either recognised under AASB 15 or AASB 1058.

**Notes to the Financial Statements**

For the year ended 30 June 2022

**Note 2 Funding Delivery of Our Services (cont.)**

*Rent*

Rent is recognised on a straight-line basis over the lease term.

*Sales revenue*

Events, fundraising and raffles are recognised when received or receivable.

*Donations*

Donations are recognised at the time the pledge is made.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method.

*Other revenue*

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

# MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

ABN 51 726 968 790

## Notes to the Financial Statements

For the year ended 30 June 2022

### Note 3 The Cost of Delivering Services

This section provides an account of the expenses incurred by MASP in delivering services and outputs. In Note 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

- 3.1: Breakdown of operating expenses
- 3.2: Employee benefits in the statement of financial position
- 3.3: Employee benefits expense

|  | 2022                    | 2021                    |
|--|-------------------------|-------------------------|
|  | \$                      | \$                      |
| <b>Note 3.1: Breakdown of operating expenses</b> |                         |                         |
| Administration expense                           | 1,039,419               | 864,648                 |
| Service delivery expense                         | 1,686,397               | 1,180,353               |
| Consulting fees                                  | 130,227                 | 84,890                  |
| Other expenses                                   | 13,225                  | 4,089                   |
| <b>Total operating expenses</b>                  | <b><u>2,869,268</u></b> | <b><u>2,133,980</u></b> |

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

### Note 3.2: Employee benefits in the statement of financial position

#### Current

|                                 |                         |                         |
|---------------------------------|-------------------------|-------------------------|
| Long service leave              | 717,770                 | 286,467                 |
| Annual leave                    | 279,067                 | 660,947                 |
| Other leave provisions          | 63,616                  | 118,964                 |
| <b>Total current provisions</b> | <b><u>1,060,453</u></b> | <b><u>1,066,378</u></b> |

#### Non-current

|                    |                       |                       |
|--------------------|-----------------------|-----------------------|
| Long service leave | <b><u>228,328</u></b> | <b><u>234,382</u></b> |
|--------------------|-----------------------|-----------------------|

### Employee benefits recognition

Provision is made for the MASP'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 settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year 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 not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

On 1 July 2019, the Portable Long Service Authority commenced The Portable Long Service Benefits Scheme. This is a scheme which enables community service workers to take their long service entitlement with them if they change jobs, but stay in the industry. On this basis, from the date that the employee enters the scheme MASP completes a quarterly return which identifies MASP's quarterly contribution to the scheme in relation to these employees. The levy is then paid within 14 days. Existing entitlements pre entering the scheme are maintained by MASP.

### Critical accounting estimates and judgments – Employee benefits

As discussed above, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.



## MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

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### Notes to the Financial Statements

For the year ended 30 June 2022

#### Note 3 The Cost of Delivering Services (cont.)

|   | 2022                     | 2021                    |
|---|--------------------------|-------------------------|
|   | \$                       | \$                      |
| <b>Note 3.3: Employee benefits expense</b>  |                          |                         |
| Wages and salaries                          | 8,733,375                | 7,630,140               |
| Defined contribution superannuation expense | 942,075                  | 779,146                 |
| Other employee entitlement expense          | 1,099,612                | 1,002,146               |
| Workers insurance                           | 140,954                  | 118,188                 |
| Other employee expenses                     | (62,884)                 | 67,198                  |
| <b>Total employee benefits expense</b>      | <b><u>10,853,132</u></b> | <b><u>9,596,818</u></b> |

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, long service leave portability levies and WorkCover premiums.

Contributions are made by MASP to an employee superannuation fund and are charged as expenses when incurred.

# MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

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## Notes to the Financial Statements

For the year ended 30 June 2022

### Note 4 Key Assets to Support Service Delivery

MASP controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources to be utilised for delivery of those outputs.

