



# Mallee Accommodation and Support Program Limited

ABN 51 726 968 790

Financial statements  
For the year ended 30 June 2023

## Contents

### For the year ended 30 June 2023

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**Directors' Report**  
**For the year ended 30 June 2023**

Your directors present their report of Mallee Accommodation and Support Program Limited MASP for the year ended 30 June 2023.

**Directors**

The directors of MASP during the year and up to the date of this report are as follows:

Caroline Smith (Chair until 30 June 2023, resigned 29 August 2023)  
Mary Rydberg (Chair effective 1 July 2023)  
Rebecca Olsen  
Christopher Cresp  
Tristram Lock (resigned 7 March 2023)  
Timothy Peters  
Frank Piscioneri  
Emily Walshaw  
Nina Smart (appointed 7 February 2023)  
Stephen Parr (appointed 4 April 2023)

**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 purpose**

To empower our community to be free from homelessness, abuse, poverty, and disadvantage.

**Our vision**

Thriving Mallee communities, with individuals and families equipped to lead safe, secure, healthy and fulfilling lives.

**Our values**

- Connected - We nurture trusting, collaborative, and inclusive relationships.
- Accountable - We employ authentic, competent, evidence-based practice.
- Responsive - We demonstrate kind, flexible, timely, and personalised care.
- Empowering - We cultivate a strengths-based and enabling environment.
- Safe - We embrace a culturally safe, trauma informed, and dependable ethos.

**Impact themes**

The organisation's impact themes are:

- The M in MASP is for Mallee - We'll continue to strive for positive change at home in Mildura, while increasing our efforts to provide equitable access to services and improve the lives of families and individuals right across the Mallee on both sides of the Murray River.
- Real Outcomes, Real Change - We'll deliver measurable outcomes for clients and communities, maximising our impact by focusing on what we do best, and committing ourselves to driving generational change by breaking cycles of neglect.
- An Independent Partner - We're an independent force for good in our community and a strong partner of government. We will advocate publicly and lobby privately on behalf of our clients and communities, while maintaining respectful relationships.
- Values Driven, Values Lived - We live our values, every single day. Through every moment with our clients, every interaction between our team, and in each each and every decision we make, our MASP CARES values are at the heart of what we do.
- Efficient, Effective, and Energised - We bring energy and enthusiasm to everything we do. We'll deliver exceptional services in ways efficiently and effectively to best leverage our resources for those who need us most.
- Creative and Collaborative - We'll work creatively and collaboratively with partners in Mildura and across the Mallee to deliver services, create change and improve lives. We will share openly, and learn willingly, driven only by what's best for our region.

**Impact drivers**

1. Operational Excellence
  1. Maintain and enhance existing high standards of service delivery for clients in all programs.
  2. Elevate practice oversight within the agency and ensure strengths are leveraged across the organisation.
  3. Embed formalised processes for a range of operational practices, taking a whole of agency approach.
2. Organisational Transformation
  1. Modernise our information technology infrastructure through a process of digital transformation.
  2. Streamline administrative and financial processes, and enhance risk management controls.
  3. Build upon our already strong culture and ensure our organisation is an employer of choice for all.
3. Project Delivery
  1. Deliver the Sunnyside Living Complex and any future capital developments in a timely and cost-effective fashion.
  2. Identify opportunities to better leverage current MASP assets for maximum community benefit.
  3. Appropriately and professionally project manage other major projects and critical procurement processes.

**Directors' Report**  
**For the year ended 30 June 2023**

**Impact drivers (continued)**

4. Opportunity Exploration
  1. Advance the necessary planning and partnerships to improve service delivery across the broader Mallee.
  2. Explore innovative models of housing delivery, specifically in relation to youth and other key cohorts.
  3. Investigate and implement opportunities to enhance MASP's fundraising and philanthropy activities.
  
5. Sensible Growth
  1. Continue to grow our social and affordable housing portfolio via government funding opportunities and other means.
  2. Pursue deliberate and well managed growth in program areas within our control, maximising community benefit.
  3. Seize opportunities to participate in government funding processes for new programs, ensuring strategic alignment.

