254 Nolan Street Unanderra NSW 2526
PO Box 6125 Wollongong NSW 2500
T 02 4272 0222
info@flagstaffgroup.com.au
flagstaffgroup.com.au

NOTICE OF ANNUAL GENERAL MEETING
THE FLAGSTAFF GROUP LIMITED

To be held at City Beach Function Centre, 1 Marine Drive Wollongong NSW on Friday 24 November 2023 commencing at 6:30pm.

AGENDA

1. Attendance, apologies, establishes a quorum (5 members).
2. Receive and accept notification of proxies.
3. Minutes of the Fifty Seventh Annual General Meeting on 25 November 2022
4. To receive, consider and adopt the financial statements of the Group for the year ended 30 June 2023 together with the reports of the Directors and Auditors thereon.
5. To elect the Directors who will hold office in the coming year. All Directors retire and are eligible for re-election.
6. To appoint the Group Auditor for the coming year.
7. The fixing of the Auditors remuneration.
8. To transact any business that may lawfully be brought forward.

By order of the Board

Paul O'Neill
Secretary
20 October 2023

MINUTES OF THE FIFTY SEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE FLAGSTAFF GROUP LIMITED HELD AT CITY BEACH FUNCTION CENTRE 1 MARINE DRIVE, WOLLONGONG NSW 2500 AT 6:40PM ON FRIDAY 25 NOVEMBER 2022

1. Attendance, Apologies and Quorum

PRESENT: Colin Bloomfield (Chairman), Assunta Young, Renata Garnero, Tania Jones, Greg Pullen, Ross Johnson, Lynton Nicholas Jan May and Michael Hough.

APOLOGIES: Rob Ryan (Deputy Chairman), Dave Bell, Kevin Rhodes and Stuart Dossetor .

IN ATTENDANCE: Roy Rogers, Paul O'Neill, Alison Turner, Rod Clark and Ben Fock.

It was established that a quorum exists. (5 members)

2. Proxies

No proxies have been received.

3. Minutes

The minutes of the Fifty Sixth Annual General Meeting held 03 December 2021 were accepted as an accurate record at the 17 December 2021 Board meeting and are provided for information only. Accepted

4. Reports and Accounts

The 2022 Annual Report including the Director's Report and Auditor's Report for the year ended 30 June 2022 were received and adopted by the members.

5. Election of Directors

In accordance with the Constitution all Directors retired. The retiring Directors who offered themselves for election were re-elected.

Directors elected are

Colin Bloomfield
Robert Ryan
Assunta Young
Renata Garnero
Tania Jones
Greg Pullen
David Bell

6. **Group Auditor**
   The members agreed to the Group Auditor appointment continuing for the coming year. (Ben Fock – HLB Mann Judd)

7. **The fixing of the Auditors remuneration**
   The members approved the fixing of the Auditors remuneration at $23,800 for the year ended 30 June 2023 with a reduced level of materiality as per the Auditors tender.

8. **Other Business.**
   a) Nil

9. **Closure of Meeting**
   The meeting was closed at 6:44pm.

Chairman: ______________________

16.12.22

Proxy Form

I,______________________________of____

in the__________________________of________________________being a member

of **The Flagstaff Group Limited**, hereby appoint ____of

____as my proxy to vote for me and on my behalf at the (ordinary or extraordinary as the case may be) general meeting of the Company to be held on the

_______________________________day of____________________20____and at any adjournment thereof.

Signed this_____________________day of____________________20_____

This form is to be used * in favour of the resolution.
*** against**

* Strike out whichever is not desired.
(Unless otherwise instructed, the proxy may vote as he/she thinks fit.)"

Note:
The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than twenty - four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

2023 Annual Report

Our Vision is -
A world that only sees abilities.

Our Purpose is -
To provide life skills and work for people with a disability.

Charter
Flagstaff is a not for profit organisation limited by guarantee. It has an authority No. CFN11129 to fundraise for charitable purposes (N.S.W. Charitable Fundraising Act, 1991). The Group is a registered provider under the National Disability Insurance Scheme providing employment services and other support programmes to people with a Disability.

CONTENTS

The Board of Directors of The Flagstaff Group Limited (hereafter referred to as "the Group") has pleasure in submitting the annual financial report for the year ending 30 June 2023.

Information on Directors

The following persons were Directors of the Group at any time during or since the end of the year. Unless otherwise stated, the Director was in office for the whole of the financial year and up to the date of this report.