- 4.1: Property, plant and equipment
- 4.2: Right-of-use assets
- 4.3: Depreciation
- 4.4: Financial assets

|  | 2022<br>\$       | 2021<br>\$       |
|--|------------------|------------------|
| <b>Note 4.1: Property, plant and equipment</b> |                  |                  |
| <i>Non-current</i>                             |                  |                  |
| <i>Land</i>                                    |                  |                  |
| Land at valuation (2020)                       | 1,545,000        | 1,545,000        |
| <b>Total land</b>                              | <b>1,545,000</b> | <b>1,545,000</b> |
| <i>Buildings</i>                               |                  |                  |
| Buildings at valuation (2020)                  | 5,765,000        | 5,765,000        |
| Buildings at cost                              | 14,026           | -                |
| Less accumulated depreciation                  | (285,221)        | (144,125)        |
| <b>Total buildings</b>                         | <b>5,493,805</b> | <b>5,620,875</b> |
| <b>Total land and buildings</b>                | <b>7,038,805</b> | <b>7,165,875</b> |
| <i>Plant and equipment</i>                     |                  |                  |
| Plant and equipment at cost                    | 128,575          | 114,103          |
| Less accumulated depreciation                  | (80,587)         | (77,786)         |
| <b>Total plant and equipment</b>               | <b>47,988</b>    | <b>36,317</b>    |
| Furniture and fittings at cost                 | 551,803          | 575,497          |
| Less accumulated depreciation                  | (334,567)        | (290,127)        |
| <b>Total furniture and fittings</b>            | <b>217,236</b>   | <b>285,370</b>   |
| Motor vehicles at cost                         | 225,917          | 277,832          |
| Less accumulated depreciation                  | (174,386)        | (168,486)        |
| <b>Total motor vehicles</b>                    | <b>51,531</b>    | <b>109,346</b>   |
| Office equipment at cost                       | 536,243          | 525,212          |
| Less accumulated depreciation                  | (305,398)        | (207,898)        |
| <b>Total office equipment</b>                  | <b>230,845</b>   | <b>317,314</b>   |
| <b>Total plant and equipment</b>               | <b>547,600</b>   | <b>748,347</b>   |
| Capital works in progress                      | 108,181          | 39,328           |
| <b>Total property, plant and equipment</b>     | <b>7,694,586</b> | <b>7,953,550</b> |

## MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

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### Notes to the Financial Statements

For the year ended 30 June 2022

#### Note 4 Key Assets to Support Service Delivery (cont.)

##### Note 4.1: Property, plant and equipment (cont.)

##### i) Reconciliations of the carrying amounts of each class of asset

|  | Land<br>(at<br>valuation)<br>\$ | Buildings<br>(at<br>valuation)<br>\$ | Buildings<br>(at cost)<br>\$ | Plant and<br>equipment<br>(at cost)<br>\$ | Furniture<br>and fittings<br>(at cost)<br>\$ | Motor<br>vehicles<br>(at cost)<br>\$ | Office<br>equipment<br>(at cost)<br>\$ | Capital WIP<br>(at cost)<br>\$ | Total<br>\$      |
|--|---------------------------------|--------------------------------------|------------------------------|---|--|--------------------------------------|--|--------------------------------|------------------|
| <b>2022</b>                                |                                 |                                      |                              |   |  |                                      |  |                                |                  |
| Balance at 1 July 2021                     | 1,545,000                       | 5,620,875                            | -                            | 36,317                                    | 285,370                                      | 109,346                              | 317,314                                | 39,328                         | 7,953,550        |
| Additions                                  | -                               | -                                    | 14,026                       | 25,468                                    | 43,255                                       | -                                    | 11,991                                 | 68,853                         | 163,593          |
| Disposals                                  | -                               | -                                    | -                            | (3,462)                                   | (9,045)                                      | (12,077)                             | (260)                                  | -                              | (24,844)         |
| Transfer                                   | -                               | -                                    | -                            | -   | -  | -                                    | (10)                                   | -                              | (10)             |
| Depreciation                               | -                               | (140,925)                            | (171)                        | (10,335)                                  | (102,344)                                    | (45,738)                             | (98,190)                               | -                              | (397,703)        |
| <b>Carrying amount at 30<br/>June 2022</b> | <b>1,545,000</b>                | <b>5,479,950</b>                     | <b>13,855</b>                | <b>47,988</b>                             | <b>217,236</b>                               | <b>51,531</b>                        | <b>230,845</b>                         | <b>108,181</b>                 | <b>7,694,586</b> |