**Information on directors**

**Caroline Smith (Chair)**

Title	Director since 2014, Board Chair since 2018 until 30 June 2023
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, Project Control Group
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)	Project Control Group 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.

**Nina Smart**

Title	Director since 2023
Qualifications	Bachelor of Laws from University of New England and Bachelor of Arts from Flinders University
Expertise	Legal
Experience	Nina has worked extensively in personal injury law in Mildura since 1997 in private practice initially as a Legal Assistant. Nina was admitted to practice as a Lawyer in the Supreme Court of Victoria in 2019. Nina leads the Mildura Office of Maurice Blackburn Lawyers exclusively assisting injured workers and road users. Nina was promoted to Associate in 2023. Nina was elected to the Board of the Sunraysia Mallee Ethnic Community Council (SMECC) in 2019 and has held the position of Vice Chair since 2020. Nina is a member of the Law Institute of Victoria and the Australian Lawyers Association.

**Stephen Parr**

Title	Director since 2023
Qualifications	Graduate Certificate Public Health, Bachelor of Arts (Hons) and Bachelor of International Studies (politics)
Expertise	Politics and Public Health
Board Committee(s)	Clinical Governance
Experience	Stephen has a long history of working in community not-for-profit public health settings, focusing on population health and Aboriginal health services. Stephen's passion for public health has seen him working at the intersection of health services, policy and politics, providing valuable experience in strategic planning, partnerships, influencing and working with government.

**Rebecca Olsen (Deputy Chair)**

Title	Director since 2022
Expertise	Resource Management, Asset Management, Risk Assessment & Management.
Board Committee(s)	Project Control Group
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.

**Directors' Report**

**For the year ended 30 June 2023**

**Information on directors (Cont.)**

<b>Timothy Peters</b>	
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.

<b>Frank Piscioneri</b>	
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.

<b>Mary Rydberg (Deputy Chair)</b>	
Title	Director since 2018, Chair since 29 August 2023
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.

<b>Emily Walshaw</b>	
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.

**Company secretary**

Charmaine Calis was appointed Company Secretary effective 7 June 2022. Charmaine Calis joined MASP in March 2022 as the Director of Corporate Services. Holding a bachelor's degree in both Management and Human Resources, Charmaine has in-excess of 20 years' experience in Local Government where she specialised in Corporate Governance, Risk Management and Statutory Compliance. Having spent a large portion of her career supporting the elected Councillors, Charmaine was appointed as Company Secretary by the MASP Board on 7 June 2022. Charmaine served on the Board of Directors with the Sunraysia Mallee Ethnic Communities Council from 2021 to 2023 and currently serves on the Board of Directors with Lifeline Loddon Mallee.



## DECLARATION OF INDEPENDENCE

BY LINH DAO

TO THE DIRECTORS OF MALLEE ACCOMMODATION AND SUPPORT PROGRAM LIMITED

As lead auditor of Mallee Accommodation and Support Program Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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



Linh Dao  
Director

BDO Audit Pty Ltd

Adelaide, 18 October 2023

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2023**

	Note	2023 \$	2022 \$
<b>Revenue</b>			
Revenue	2.1	16,085,406	15,429,919
Other revenue	2.2	976,963	95,199
<b>Total revenue</b>		<b>17,062,369</b>	<b>15,525,118</b>
<b>Expenditure</b>			
Employee benefits expense	3.3	11,808,841	10,853,132
Operating expenses	3.1	3,208,376	2,869,268
Depreciation	4.3	590,690	626,956
Finance expense		54,972	49,610
<b>Total expenditure</b>		<b>15,662,879</b>	<b>14,398,966</b>
<b>Operating surplus before income tax</b>		1,399,490	1,126,152
Income tax expense		-	-
<b>Operating surplus after income tax</b>		<b>1,399,490</b>	<b>1,126,152</b>
<b>Other comprehensive income for the year</b>		1,120,348	-
<b>Total comprehensive income for the year</b>		<b>2,519,838</b>	<b>1,126,152</b>