Colin Bloomfield	Chairman (non-executive)
Qualifications	Bachelor of Mining Engineering (Hons 1st class), Grad. Certificate in Management
Experience	Board member since April 2014. Colin has over 30 years of experience in technical, operations, management and corporate roles in the resources industry. He led BHP Billiton's Illawarra Coal Group as President of Illawarra Coal from 2004-2012. His former roles at BHP Billiton include Vice President Health, Safety and Environment and Project Director for the BHP Billiton merger integration. Colin was also Chairman at Metarock Group Limited, an ASX listed diversified contracting company from 2015 until 2023.
Special Responsibilities	Member of the Board Risk and Audit Committee, member of the Board Remuneration Committee and Chairman of the Nomination and Governance Committee.
Robert James Ryan	Deputy Chairman (non-executive)
Qualifications	B. Ec. (SYD), MComLaw (MQ), CA, AICD, FCIS, FTIA
Experience	Board member since 2008. Robert Ryan is the Chief Executive of IMB Ltd, one of Australia's largest mutual banks with branches throughout the Illawarra, South Coast, Southern Highlands, Sydney, Melbourne and the ACT. Mr Ryan is a director of Australian Settlements Limited, an Australian payments company, together with a member of the company's Audit and Digital Committee. Mr Ryan is a member of the University of Wollongong Council and was elected to the position of Deputy Chancellor of the University of Wollongong in January 2018. Mr Ryan is also a Director of the UOW Enterprises Board in Dubai (UOWD) and Hong Kong (CCCU) and is Chairman of the UOWD Board in Dubai. Prior to joining IMB, Mr Ryan held the positions of Managing Director, Chief Financial Officer and Company Secretary at Australian Resources Limited. Mr Ryan has extensive experience in finance and management at senior executive and Board level, has been involved in the formulation and implementation of strategic business plans and financial restructuring, staff management and development, treasury funding and risk management, as well as evaluation of acquisitions and divestments.
Special Responsibilities	Chairman of the Board Remuneration Committee.

Assunta Young	Director
Qualifications	Registered Nurse and Immunisation Provider
Experience	Board member since 2008. Mrs Young is a parent and carer of a young adult with a disability and carer for a family member with an acquired brain injury. Is currently working for the Illawarra Shoalhaven Local Health District - as a Registered Nurse in Public Health. Previously a a Clinical Nurse Specialist working in Multicultural Health and the Refugee Community. Past member of the Development and Review Panel of Policies and Procedures for the Illawarra Children's Community Team. Previously a community support worker and advocate for people with disabilities and their families with the Italian Social Welfare Organisation (ITSOWEL) and assisted in the development of Policies and Procedures. Past parent representative of the Children with Special Needs Committee for the Catholic Education Office and a past member of the Wollongong Catholic Diocesan Council for people with disabilities and the Diocesan Pastoral Council.
Special responsibilities	
Renata Garnero	Director
Qualifications	Bachelor Of Commerce – Accountancy (UOW), MBA (Deakin), Chartered Accountant, Registered Tax Agent, JP NSW
Experience	Board member since June 2018. Ms Garnero is CFO at Aster Group. Prior to this she worked for 12 years in public practice accounting. She is also a member of the Youth Off The Streets Advisory Committee (Cordeaux Campus), and is a mentor in the UOW Student Mentoring Program, a Director at St Mary Star of the Sea College Wollongong and Committee Member on the Wollongong PCYC Community Engagement Committee.
Special Responsibilities	Chairperson of the Board Risk and Audit Committee and member of the Nomination and Governance Committee.

Tania Jones	Director
Qualifications	Bachelor of Computer Science (Double Major: Comp. Science and Management), University of Wollongong. Graduate Australian Institute of Company Directors.
Experience	Board member since April 2020. Ms Jones is a senior Sustainability and Technology executive having held positions with international resource exploration and development companies in Australia and in Papua New Guinea. Ms Jones is currently the Sustainable Market Development Manager for Green Gravity, a local renewable energy storage company. Ms Jones has extensive experience in strategy development and organisational redesign; ESG (Environment, Social and Governance); expertise in business planning, performance management and change management; corporate governance and compliance, management systems; community and stakeholder engagement across the Oil and Gas, Energy, Mining and Steel sectors.
Special Responsibilities	Member of the Board Risk and Audit Committee
Greg Pullen	Director
Qualifications	Bachelor of Arts (Econometrics); Grad Dip in Operations Research
Experience	Board member since September 2020. Mr Pullen is the brother of a person with a disability (now deceased) and parent of a person with a disability (now deceased). Secretary and Public Officer of Disability Assistance for Shoalhaven Inc. Mr Pullen was the Economic Development Manager with Shoalhaven City Council until retirement in December 2022, and in this role had contact with a wide industry base across the Shoalhaven and Illawarra regions.
Special Responsibilities	
David Bell	Director
Qualifications	Cert Met (SAIT)
Experience	Board member since June 2022. Mr. Bell is an industry advisor. Formerly Director BlueScope Steel (AIS) Pty Ltd, General Manager Manufacturing at BlueScope Steel Australian Steel Products. Has held executive and senior executive roles at BlueScope since 2003. Mr. Bell has over 40 years' experience in the iron & steel industry. Mr. Bell has extensive experience manufacturing, safety systems, process improvement, industrial relations and community and stakeholder engagement.
Special Responsibilities	

Meetings of Directors

In the financial year ended 30 June 2023 the record of attendance by Directors was as follows:

Director	Board		Risk & Audit		Remuneration		Nomination & Governance	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Mr C Bloomfield	5	6	3	3	2	2	-	-
Mr R J Ryan	5	6	3	3	2	2	-	-
Mrs A Young	6	6			-	-	-	-
Ms R Garnero	3	6	2	3	-	-	-	-
Ms T Jones	6	6	3	3	1	2	-	-
Mr G Pullen	4	6	-	-	-	-	-	-
Mr D Bell	6	6	-	-	-	-	-	-

A – Number of meetings attended **B** – Number of meetings eligible to attend during the time the Director held office during the year

Principal Activities

The principal activities of the Group continued to focus on supporting people with disabilities in employment, community, social and life skills that focus on building independence and confidence for people with a disability to live a normal life.