**Notes to the Financial Statements**

For the year ended 30 June 2022

**Note 4 Key Assets to Support Service Delivery (cont.)**

**Note 4.1: Property, plant and equipment (cont.)**

**Property, plant and equipment recognition**

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

*Property*

Freehold land and buildings are shown at their fair value based on periodic, but at least every 3 years, valuations by external independent valuers, less subsequent depreciation for buildings. An independent valuation of MASP's land and buildings was performed by Herron Todd White with the effective date of 30 June 2020.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in the statement of profit or loss and other comprehensive income and accumulated in the property asset revaluation reserve in equity. Revaluation decreases that offset previous increases of the same class of asset shall be recognised in the statement of profit or loss and other comprehensive income under the heading of revaluation surplus. All other decreases are charged to the statement of profit or loss and other comprehensive income. As the revalued buildings are depreciated the difference between depreciation recognised in the statement of profit and loss and other comprehensive income, which is based on the revalued carrying amount of the asset, and the depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

*Plant and equipment*

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount, and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

*Capital works in progress*

Items of property, plant and equipment are recorded as capital work in progress until such a time that the asset is ready for use. Once the asset is deemed ready for use, the capital work in progress will be transferred to property, plant and equipment and depreciation will commence at that time.

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### Notes to the Financial Statements

For the year ended 30 June 2022

#### Note 4 Key Assets to Support Service Delivery (cont.)

|                                      | 2022           | 2021           |
|--------------------------------------|----------------|----------------|
|                                      | \$             | \$             |
| <b>Note 4.2: Right-of-use assets</b> |                |                |
| <i>Non-current</i>                   |                |                |
| Motor vehicles                       | 539,856        | 459,763        |
| Less accumulated depreciation        | (242,232)      | (229,961)      |
| <b>Total motor vehicles</b>          | <b>297,624</b> | <b>229,802</b> |
| College property leases              | 564,713        | 438,198        |
| Less accumulated depreciation        | (45,042)       | (36,881)       |
| <b>Total college property leases</b> | <b>519,671</b> | <b>401,317</b> |
| Computer equipment                   | 351,899        | 351,889        |
| Less accumulated depreciation        | (264,213)      | (185,036)      |
| <b>Total computer equipment</b>      | <b>87,686</b>  | <b>166,853</b> |
| <b>Total right-of-use assets</b>     | <b>904,981</b> | <b>797,972</b> |

#### i) Reconciliations of the carrying amounts of each class of asset

|  | Motor<br>vehicles | College<br>property<br>leases | Computer<br>equipment | Total          |
|--|-------------------|-------------------------------|-----------------------|----------------|
|  | \$                | \$                            | \$                    | \$             |
| <b>2022</b>                            |                   |                               |                       |                |
| Balance at 1 July 2021                 | 229,802           | 401,317                       | 166,853               | 797,972        |
| Additions                              | 200,275           | 134,049                       | -                     | 334,324        |
| Remeasurement                          | -                 | 1,928                         | -                     | 1,928          |
| Transfer                               | -                 | -                             | 10                    | 10             |
| Depreciation                           | (132,453)         | (17,623)                      | (79,177)              | (229,253)      |
| <b>Carrying amount at 30 June 2022</b> | <b>297,624</b>    | <b>519,671</b>                | <b>87,686</b>         | <b>904,981</b> |

#### Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where MASP expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

MASP has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**Notes to the Financial Statements**

For the year ended 30 June 2022

**Note 4 Key Assets to Support Service Delivery (cont.)**

**Note 4.2: Right-of-use assets (cont.)**

**Impairment of assets**

At the end of each reporting period, MASP reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when MASP 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 assets class, MASP estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited 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 reserve for that same class of asset.

**Critical accounting estimates and judgments – Impairment of non-financial assets**

MASP assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to MASP and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

|   | <b>2022</b>    | <b>2021</b>    |
|---|----------------|----------------|
|   | <b>\$</b>      | <b>\$</b>      |
| <b>Note 4.3: Depreciation</b>                 |                |                |
| Buildings                                     | 141,096        | 144,125        |
| Plant and equipment                           | 10,335         | 11,423         |
| Furniture and fittings                        | 102,344        | 96,135         |
| Motor vehicles                                | 45,738         | 57,408         |
| Office equipment                              | 98,190         | 75,142         |
| Motor vehicles – right-of-use assets          | 132,453        | 131,546        |
| College property leases – right-of-use assets | 17,623         | 16,975         |
| Computer equipment – right-of-use assets      | 79,177         | 79,177         |
| <b>Total depreciation</b>                     | <b>626,956</b> | <b>611,931</b> |

**Depreciation recognition**

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to MASP commencing from the time the asset is held ready for use.