The accompanying notes form part of these financial statements



Statement of Financial Position

As at 30 June 2023

	Note	2023 \$	2022 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6.1	4,156,115	4,142,889
Financial assets	4.4	6,197,856	4,234,720
Trade and other receivables	5.1	864,426	179,313
Other current assets	5.2	89,021	56,694
<b>Total Current Assets</b>		<b>11,307,418</b>	<b>8,613,616</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	4.1	9,234,308	7,694,586
Right-of-use assets	4.2	833,307	904,981
<b>Total Non-Current Assets</b>		<b>10,067,615</b>	<b>8,599,567</b>
<b>TOTAL ASSETS</b>		<b>21,375,033</b>	<b>17,213,183</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	5.3	747,937	568,956
Employee benefits liabilities	3.2	1,079,019	1,060,453
Contract liabilities	5.4	3,229,340	1,639,517
Borrowings	6.2	10	10
Lease liabilities	6.3	179,401	191,976
<b>Total Current Liabilities</b>		<b>5,235,707</b>	<b>3,460,912</b>
<b>Non-Current Liabilities</b>			
Employee benefits liabilities	3.2	139,207	228,328
Lease liabilities	6.3	736,235	779,897
<b>Total Non-Current Liabilities</b>		<b>875,442</b>	<b>1,008,225</b>
<b>TOTAL LIABILITIES</b>		<b>6,111,149</b>	<b>4,469,137</b>
<b>NET ASSETS</b>		<b>15,263,884</b>	<b>12,744,046</b>
<b>EQUITY</b>			
Revaluation surplus reserve	8.1	861,618	425,111
Retained surplus		14,402,266	12,318,935
<b>TOTAL EQUITY</b>		<b>15,263,884</b>	<b>12,744,046</b>

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the year ended 30 June 2023

	Retained surpluses	Revaluation surplus reserve	Total equity
	\$	\$	\$
<b>2023</b>			
<b>Balance at 1 July 2022</b>	12,318,935	425,111	12,744,046
Surplus for the year	1,399,490	-	1,399,490
Other comprehensive income	-	1,120,348	1,120,348
Total comprehensive income	<u>1,399,490</u>	<u>1,120,348</u>	<u>2,519,838</u>
Transfers to/(from) retained earnings	683,841	(683,841)	-
<b>Balance at 30 June 2023</b>	<b><u>14,402,266</u></b>	<b><u>861,618</u></b>	<b><u>15,263,884</u></b>
<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><u>12,318,935</u></b>	<b><u>425,111</u></b>	<b><u>12,744,046</u></b>

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (including GST)		19,319,016	16,772,033
Payments to clients, suppliers and employees (including GST)		(16,703,884)	(15,034,730)
Interest received		221,740	26,895
Interest paid		(54,972)	(49,610)
<b>Net cash provided by operating activities</b>	8.2	<b>2,781,899</b>	<b>1,714,588</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from the sale of plant and equipment		598,328	49,727
Acquisition of property, plant and equipment		(1,187,465)	(163,596)
Investment in term deposits		(1,963,136)	(98,532)
<b>Net cash used in investing activities</b>		<b>(2,552,273)</b>	<b>(212,401)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of finance leases		(216,400)	(213,047)
<b>Net cash used in financing activities</b>		<b>(216,400)</b>	<b>(213,047)</b>
Net increase/(decrease) in cash and cash equivalents held		13,226	1,289,140
Cash and cash equivalents at beginning of financial year		4,142,889	2,853,749
<b>Cash and cash equivalents at end of financial year</b>	6.1	<b>4,156,115</b>	<b>4,142,889</b>

The accompanying notes form part of these financial statements

## Notes to the Financial Statements

### For the year ended 30 June 2023

#### Note 1 Summary of Significant Accounting Policies

The financial statements cover Mallee Accommodation and Support Program Limited ("MASP") as an individual entity, incorporated and domiciled in Australia. MASP is a company limited by guarantee. The presentation currency is in Australian Dollars.

#### a) Company Details

The registered office and principal place of business is:  
120-124 Pine Avenue  
Mildura VIC 3500

The financial statements for the year ended 30 June 2023 were approved and authorised for issue by the Directors on 26 September 2023.

#### 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.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. No new or amended Accounting Standards or Interpretations that are not yet mandatory have been early adopted by the Company.