There has been no significant change in the nature of the Group's activities during the year.

Highlights

The Group's Commercial and Life Choices enterprises experienced growth, generating a surplus that was invested in the organisation's people and purpose. NDIS funding, commercial revenue and sponsorships contributed to this outcome.

The success of The Group relied on three crucial factors: its systems, business performance, and people. The Group steadily improved its financial systems, websites, and e-commerce interface. The Group has leased a facility in Smeaton Grange to extend its Life Choices program into the Macarthur area and has obtained complete ownership of the facility situated in South Nowra. Furthermore, The Group has made certain that staff receive equitable compensation that surpasses the industry standards.

Commonwealth and Community grants have been raised to support creating and implementing new programs.

The Group farewelled their outgoing CEO, Roy Rogers, who retired after 18 years of service, 13 of which he spent as the CEO. Roy was a tremendous leader of Flagstaff and oversaw a significant period of growth and improvement of the organisation in all areas. He delivered significant improvements in the Group's facilities and infrastructure which have improved outcomes for our people and our customers. He also leaves the Group with an enhanced reputation and more prominent standing in our community. The Board thanks Roy for his long period of outstanding service and wishes him the best in his transition.

The Group welcomes Rodney Von Clark as the new CEO from 1 July 2023. Rodney has been with Flagstaff for over 6 years and was most recently the Executive Manager of Life Choices.

Performance

The group achieved most of its key performance indicators, which management reviews and reports to the board monthly.

The Group's capital investment strategy aimed to continue growth and efficiency through digitalisation, supporting NDIS services and business growth through commercial operations.

Safety performance and employee well-being continued to be a priority for the group.

Supporting participants manage their plans and the transactional bureaucratic nature of NDIS continued to draw on resources. An insufficient increase in NDIS funding and bureaucratic red tape continued to increase the cost of doing business with the NDIA.

The Group achieved 97% in Operations and 93% in Life Choices for customer service and employee satisfaction, exceeding the objectives set in the 2023 Business Plan.

Profitability

The Group's surplus of $618,588 was aided by a consistent increase in NDIS funding a strong performance from the commercial operations. A 20% increase in NDIS Funding, driven by increased support hours and NDIS school-to-work and employment services, was reflected. Commercial revenues also grew by 8.5%.

Retained surpluses ensure the future strength of the business providing a buffer against economic shocks or significant changes in Government policy. The Board continues to seek opportunities to deploy excess cash balances to purchase core property which provides a hedge against inflation, reduces the organisation's cost base and gives security of tenure.

Capital Expenditure

The Group approved a capital expenditure of $1,935,439. Expenditure items included the installation of a new laundry boiler and upgrading fleet vehicles across the group.

Liquidity
Liquidity, working capital and quick asset ratio are monitored and reported monthly. The Group continued to perform well with a strong balance sheet and key financial ratios of 2.05 for working capital and 1.94 for quick assets.

Non Financial
Non-financial ratios are measured and reported monthly to the Directors. These ratios include the Group's Safety performance, delivery of support hours, the number of people with disabilities in employment, compliance and audit performance. Group audits including Finance, NDIS Quality and Safeguards, internal audit schedule, Food Safety and HACCP were successfully completed.

The Group's position as a leading Disability Service Provider was maintained through sustainable performance and the development of new innovative programs that deliver capacity-building outcomes for people with disabilities.

Community and Support Co-ordination
Support Coordination and School to Work pathways have been expanded to include the Bay Basin, Camden, Wollondilly, and Picton regions. This has been achieved through strong collaboration and partnerships with schools, parents, and carers, the Group has reinforced its model of building life skills, independence, confidence, and employment as key factors in improving the lives of individuals with disabilities.

Business, community, and corporate partnerships were maintained with key stakeholders, including The ASTER Group, BlueScope Steel, State, Federal and Local Government Agencies and NFP community organisations including Illawarra Disability Alliance, Community Industry Group and Peak bodies.

The Group acknowledges funding and support provided by The ASTER Group, Local, State and Federal Government partners including Wollongong City Council, Shoalhaven City Council; Campbelltown City Council, Transport for NSW and the Department of Youth.

Challenges
A shortage of skilled workers in the disability sector has impacted the recruitment of suitable staff and hindered the sustainable growth of the Group.

The Group's commercial enterprises continue to face pricing and financial pressure due to rising labour and utility costs.