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 included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

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## Notes to the Financial Statements

For the year ended 30 June 2022

### Note 4 Key Assets to Support Service Delivery (cont.)

#### Note 4.3: Depreciation (cont.)

Depreciation is calculated on either a straight-line or diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

| Class of fixed asset          | Useful life   |
|-------------------------------|---------------|
| Buildings                     | 40 years      |
| Plant and equipment           | 5 years       |
| Furniture and fittings        | 5 years       |
| Motor vehicles                | 4 – 5 years   |
| Office equipment              | 4 – 8 years   |
| Motor vehicles – ROU          | 3 – 4 years   |
| College property leases – ROU | 50 – 83 years |
| Computer equipment – ROU      | 5 years       |

#### Critical accounting estimates and judgments – Estimation of useful lives of assets

MASP determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

|                                     | 2022             | 2021             |
|-------------------------------------|------------------|------------------|
|                                     | \$               | \$               |
| <b>Note 4.4: Financial assets</b>   |                  |                  |
| <i>Current</i>                      |                  |                  |
| Term deposits greater than 3 months | 4,234,720        | 4,136,188        |
| <b>Total financial assets</b>       | <b>4,234,720</b> | <b>4,136,188</b> |

#### Financial assets recognition

Refer note 7.1 for further information on accounting policies in relation to financial assets.

# MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

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## Notes to the Financial Statements

For the year ended 30 June 2022

### Note 5 Other Assets and Liabilities

This section sets out those assets and liabilities that arose from MASP's operations.

- 5.1: Trade and other receivables
- 5.2: Other current assets
- 5.3: Trade and other payables
- 5.4: Contract liabilities

|  | 2022           | 2021           |
|--|----------------|----------------|
|  | \$             | \$             |
| <b>Note 5.1: Trade and other receivables</b> |                |                |
| <i>Current</i>                               |                |                |
| Trade receivables                            | 145,898        | 221,515        |
| Sundry debtors                               | 33,415         | 166,503        |
| <b>Total trade and other receivables</b>     | <b>179,313</b> | <b>388,018</b> |

#### Receivables recognition

Receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. MASP holds the receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

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

#### Note 5.2: Other current assets

*Current*

|                                   |               |                |
|-----------------------------------|---------------|----------------|
| Prepayments                       | 50,201        | 209,896        |
| Materials and packaging           | 6,493         | 18,009         |
| <b>Total other current assets</b> | <b>56,694</b> | <b>227,905</b> |

#### Other assets recognition

Other assets include prepayments and inventory.

Prepayments are payments in advance of receipt of goods and services, or the payments made for services covering a term extending beyond that financial accounting period.

Inventory is stated at the lower cost and net realisable value.

#### Note 5.3: Trade and other payables

*Current*

|                                       |                |                |
|---------------------------------------|----------------|----------------|
| Trade creditors                       | 101,251        | 345,168        |
| Accrued expenses                      | 181,516        | 138,696        |
| GST payable                           | 85,596         | 60,690         |
| Superannuation payable                | 71,748         | 63,524         |
| PAYG tax payable                      | 127,666        | 112,662        |
| Other employee payables               | 1,179          | -              |
| <b>Total trade and other payables</b> | <b>568,956</b> | <b>720,740</b> |

#### Payables recognition

All above liabilities are short-term. The carrying values are considered to be a reasonable approximation of fair value.

These amounts represent liabilities for goods and services provided to MASP 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.



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### Notes to the Financial Statements

For the year ended 30 June 2022

#### Note 5 Other Assets and Liabilities (cont.)

|                                       | 2022             | 2021             |
|---------------------------------------|------------------|------------------|
|                                       | \$               | \$               |
| <b>Note 5.4: Contract liabilities</b> |                  |                  |
| <i>Current</i>                        |                  |                  |
| Income received in advance            | 1,639,517        | 1,869,310        |
| <b>Total contract liabilities</b>     | <u>1,639,517</u> | <u>1,869,310</u> |

#### Contract liability recognition

Contract liabilities represent MASP's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when MASP recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before MASP has transferred the goods or services to the customer. This is maintained in relation to government grants.

## MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

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### Notes to the Financial Statements

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#### Note 6 How We Finance Our Operations

This section provides information on the sources of finance utilised by MASP during its operations, along with other information related to financing activities of MASP.

This section includes disclosures of balances that are financial instruments.