#### *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.

#### 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 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 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.

#### e) Comparatives

Where required by accounting standards comparatives have been adjusted to conform with changes in presentation for the current financial year.

Notes to the Financial Statements  
 For the year ended 30 June 2023

**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.

*Key judgement - identifying performance obligations under AASB 15:*

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercise judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/type, cost/value, quantity and the period of transfer related to the goods or services promised.

	2023	2022
	\$	\$
<b>Note 2.1 Revenue</b>		
Operating grants	14,277,151	13,022,260
Sales	38,916	140,469
Rental revenue	263,238	247,096
Services revenue	1,506,101	2,020,094
<b>Total revenue</b>	<b><u>16,085,406</u></b>	<b><u>15,429,919</u></b>

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

**Note 2.2 Other revenue**

Capital funding	498,716	23,563
Donations	56,658	18,647
Other income	10,759	1,214
Interest income	221,740	26,895
Gain on sale of property, plant and equipment	189,090	24,880
<b>Total other revenue</b>	<b><u>976,963</u></b>	<b><u>95,199</u></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 2023**

**Note 2 Funding Delivery of Our Services (continued)**

**Note 2.2 Other revenue (continued)**

**Revenue recognition (continued)**

*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.

Notes to the Financial Statements  
 For the year ended 30 June 2023

**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

	2023 \$	2022 \$
<b>Note 3.1: Breakdown of operating expenses</b>		
Administration expense	1,356,783	1,039,419
Service delivery expense	1,753,545	1,686,397
Consulting fees	84,891	130,227
Other expenses	13,157	13,225
<b>Total operating expenses</b>	<b>3,208,376</b>	<b>2,869,268</b>

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

**Note 3.2: Employee benefits liabilities in the statement of financial position**

*Current*

Annual leave	602,635	717,770
Long service leave	423,233	279,067
Other leave provisions	53,151	63,616
<b>Total current provisions</b>	<b>1,079,019</b>	<b>1,060,453</b>

*Non-current*

Long service leave - non-current	<b>139,207</b>	<b>228,328</b>
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**Employee benefits recognition**

Provision is made for the MASP 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 corporate 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.

**Note 3.3: Employee benefits expense**

Wages and salaries	9,102,517	8,733,375
Defined contribution superannuation expense	1,002,486	942,075
Other employee entitlement expense	1,410,017	1,099,612
Workers insurance	195,211	140,954
Other employee expenses	98,610	(62,884)
<b>Total employee benefits expense</b>	<b>11,808,841</b>	<b>10,853,132</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.

Notes to the Financial Statements

For the year ended 30 June 2023

**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

**Note 4.1 Property, plant and equipment**

*Non-current*

	2023	2022
	\$	\$
<i>Land</i>		
Land at valuation (2023)	1,850,000	1,545,000
<b>Total land</b>	<b>1,850,000</b>	<b>1,545,000</b>
<i>Buildings</i>		
Buildings at valuation (2023)	6,205,000	5,765,000
Buildings at cost	8,606	14,026
Less accumulated depreciation - buildings	(350)	(285,221)
<b>Total buildings</b>	<b>6,213,256</b>	<b>5,493,805</b>
<b>Total land and buildings</b>	<b>8,063,256</b>	<b>7,038,805</b>
<i>Plant and equipment</i>		
Plant and equipment at cost	51,438	128,575
Less accumulated depreciation - P&E	(40,727)	(80,587)
<b>Total plant and equipment</b>	<b>10,711</b>	<b>47,988</b>
Furniture and fittings at cost	569,973	551,803
Less accumulated depreciation - F&F	(400,855)	(334,567)
<b>Total furniture and fittings</b>	<b>169,118</b>	<b>217,236</b>
Motor vehicles at cost	252,644	225,917
Less accumulated depreciation - MV	(195,289)	(174,386)
<b>Total motor vehicles</b>	<b>57,355</b>	<b>51,531</b>
Office equipment at cost	572,559	536,243
Less accumulated depreciation - Office	(404,551)	(305,398)
<b>Total office equipment</b>	<b>168,008</b>	<b>230,845</b>
<b>Total plant and equipment</b>	<b>405,193</b>	<b>547,600</b>
Capital works in progress	765,859	108,181
<b>Total property, plant and equipment</b>	<b>9,234,307</b>	<b>7,694,586</b>