Board Member Acknowledgement
The Group is supported by 7 Directors, acting in a voluntary capacity, who provide a strong mix of expertise and skills covering major commercial and social disciplines. There were no changes to the Board composition during the period.

Membership
The Group is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Group is wound up, the memorandum and articles state that each member is required to contribute a maximum of $20 each towards meeting any outstanding obligations of the Group. As at 30 June 2023, the collective liability of members was $240 (2021: $260).

Auditor's Independence Declaration
The lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 8 of the directors' report.

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

C Bloomfield	R Ryan
Director	Director

Nowra, 20 October 2023

HLB MANN JUDD
ADVISORY AND ACCOUNTING

THE FLAGSTAFF GROUP LIMITED
AUDITOR'S INDEPENDENCE DECLARATION
FOR THE YEAR ENDED 30 JUNE 2023

To the Directors of The Flagstaff Group Limited,

In accordance with Subdivision 60-C of the *Australian Charities and Not-for-Profits Commission Act 2012* , I declare that, to the best of my knowledge and beliefs, there have been no contraventions of:

i the auditor independence requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* in relation to the audit; and

ii any applicable code of professional conduct in relation to the audit

Ben Fock
Registered Company Auditor

Wollongong, 20 October 2023

hlb.com.au

HLB Mann Judd (Wollongong) Pty Ltd ABN 20 073 798 615
65 Kembla Street, Wollongong NSW 2500 Australia / PO Box 544 Wollongong NSW 2520
T: +61 (0)2 4254 6500 **F:** +61 (0)2 4226 2371 **E:** mailbox@hlbw.com.au

THE FLAGSTAFF GROUP LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 $	30 June 2022 $
Revenue	2	23,422,967	20,827,902
Other income	2	1,051,274	1,151,711
Changes in inventories		68,165	77,405
Raw materials and consumables used		(3,775,993)	(3,769,866)
Employee benefits expense		(13,828,042)	(11,986,960)
Depreciation and amortisation expense	3	(1,742,206)	(1,713,905)
Finance costs		(47,049)	(53,487)
Other expenses		(4,530,528)	(4,092,858)
Surplus before income tax		**618,588**	**439,944**
Income tax expense	1	-	-
Surplus for the year attributable to the members of the Group		**618,588**	**439,944**
Other comprehensive income:		-	-
Items that will not be classified subsequently to Profit and Loss			
Net gain on revaluation of property, plant and equipment	9	4,628,978	
Items that may be classified subsequently to Profit and Loss			
Other comprehensive income for the year, net of tax		**4,628,978**	**-**
Total comprehensive income for the year		**4,628,978**	**-**
Surplus attributable to the members of the Group		**618,588**	**439,944**
Total comprehensive income for the year attributable to the members of the Group		**5,247,566**	**439,944**

The accompanying notes form part of these financial statements

THE FLAGSTAFF GROUP LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	30 June 2023 $	30 June 2022 $
ASSETS			
Current assets			
Cash and cash equivalents	5	6,424,989	5,509,308
Trade and other receivables	6	1,521,535	1,834,109
Inventories	7	477,723	409,559
Other assets	8	400,732	532,270
Total current assets		8,824,979	8,285,246
Non-current assets			
Other assets	8	37,112	52,112
Property, plant and equipment	9	19,975,004	15,133,932
Right of use asset	10	648,498	976,389
Total non-current assets		20,660,614	16,162,433
Total assets		**29,485,593**	**24,447,679**
LIABILITIES			
Current Liabilities			
Trade and other payables	11	1,957,420	1,964,268
Borrowings	12	425,188	429,103
Provisions	13	1,912,670	1,762,498
Total current liabilities		4,295,278	4,155,869
Non-current liabilities			
Borrowings	12	345,643	770,706
Provisions	13	622,363	546,360
Total non-current liabilities		968,006	1,317,066
Total Liabilities		**5,263,284**	**5,472,935**
Net assets		**24,222,309**	**18,974,743**
EQUITY			
Reserves		9,506,214	4,877,236
Retained earnings		14,716,095	14,097,507
Total equity		**24,222,309**	**18,974,743**

The accompanying notes form part of these financial statements

THE FLAGSTAFF GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Retained Earnings	Capital Profits Reserve	Capital Redemption Reserve	Revaluation Surplus	Total
	$	$	$	$	$
Balance at 1 July 2021	13,657,563	119,523	1,187,358	3,570,355	18,534,799
Comprehensive income					
Surplus attributable to the Group	439,944	-	-	-	439,944
Total other comprehensive income	-	-	-	-	-
Gains on revaluation of land and buildings	-	-	-	-	-
Total comprehensive income	439,944	-	-	-	439,944
Balance at 30 June 2022	**14,097,507**	**119,523**	**1,187,358**	**3,570,355**	**18,974,743**
Comprehensive income					
Surplus attributable to the Group	618,588	-	-	-	618,588
Total other comprehensive income	-	-	-	-	-
Gains on revaluation of land and buildings	-	-	-	4,628,978	4,628,978
Total comprehensive income	618,588	-	-	4,628,978	5,247,566
Balance at 30 June 2023	**14,716,095**	**119,523**	**1,187,358**	**8,199,333**	**24,222,309**

Capital profits reserve

The capital profits reserve records non-taxable profits on the sale of investments.