- 6.1: Cash and cash equivalents
- 6.2: Borrowings
- 6.3: Lease liabilities
- 6.4: Commitments

|  | 2022             | 2021             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Note 6.1: Cash and cash equivalents</b> |                  |                  |
| <i>Current</i>                             |                  |                  |
| Cash on hand                               | 1,280            | 1,280            |
| Cash at bank                               | 4,141,609        | 2,852,469        |
| <b>Total cash and cash equivalents</b>     | <u>4,142,889</u> | <u>2,853,749</u> |

#### Cash and cash equivalents recognition

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.

#### Note 6.2: Borrowings

*Current*

|                         |           |           |
|-------------------------|-----------|-----------|
| Loan facility           | 10        | 10        |
| <b>Total borrowings</b> | <u>10</u> | <u>10</u> |

MASP has a loan facility to borrow \$825,000 with the Commonwealth Bank. The facility is for a three year term and expires on 9 September 2024. The following properties owned by MASP are security for the facility:

- 96 Eleventh St, Mildura
- 1-3 Vidovic Avenue, Mildura
- 58 The Crescent, Mildura

At balance date, \$10 had been drawn down.

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.

Notes to the Financial Statements

For the year ended 30 June 2022

**Note 6 How We Finance Our Operations (cont.)**

|   | 2022           | 2021           |
|---|----------------|----------------|
|   | \$             | \$             |
| <b>Note 6.3: Lease liabilities</b>        |                |                |
| <i>Current</i>                            |                |                |
| Lease liability – motor vehicles          | 105,965        | 113,669        |
| Lease liability – college property leases | 8,674          | 7,475          |
| Lease liability – computer equipment      | 77,337         | 72,109         |
| <b>Total current lease liability</b>      | <b>191,976</b> | <b>193,253</b> |
| <i>Non-current</i>                        |                |                |
| Lease liability – motor vehicles          | 198,530        | 124,338        |
| Lease liability – college property leases | 533,691        | 406,064        |
| Lease liability – computer equipment      | 47,676         | 125,013        |
| <b>Total non-current lease liability</b>  | <b>779,897</b> | <b>655,415</b> |
| <b>Total lease liabilities</b>            | <b>971,873</b> | <b>848,668</b> |

**Lease recognition**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, MASP's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following:

- future lease payments arising from a change in an index or a rate used;
- residual guarantee;
- lease term; and
- certainty of a purchase option and termination penalties.

When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**Critical accounting estimates and judgments – Lease term**

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include:

- the importance of the asset to the MASP's operations;
- comparison of terms and conditions to prevailing market rates;
- incurrence of significant penalties;
- existence of significant leasehold improvements; and
- the costs and disruption to replace the asset.

MASP reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

**Notes to the Financial Statements**

For the year ended 30 June 2022

**Note 6 How We Finance Our Operations (cont.)**

**Note 6.3: Lease liabilities (cont.)**

**Critical accounting estimates and judgments – Incremental borrowing rate**

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what MASP estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

**Note 6.4: Commitments**

MASP has entered into an agreement with the Victorian Department of Justice and Community Services to build a social housing development on property under college lease at Sunnyside Avenue, Mildura. The agreement provides government funding of \$2,025,000 and a capital commitment from MASP of \$600,000. Capital funding of \$805,000 was received in relation to this project during the 2019/20. At balance date only \$62,891 (2021: \$39,328) had been spent. Unspent capital funds are recorded as a contract liability in accordance with AASB 1058. Due to COVID-19 the project was placed under review and was impacted by escalating construction costs and other challenges impacting the regional building industry. A variation agreement was signed in March 2022 to reduce the scope of the project and an approved project budget of \$2,464,625 with no change to the government funding of \$2,025,000 and a reduced commitment from MASP to \$439,625.

MASP had no other capital commitments at balance date.

|  | 2022             | 2021             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Lease liability commitments</b>   |                  |                  |
| Maturity analysis of lease liabilities based on contractual undiscounted cash flows: |                  |                  |
| - not later than one year  | 237,466          | 233,911          |
| - greater than 1 year but less than 5 years  | 363,645          | 352,824          |
| - greater than 5 years   | 1,022,495        | 776,226          |
| <b>Total undiscounted lease liabilities</b>  | <b>1,623,606</b> | <b>1,362,961</b> |
| - impact of discounting of lease liability   | (651,733)        | (514,293)        |
| <b>Total lease liability</b>   | <b>971,873</b>   | <b>848,668</b>   |
| <br>   |                  |                  |
| <b>Commitments – Operating lease</b>   |                  |                  |
| - within 1 year  | 43,666           | 11,064           |
| - 1 – 5 years  | 60,219           | 9,047            |
| <b>Total commitments</b>   | <b>103,885</b>   | <b>20,111</b>    |

Operating leases which meet the definition of a lease under AASB 16 are recorded as right-of-use assets with a corresponding lease liability. Refer note 6.3 for further details of these leases.