Notes to the Financial Statements

For the year ended 30 June 2023

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 (at valuation)	Buildings (at valuation)	Buildings (at cost)	Plant and equipment (at cost)	Furniture and fittings (at cost)	Motor vehicles (at cost)	Office equipment (at cost)	Capital WIP (at cost)	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>2023</b>									
Balance at 1 July 2022	1,545,000	5,479,950	13,855	47,988	217,236	51,531	230,845	108,181	7,694,586
Additions	187,000	233,000	-	-	41,130	26,728	41,929	657,678	1,187,465
Disposals	(205,000)	(173,602)	-	(26,969)	(2,190)	-	(1,478)	-	(409,239)
Revaluation	323,000	797,348	-	-	-	-	-	-	1,120,348
Transfer	-	-	-	-	-	-	-	-	-
Depreciation	-	(131,875)	(5,420)	(10,308)	(87,058)	(20,905)	(103,288)	-	(358,853)
<b>Carrying amount at 30 June 2023</b>	<b>1,850,000</b>	<b>6,204,821</b>	<b>8,435</b>	<b>10,711</b>	<b>169,118</b>	<b>57,355</b>	<b>168,008</b>	<b>765,859</b>	<b>9,234,307</b>

Notes to the Financial Statements

For the year ended 30 June 2023

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 and buildings was performed by Herron Todd White with the effective date of 30 June 2023.

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.

	2023	2022
	\$	\$
<b>Note 4.2 Right-of-use assets</b>		
<i>Non-current</i>		
Motor vehicles	493,658	539,856
Less accumulated depreciation - ROU MV	(187,129)	(242,232)
<b>Total motor vehicles</b>	<b>306,529</b>	<b>297,624</b>
College property leases	580,958	564,713
Less accumulated depreciation - college	(62,689)	(45,042)
<b>Total college property leases</b>	<b>518,269</b>	<b>519,671</b>
Computer equipment	351,899	351,899
Less accumulated depreciation	(343,390)	(264,213)
Total computer equipment	<b>8,509</b>	<b>87,686</b>
<b>Total right-of-use assets</b>	<b>833,307</b>	<b>904,981</b>

Notes to the Financial Statements

For the year ended 30 June 2023

Note 4 Key Assets to Support Service Delivery (Cont.)

Note 4.2 Right-of-use assets (Cont.)

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

	Motor vehicles	College	Computer	Total
	\$	\$	\$	\$
<b>2023</b>				
Balance at 1 July 2022	297,624	519,671	87,686	904,981
Additions	143,917	-	-	143,917
Remeasurement	-	16,244	-	16,244
Depreciation	(135,012)	(17,647)	(79,177)	(231,836)
<b>Carrying amount at 30 June 2023</b>	<b>306,529</b>	<b>518,268</b>	<b>8,509</b>	<b>833,306</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.

**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 or 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.

Notes to the Financial Statements

For the year ended 30 June 2023

Note 4 Key Assets to Support Service Delivery (Cont.)

	2023	2022
	\$	\$
<b>Note 4.3 Depreciation</b>		
Buildings	137,295	141,096
Plant and equipment	10,308	10,335
Furniture and fittings	87,058	102,344
Motor vehicles	20,905	45,738
Office equipment	103,288	98,190
Motor vehicles right-of-use assets	135,012	132,453
College property leases right-of-use assets	17,647	17,623
Computer equipment right-of-use assets	79,177	79,177
<b>Total depreciation</b>	<b>590,690</b>	<b>626,956</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- 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.

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.