Capital redemption reserve

The capital redemption reserve relates to subsidies for capital expenditure received in prior periods under the *Handicapped Persons Assistance Act 1974 (repealed)* and the *Disability Services Act 1986*. The equipment for which these subsidies have been received have reached the end of their useful lives and have nominal if any, recoverable value and it would therefore seem unlikely that, if they were sold or disposed of, there would be any amount refundable to the Federal Government.

Revaluation Surplus

The revaluation surplus records the revaluations of non-current assets.

The accompanying notes form part of these financial statements

THE FLAGSTAFF GROUP LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023	30 June 2022
		$	$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts of grants and other income activities		24,626,907	21,528,539
Payments to suppliers and employees		(21,860,084)	(19,541,034)
Finance costs		(47,049)	(53,487)
Interest received	2	156,366	7,991
Net cashflow from operating activities	20	2,876,140	1,942,009
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment			-
Purchase of property plant & equipment	9	(1,530,652)	(1,667,116)
Net cashflow from investing activities		(1,530,652)	(1,667,116)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds of borrowings			-
Payment of lease liabilities		(429,807)	(392,368)
Net cash used in financing activities		(429,807)	(392,368)
Net increase (decrease) in cash		**915,681**	**(117,476)**
Cash at the beginning of the financial year		5,509,308	5,626,783
Cash at the end of the financial year	5	**6,424,989**	**5,509,308**

The accompanying notes form part of these financial statements

THE FLAGSTAFF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

The financial statements are for The Flagstaff Group Limited (hereafter referred to as "the Group") as an individual company, incorporated and domiciled in Australia. The Group is a company limited by guarantee.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The Directors have prepared the financial statements on the basis that the Group is a non-reporting entity because there are no users who are dependent on its general purpose financial reports. The financial statements are therefore special purpose financial statements that have been prepared in in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* . The Group is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Australian Charities and Not-for-profits Commission Act 2012* and the significant accounting policies disclosed below, which the Directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest

The financial statements were authorised for issue on 20 October 2023 by the Directors of the Group.

Accounting Policies

Income Tax

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

Revenue and Other Income

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

When operating grants, donations and bequests are received, the Group assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance to AASB 15. When both these conditions are satisfied, the Group identifies each performance obligation relating to the grant; recognises a contract liability for its obligations under the agreement; and recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the

- Recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example AASB 9, AASB 16, AASB 116 and AASB 138);
- Recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- Recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Group recognises income in profit or loss when or as it satisfies its obligations under the contract.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Other revenue

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

Grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Capital Grant

When the Group receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

The Group recognises income in profit or loss when or as it satisfies its obligations under terms of the grant.

Interest Income

Interest income is recognised using the effective interest method.

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

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of twelve months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Inventories

Inventories are measured at the lower of cost and current replacement cost. Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition.

Property, Plant & Equipment

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property

Freehold land and buildings are shown at their fair values based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

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

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in the income statement.

Any accumulated depreciation at the date of the 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. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1 for details of impairment).

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.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the Group commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of fixed asset	**Depreciation rate**	
	2023	**2022**
Buildings	2.5%	2.5%
Motor vehicles	10% - 20%	10% - 20%
Office equipment	10% - 25%	10% - 25%
Computer equipment	20% - 50%	20% - 50%
Plant and furniture	7.5% - 30%	7.5% - 30%

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 profit and loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the Group 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.

The Group 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.

Trade and Other Payables

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

Contract liabilities

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

Provisions

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

Employee Benefits

Provision is made for the Group’s liability for the employee benefits of wages, salaries, annual leave arising from services rendered by employees to the end of the reporting period, calculated at undiscounted amounts based on current wage and salary rates including related on-costs.

Provision is made for the Group’s liability for the employee benefit of long service leave arising from services rendered by employees to the end of the reporting period, calculated at the current value of the employees’ services. Provision for employees with less than 10 years service has been allocated to non-current liabilities. In determining the liability for employee benefits, long service leave has been calculated from the employee's start date. Related on-costs have also been included in the liability.

The Group has not applied AASB 119 as the current value is not an estimated future cash flow measured at the net present value.

Goods and Services Tax (GST)

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Impairment of Assets

At the end of each reporting period, property, plant and equipment, intangible assets and investments are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount.

The recoverable amount is the higher of the asset's fair value less costs of disposal and the present value of the asset's future cash flows discounted at the expected rate of return. If the estimated recoverable amount is lower, the carrying amount is reduced to the estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Trade receivables are initially measured at the transaction price.

Classification and Subsequent Measurement

Financial Liabilities

Financial liabilities are subsequently measured at amortised cost or fair value through profit or loss. The Group's only financial liabilities are trade and other payables. They are recognised at the amount payable.

Financial Assets

The Group's financial assets of cash and cash equivalents, trade and sundry debtors are measured at the amount expected to be received.