Other commitments relate to leases which are considered short-term or low value or commitments which don't meet the definition of a lease under AASB 16.

**Notes to the Financial Statements**

For the year ended 30 June 2022

**Note 7 Risks, Contingencies and Valuation Uncertainties**

MASP is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for MASP is related mainly to fair value determination.

- 7.1: Financial instruments
- 7.2: Contingent assets and contingent liabilities
- 7.3: Fair value measurement

**Note 7.1: Financial instruments**

Financial instruments arise out of agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. MASP classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

*Financial assets at amortised cost*

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the group to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

MASP recognises the following assets in this category:

- cash and cash equivalents;
- receivables; and
- term deposits.

*Financial liabilities at amortised cost*

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

MASP recognises the following liabilities in this category:

- payables;
- borrowings; and
- lease liabilities.

**Derecognition of financial assets and financial liabilities**

*Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- MASP retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- MASP has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset; or
  - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

**Notes to the Financial Statements**

For the year ended 30 June 2022

**Note 7 Risks, Contingencies and Valuation Uncertainties (cont.)**

**Note 7.1: Financial instruments (cont.)**

Where MASP has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the MASP's continuing involvement in the asset.

*Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

**Financial risk management objectives and policies**

MASP's activities do expose itself to some financial risks which need to be actively managed. The main risks MASP are exposed to through its financial instruments is credit risk, liquidity risk and market risk consisting of interest rate risk. The main purpose in holding financial instruments is to prudentially manage MASP's financial risks within the parameters set by the Board of Directors.

*Credit risk*

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. MASP is not exposed to any significant credit risk.

*Liquidity risk*

Vigilant liquidity risk management requires MASP to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable. MASP manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

*Market risk*

MASP's exposure to market risk is primarily through interest rate risk.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. MASP has some exposure to cash flow interest rate risks through cash and deposits that are at floating rates. MASP manages this risk by mainly undertaking fixed rate or non-interest-bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management has concluded for cash at bank, as financial assets that can be left at floating rate without necessarily exposing MASP to significant bad risk, management monitors movement in interest rates on a timely basis.

**Note 7.2: Contingent assets and contingent liabilities**

There are no known contingent assets or contingent liabilities for MASP as at 30 June 2022 (2021: \$130,000).

**Note 7.3: Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

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### Notes to the Financial Statements

For the year ended 30 June 2022

#### Note 7 Risks, Contingencies and Valuation Uncertainties (cont.)

##### Note 7.3: Fair value measurement (cont.)

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that MASP can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

MASP measures land and buildings at fair value on a reoccurring basis.

##### *Fair Value Hierarchy*

The following tables detail MASP's assets measured or disclosed at fair value, using a three-level hierarchy as described above.

|                               | Level 1 | Level 2          | Level 3 | Total            |
|-------------------------------|---------|------------------|---------|------------------|
|                               | \$      | \$               | \$      | \$               |
| <b>2022</b>                   |         |                  |         |                  |
| Property, plant and equipment |         |                  |         |                  |
| Land                          | -       | 1,545,000        | -       | 1,545,000        |
| Buildings                     | -       | 5,479,950        | -       | 5,479,950        |
| <b>Total assets</b>           | -       | <b>7,024,950</b> | -       | <b>7,024,950</b> |
| <b>2021</b>                   |         |                  |         |                  |
| Property, plant and equipment |         |                  |         |                  |
| Land                          | -       | 1,545,000        | -       | 1,545,000        |
| Buildings                     | -       | 5,620,875        | -       | 5,620,875        |
| <b>Total assets</b>           | -       | <b>7,165,875</b> | -       | <b>7,165,875</b> |

Both land and buildings are valued using level 2 inputs.

MASP engages external, independent and qualified valuers to determine the fair value of the MASP's land and buildings at least every 3 years. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors at each reporting date. The last valuation was performed as at 30 June 2020.

There were no transfers between levels during the financial year.