Note 4.4 Financial assets

Current

Term deposits greater than 3 months	6,197,856	4,234,720
<b>Total financial assets</b>	<b>6,197,856</b>	<b>4,234,720</b>

Financial assets recognition

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

Notes to the Financial Statements

For the year ended 30 June 2023

**Note 5 Other Assets and Liabilities**

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

5.1 : Trade and other receivables

5.2: Other current assets

5.3 : Trade and other payables

5.4: Contract liabilities

	2023	2022
	\$	\$
<b>Note 5.1 Trade and other receivables</b>		
<i>Current</i>		
Trade receivables	671,780	145,898
Sundry debtors	192,646	33,415
<b>Total trade and other receivables</b>	<b>864,426</b>	<b>179,313</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	89,020	50,201
Materials and packaging	-	6,493
<b>Total other current assets</b>	<b>89,020</b>	<b>56,694</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	243,882	101,251
Accrued expenses	228,455	181,516
GST payable	61,792	85,596
Superannuation payable	76,676	71,748
PAYG tax payable	137,133	127,666
Other employee payables	-	1,179
<b>Total trade and other payables</b>	<b>747,938</b>	<b>568,956</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.

**Notes to the Financial Statements**

**For the year ended 30 June 2023**

**Note 5 Other Assets and Liabilities (continued)**

	<b>2023</b>	<b>2022</b>
<b>Note 5.4 Contract liabilities</b>	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Income received in advance	3,229,340	1,639,517
<b>Total contract liabilities</b>	<b><u>3,229,340</u></b>	<b><u>1,639,517</u></b>

**Contract liability recognition**

Contract liabilities represent MASP 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.

Notes to the Financial Statements

For the year ended 30 June 2023

**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

**Note 6.1 Cash and cash equivalents**

*Current*

	2023 \$	2022 \$
Cash on hand	780	1,280
Cash at bank	4,155,335	4,141,609
<b>Total cash and cash equivalents</b>	<b>4,156,115</b>	<b>4,142,889</b>

**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>	<b>10</b>	<b>10</b>

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.

**Note 6.3 Lease liabilities**

*Current*

Lease liability motor vehicles - current	122,324	105,965
Lease liability college property leases - current	9,438	8,674
Lease liability computer equipment - current	47,639	77,337
<b>Total current lease liability</b>	<b>179,401</b>	<b>191,976</b>

*Non-current*

Lease liability motor vehicles - NC	196,160	198,530
Lease liability college property leases - NC	540,075	533,691
Lease liability computer equipment - NC	-	47,676
<b>Total non-current lease liability</b>	<b>736,235</b>	<b>779,897</b>
<b>Total lease liabilities</b>	<b>915,635</b>	<b>971,873</b>

## Notes to the Financial Statements

For the year ended 30 June 2023

### Note 6 How We Finance Our Operations (Continued)

#### Note 6.3 Lease liabilities (Continued)

##### 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.

##### 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.



Notes to the Financial Statements

For the year ended 30 June 2023

Note 6 How We Finance Our Operations (Continued)

Note 6.4 Commitments

**Sunnyside Living**

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. Unspent capital funds are recorded as a contract liability. 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.

**158 Olive**

MASP has entered into an agreement with Homes Victoria to build a social housing development on land leased by MASP at 158 Olive Avenue, Mildura. The agreement provides government funding of \$767,000 and a capital commitment from MASP of \$168,000. Capital funding of \$50,000 was received in relation to this project as at 30 June 2023. At balance date \$52,875 (2022: \$nil) had been spent. Overspent capital funds are recorded as a contract asset in accordance with AASB 1058.

**151 Olive**

MASP has entered into an agreement with Homes Victoria to build a social housing development on land leased by MASP at 151 Olive Avenue, Mildura. The agreement provides government funding of \$763,360 and a capital commitment from MASP of \$291,640. Capital funding of \$329,008 was received in relation to this project as at 30 June 2023. At balance date, only \$54,231 (2022: \$nil) had been spent. Unspent capital funds are recorded as a contract liability in accordance with AASB 1058.

**66 Walnut**

MASP has entered into an agreement with Homes Victoria to build a social housing development on land leased by MASP at 66 Walnut Avenue, Mildura. The agreement provides government funding of \$779,920 and a capital commitment from MASP of \$365,080. Capital funding of \$333,976 was received in relation to this project as at 30 June 2023. At balance date, only \$80,525 (2022: \$nil) had been spent. Unspent capital funds are recorded as a contract liability in accordance with AASB 1058.