Financial assets at fair value through profit or loss

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

Impairment of Trade Receivables

The Group does not recognise a loss allowance for expected credit losses on trade receivables as they believe the balance is recoverable. In the instance where an allowance was necessary, the Group would use the general approach to impairment as applicable under AASB 9.

Under the general approach, at each reporting period, the Group would assess whether the financial instruments are credit impaired and if:

- the credit risk of the financial instrument increased significantly since initial recognition, the Group measures the loss allowance of the financial instrument at an amount equal to the lifetime expected credit losses; and

- there was no significant increase in credit risk since initial recognition, the Group measure the loss allowance of the financial instrument at an amount equal to 12-months expected credit losses.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease liabilities

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, the Group'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; 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.

Concessionary Leases

For leases that have significantly below-market terms and conditions principally to enable the Group to further its objectives (commonly known as peppercorn/concessionary leases), the Group has adopted the temporary relief under AASB 2018-8 and measures the right of use assets at cost on initial recognition.

Fair Value of Assets and Liabilities

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the Group'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 the Group'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.

Critical Accounting Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Determination of variable consideration

Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the Group where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Estimation of useful lives of assets

The Group 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.

The freehold land and buildings are shown at their fair values based on periodic, but at least triennial, valuations. The most recent valuation was carried out on 1 June 2023 by Opteon Property Group Pty Ltd, an external independent valuer. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current demand for land and buildings in the area and recent sales data for similar properties.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Group'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. the Group 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.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

New & Amended Accounting Policies

The Company 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.

Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

	Note	30 June 2023 $	30 June 2022 $
NOTE 2: REVENUE AND OTHER INCOME			
Contracts with Customers			
Sales revenue		14,549,398	13,430,410
Funding from government grants		8,873,569	7,397,492
Total revenue from contracts with customers		23,422,967	20,827,902
Other income			
Government stimulus package		(17,436)	540,456
Donations received		2,020	120
Profit on disposal of property, plant & equipment		77,494	11,048
Interest received		156,366	7,991
Other		832,830	592,096
Total other income		1,051,274	1,151,711
Total revenue and other income		24,474,241	21,979,613

The Group operates in one geographical location: Australia

	Note	30 June 2023 $	30 June 2022 $
NOTE 3: EXPENSES			
Bad debts written off		11,144	782
Depreciation & amortisation			
- Land and buildings		260,354	297,726
- Plant & equipment		786,112	748,508
- Motor vehicles		357,560	358,045
- Right of use assets		338,180	309,626
Total depreciation and amortisation		1,742,206	1,713,905
Superannuation expense		1,307,762	1,087,616
Short-term leases expense		57,060	72,720
Low value asset leases expense			
NOTE 4: AUDITORS REMUNERATION			
Amounts paid / payable to the auditor of the Group, Mr Ben Fock (HLB Mann Judd)			
Audit services		23,800	23,540
Other services - audit related		3,500	7,150
Non audit services		350	-
Total auditors remuneration		27,300	30,690
NOTE 5: CASH AND CASH EQUIVALENTS			
Current			
Cash at Bank		1,312,450	1,449,622
Investments in cash		5,112,539	4,059,686
Total cash and cash equivalents		6,424,989	5,509,308
NOTE 6: TRADE AND OTHER RECEIVABLES			
Current			
Trade receivables		1,539,507	1,852,082
Provision for impairment		(17,972)	(17,972)
Total trade and other receivables		1,521,535	1,834,109

Provision for Impairment

Current trade receivables are generally on 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expense items.

	Note	30 June 2023	30 June 2022
		$	$
NOTE 7: INVENTORIES			
Current			
At cost			
Inventory		477,723	409,559
NOTE 8: OTHER ASSETS			
Current			
Accrued income		301,291	392,678
Prepayments		99,441	139,592
Bonds			
Total current other assets		400,732	532,270
Non- Current			
Bonds		37,112	52,112
Total Non- current other assets		37,112	52,112
NOTE 9: PROPERTY PLANT AND EQUIPMENT			
LAND AND BUILDINGS			
Freehold land at fair value:			
- At Directors Valuation		-	4,570,320
- Independent valuation 2023		9,740,000	
		-	-
Total land		9,740,000	4,570,320
Buildings at fair value:			
- Independent valuation 2023		5,585,000	
- At Directors Valuation			4,454,680
- At cost - Capital WIP		70,914	1,754,819
Less: accumulated depreciation			(209,982)
Leasehold Improvements- at cost		1,352,450	1,334,911
Less: accumulated amortisation		(1,167,926)	(1,011,736)
Total buildings		5,840,438	6,322,692
Total land and buildings		15,580,438	10,893,012
PLANT AND EQUIPMENT			
Plant and equipment - at cost		9,970,172	9,772,695
Less: accumulated depreciation		(6,672,459)	(6,626,312)
		3,297,713	3,146,383
Motor vehicles - at cost		3,139,253	3,039,149
Less: accumulated depreciation		(2,042,400)	(1,944,613)
		1,096,853	1,094,537
Total plant and equipment		4,394,566	4,240,920
Total property, plant & equipment		**19,975,004**	**15,133,932**

Asset revaluations

The freehold land and buildings were independently valued at 1 June 2023 by Opteon Property Group Pty Ltd. The valuation was based on the fair value. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a revaluation increment of $4,628,978 being recognised in the revaluation surplus for the year ended 30 June 2023.