The carrying amounts of receivables and payables are assumed to approximate their fair values due to their short-term nature.

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## Notes to the Financial Statements

For the year ended 30 June 2022

### Note 8 Other Disclosures

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

- 8.1: Reserves
- 8.2: Reconciliation of cash flows from operating activities
- 8.3: Related parties
- 8.4: Key management personnel compensation
- 8.5: Remuneration of the auditors
- 8.6: Events occurring after balance sheet date
- 8.7: Member's guarantee

|                             | 2022           | 2021           |
|-----------------------------|----------------|----------------|
|                             | \$             | \$             |
| <b>Note 8.1: Reserves</b>   |                |                |
| Revaluation surplus reserve | <u>425,111</u> | <u>425,111</u> |

#### *Revaluation surplus reserve*

The reserve is used to recognise increments and decrements in the fair value of land and buildings.

#### **Note 8.2: Reconciliation of cash flows from operating activities**

|  |                         |                         |
|--|-------------------------|-------------------------|
| Surplus for the year                                   | 1,126,152               | 1,291,871               |
| Non-cash flows in surplus                              |                         |                         |
| - Depreciation expense                                 | 626,956                 | 611,931                 |
| - Profit on disposal of property, plant and equipment  | (24,880)                | (36,667)                |
| Changes in assets and liabilities                      |                         |                         |
| - Decrease in trade and other receivables              | 208,705                 | 46,456                  |
| - Decrease/(increase) in other assets                  | 171,211                 | (152,808)               |
| - (Decrease) in trade and other payables               | (151,784)               | (103,526)               |
| - (Decrease)/increase in employee benefits liabilities | (11,979)                | 58,490                  |
| - (Decrease) in contract liabilities                   | (229,793)               | (537,076)               |
| <b>Net cashflows from operating activities</b>         | <u><b>1,714,588</b></u> | <u><b>1,178,671</b></u> |

#### **Note 8.3: Related parties**

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

#### *Key management personnel*

Disclosures relating to key management personnel are set out in note 8.4.

#### *Transactions with related parties*

There were no material transactions with related parties during the current and previous financial year.

#### *Receivable from and payable to related parties*

There were no material receivables from or payables to related parties at the current and previous reporting date.

#### *Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.



**Notes to the Financial Statements**

For the year ended 30 June 2022

**Note 8 Other Disclosures (cont.)**

**Note 8.4: Key management personnel compensation**

MASP's related parties include its key management personnel who are members of the Operational Leadership Group.

Any persons having authority and responsibility for planning, directing and controlling the activities of MASP, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel. The total of compensation for key management personnel is shown below.

|   | <b>2022</b>             | <b>2021</b>             |
|---|-------------------------|-------------------------|
|   | <b>\$</b>               | <b>\$</b>               |
| Total key management personnel compensation | <u><b>1,167,866</b></u> | <u><b>1,091,688</b></u> |

**Note 8.5: Remuneration of the auditors**

|   |                      |                      |
|---|----------------------|----------------------|
| Audit of the financial statements         | 13,750               | 13,000               |
| Other non-assurance services              | <u>2,250</u>         | <u>2,460</u>         |
| <b>Total remuneration of the auditors</b> | <u><b>16,000</b></u> | <u><b>15,460</b></u> |

**Note 8.6: Events occurring after balance sheet date**

The impact of the Coronavirus (COVID-19) pandemic is still ongoing for MASP as at 30 June 2022. At the date of this report, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually developing and is dependent on measures imposed by the State and Federal Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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

**Note 8.7: Member's guarantee**

MASP is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If MASP is wound up, the constitution states that each member is not required to contribute a maximum of \$1 towards meeting any outstanding and obligations of MASP. At 30 June 2022, the number of members was 28 (2021: 30).

## MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

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### Directors' Declaration

For the year ended 30 June 2022

In the directors' opinion:

1. The attached financial statements and notes comply with the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards – *Simplified Disclosures* and associated regulations, and other mandatory professional reporting requirements;
2. The attached financial statements and notes give a true and fair view of Mallee Accommodation and Support Program Ltd's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
3. There are reasonable grounds to believe that Mallee Accommodation and Support Program Ltd will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors



Caroline Smith .....  
Director

Dated this 4<sup>th</sup> day of October 2022

# MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

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## **Independent Auditor's Report**

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MALLEE ACCOMMODATION AND SUPPORT PROGRAM LTD

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**Independent Auditor's Report**

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