MASP had no other capital commitments at balance date.

	2023	2022
	\$	\$
<b>Lease liability commitments</b>		
Maturity analysis of lease liabilities based on contractual undiscounted cash flows:		
- not later than one year	206,765	237,466
- greater than 1 year but less than 5 years	338,731	363,645
- greater than 5 years	981,340	1,022,495
<b>Total undiscounted lease liabilities</b>	<b>1,526,836</b>	<b>1,623,606</b>
Commitments Operating lease		
- within 1 year	48,798	43,666
- 1 - 5 years	-	60,219
<b>Total commitments</b>	<b>48,798</b>	<b>103,885</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 2023

### 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.

## Notes to the Financial Statements

For the year ended 30 June 2023

### Note 7 Risks, Contingencies and Valuation Uncertainties (Continued)

#### Note 7.1 Financial instruments (Continued)

##### 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.

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 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 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 2023 (2022: \$nil).

Notes to the Financial Statements

For the year ended 30 June 2023

Note 7 Risks, Contingencies and Valuation Uncertainties (Continued)

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.

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 assets measured or disclosed at fair value, using a three-level hierarchy as described above.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>2023</b>				
Property, plant and equipment				
Land	-	1,850,000	-	1,850,000
Buildings	-	6,213,256	-	6,213,256
<b>Total assets</b>	-	<b>8,063,256</b>	-	<b>8,063,256</b>
<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>

Both land and buildings are valued using level 2 inputs.

MASP engages external, independent and qualified valuers to determine the fair value of their 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 2023.

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.

Notes to the Financial Statements

For the year ended 30 June 2023

**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

	2023	2022
	\$	\$
<b>Note 8.1 Reserves</b>		
Revaluation surplus reserve	861,618	425,111
<i>Revaluation surplus reserve</i>		
The reserve is used to recognise increments and decrements in the fair value of land and buildings.		
<b>Note 8.2 Reconciliation of cash flows from operating activities</b>		
Surplus for the year	2,519,838	1,126,152
Non-cash flows in surplus		
- Depreciation expense	590,690	626,956
- Profit on disposal of property, plant and equipment	(189,090)	(24,880)
- Revaluation increase of land and buildings	(1,120,348)	-
Changes in assets and liabilities		
- Decrease in trade and other receivables	(685,113)	208,705
- Decrease/(increase) in other assets	(32,327)	171,211
- (Decrease) in trade and other payables	178,981	(151,784)
- (Decrease)/increase in employee benefits liabilities	(70,555)	(11,979)
- (Decrease) in contract liabilities	1,589,823	(229,792)
<b>Net cash flows from operating activities</b>	<b>2,781,900</b>	<b>1,714,588</b>

**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 2023

**Note 8.4 Key management personnel compensation**

MASP related parties include its key management personnel who are members of the Executive Team.

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.

	2023	2022
	\$	\$
Total key management personnel compensation	<u>834,496</u>	<u>1,167,866</u>

**Note 8.5 Remuneration of the auditors**

During the year, the following fees were paid or payable for services provided by BDO Audit Pty Ltd (BDO) as the auditor of the Company (2022: RSM Australia Partners).

Audit of the financial statements	15,000	13,750
<i>Other services</i>		
Fee in relation to the compilation of the financial statements	<u>2,000</u>	<u>2,250</u>
<b>Total remuneration of the auditors</b>	<b><u>17,000</u></b>	<b><u>16,000</u></b>

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

No 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 2023, the number of members was 33 (2022: 28).



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALLEE ACCOMMODATION AND SUPPORT PROGRAM LIMITED

### Report on the Audit of the Financial Report

#### Opinion

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

In our opinion the accompanying financial report of Mallee Accommodation and Support Program Limited, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

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

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Other information

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

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

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





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

#### Other matter

The financial report of Mallee Accommodation and Support Program Limited, for the year ended 30 June 2023 was audited by another auditor who expressed an unmodified opinion on that report on 4 October 2022.

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

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

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

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

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

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

BDO Audit Pty Ltd

Linh Dao  
Director

Adelaide, 18 October 2023