Movements in carrying amounts

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

2023	Land and Buildings $	Plant and Equipment $	Motor Vehicles $	Total $
Balance at the beginning of the year	10,893,012	3,146,383	1,094,537	15,133,932
Additions at cost	255,078	785,120	393,301	1,433,499
Capital WIP	70,914			70,914
Fair value revaluation	4,628,978			4,628,978
Disposals	179,428	(34,296)	(33,425)	111,707
Transferred assets	(186,618)	186,618		-
Depreciation expense	(260,354)	(786,112)	(357,560)	(1,404,026)
Carrying amount at end of year	**15,580,438**	**3,297,713**	**1,096,853**	**19,975,004**

NOTE 10: RIGHT OF USE ASSET

The Group's lease portfolio includes leased buildings and equipment. These leases have an average lease term of 4.2 years. The option to extend or terminate are contained in several of the property leases of the Group. These clauses provide the Group with opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the Group. The extension options or termination options which were probable to be exercised have been included in the calculation of the Right of Use Asset.

The Group has concessionary leases with BluesScope Steel for the exclusive use of the premises and car park. The Group may not use this space for any other purpose during the lease term without prior consent from BlueScope Steel. The lease payments are $20 per annum. The Group is dependent on these leases to further its objectives in this area. Without these concessionary leases, it would be unlikely for the Group to service this area. More information on concessionary leases are available as described in Note 1.

	30 June 2023 $	30 June 2022 $
Leased Building	1,531,119	1,531,119
Accumulated depreciation	(1,049,692)	(834,955)
Total Buildings	481,427	696,164
Leased Equipment	565,773	565,773
Accumulated depreciation	(398,702)	(285,548)
Total leased equipment	167,071	280,225
Total Right of Use Asset	648,498	976,389

Amounts recognised in the statement of profit or loss

	30 June 2023 $	30 June 2022 $
Depreciation charge related to right-of-use assets	338,180	309,626
Interest expense on lease liabilities	46,923	49,939

2023	Leased Building $	Leased Equipment $
Balance at the beginning of the year	696,164	280,225
Additions for the year		
Disposals/adjustments for the year		
Depreciation expense	(214,737)	(113,154)
Carrying amount at end of year	**481,427**	**167,071**

	30 June 2023	30 June 2022
NOTE 11: TRADE AND OTHER PAYABLES	$	$
Current		
Trade payables	405,005	487,225
Other current payables and accrued charges	797,521	826,509
Contract liabilities	754,894	650,533
Total trade and other payables	1,957,420	1,964,267

Contract liability consists of Income for which performance obligations will only be satisfied in subsequent years.

If grants are enforceable and have sufficiently specific performance obligations in accordance with AASB 15 the amount received at that point in time, is recognised as a contract liability until the performance obligations have been satisfied.

NOTE 12: BORROWINGS		
Current		
Lease Liability	425,188	429,103
Total Current Borrowings	425,188	429,103
Non-Current		
Lease Liability	345,643	770,706
Unexpired interest	-	-
Total Non-Current Borrowings	345,643	770,706

The bank facility is secured by a registered first mortgage over the freehold property located at 262 Nolan Street Unanderra NSW 2526.

NOTE 13: PROVISIONS		
Current		
Employee Benefits		
- Long service leave	647,028	628,459
- Annual leave	1,157,132	1,030,078
- Incentives	108,510	103,962
Total current provisions	**1,912,670**	**1,762,499**
Non-Current		
Employee Benefits		
- Long service leave	622,363	546,360
Total non-current provisions	**622,363**	**546,360**
Total Provisions	**2,535,033**	**2,308,859**

	Current LSL	Annual Leave	Incentives	Non Current LSL	Total
	$	$	$	$	$
Opening balance at 1 July 2022	628,459	1,030,078	103,962	546,360	2,308,859
Additional provisions raised/ (decreased) during year	148,447	892,522	132,350	76,003	1,249,322
Amounts used	(129,878)	(765,468)	(127,802)		(1,023,148)
Balance as at 30 June 2022	**647,028**	**1,157,132**	**108,510**	**622,363**	**2,535,033**

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. The long service leave has been calculated from the employees start date. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to these financial statements. The Group does not apply AASB 119 employee entitlements.

NOTE 14: CAPITAL AND LEASING COMMITMENTS

The Group leases the premises at 260 Nolan Street, Unanderra for a three year period expiring on 1 May 2024. Increase in lease commitments may occur in line with CPI. The Group has leased a premises at Lady Penrhyn Drive, Unanderra commencing 7 July 2021 for a three year period expiring on April 2024. The Group leases the premises at 3/48 Dunn Road, Smeaton Grange for a 5 year period expiring on 25 April 2027. Increase in lease committments are 3.5% per annum.

	Note	30 June 2023	30 June 2022
		$	$
Finance Commitments			
Minimum lease payments			
not later than 12 months		425,188	429,103
later than 12 months but not later than 5 years		345,643	770,706
later than 5 years		-	-
Minimum lease payments		770,831	1,199,809

NOTE 15: CONTINGENT LIABILITIES AND ASSETS

There are no contingent liabilities and assets at 30 June 2023.

NOTE 16: AFTER BALANCE DATE EVENTS

The premises at 25 Norfolk Avenue, South Nowra, was sold to the Group and settled on 11 July 2022.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years other than noted in the Directors Report or above.

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

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

Aggerated compensation	1,042,323	1,130,783

Number of employees

Number of employees (actual) at year end was 467 (2022: 426).

Directors remuneration

No Director has received remuneration for their services since the end of the previous financial year.

NOTE 18: MEMBERS GUARANTEE

The Group is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Group is wound up, the memorandum and articles states that each member is required to contribute a maximum of $20 each towards meeting any outstanding obligations of the Group. At 30 June 2023 the number of members was 12 and the total payable is $240.

NOTE 19: RELATED PARTY TRANSACTIONS

Greg Pullen who was appointed a director of the Group in September 2020 also holds the position of Public Officer of Disability Assistance for Shoalhaven Incorporated. Prior to his appointment to The Flagstaff Group Limited, in November 2019 the Group negotiated to lease a property from Disability Assistance for Shoalhaven. The property was sold to the Group and was settled on 11 July 2022.

NOTE 19: RELATED PARTY TRANSACTIONS (Cont)

No Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Director's interests subsisting at year end.

Since the end of the previous financial year, no Director of the Group has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts or received as the fixed salary of a full time employee of the Group) by reason of a contract made by the Group or by a related body corporate with the Director or with a firm of which they are a member, or a company in which they have a substantial financial interest other than noted in this report.

	Note	30 June 2023 $	30 June 2022 $
NOTE 20: CASH FLOW INFORMATION			
(i) Reconciliation of cash			
Cash at bank		1,312,450	1,449,622
Investments in cash		5,112,539	4,059,686
Total cash on hand	5	6,424,989	5,509,307
(ii) Reconciliation of Cash Flow from Operations with Profit after income tax			
Profit/(Loss) after income tax		618,588	439,944
Non cash flows:			
Depreciation and amortisation	3	1,742,206	1,713,905
Non cash items in the Profit/(Loss) after income tax	3	(17,435)	-
(Profit)/loss on sale of property, plant and equipment	2	(77,494)	(11,048)
Changes in asset and liabilities			
(Increase)/decrease in trade and other receivables		312,575	(305,989)
(Increase)/decrease in other assets		146,538	(132,494)
(Increase)/decrease in inventory		(68,165)	(77,405)
Increase/(decrease) in trade and other payables		(6,847)	205,487
Increase/(decrease) in provisions		226,174	109,610
Net cash provided by (used in) operating activities		2,876,140	1,942,010

NOTE 21: GROUP DETAILS

The registered office and principle place of business is:
The Flagstaff Group Limited
254 Nolan Street
Unanderra NSW 2526

THE FLAGSTAFF GROUP LIMITED
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2023

The Directors of The Flagstaff Group Limited (hereafter referred to as "the Group") declare that:

a. the financial statements and notes set out on pages 9 to 26 are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012* and;

b. In the Director's opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with Subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulations 2013* .

C Bloomfield
Director

R Ryan
Director

Nowra, 20 October 2023

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE FLAGSTAFF GROUP LIMITED

FOR THE YEAR ENDED 30 JUNE 2023

To the members of The Flagstaff Group Limited

Opinion

I have audited the financial report of The Flagstaff Group Limited (hereafter referred to as "the Group") which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the board of Directors.

In my opinion, the accompanying financial report of the Group is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* , including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance and cash flows for the year then ended; and

(b) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013* .

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Group in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants ("the Code") that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I confirm that the independence declaration required by Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* , which has been given to the board of Directors would be in the same terms if given as at the time of this auditor's report.

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

Emphasis of Matter - Basis of Accounting

I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the financial reporting responsibilities under the *Australian Charities and Not-for-profit Commission Act 2012* . As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in and have determined that the basis of preparation as described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. Management is also responsible for such internal control they 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, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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HLB Mann Judd (Wollongong) Pty Ltd ABN 20 073 798 615

65 Kembla Street, Wollongong NSW 2500 Australia / PO Box 544 Wollongong NSW 2520

T: +61 (0)2 4254 6500 **F:** +61 (0)2 4226 2371 **E:** mailbox@hlbw.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE FLAGSTAFF GROUP LIMITED

FOR THE YEAR ENDED 30 JUNE 2023

Auditor's Responsibilities for the Audit of the Financial Report

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Ben Fock

Registered Company Auditor

Wollongong, 20 October 2023