

MS Plus Ltd and its controlled entitities

ABN 66 004 942 287

General Purpose Financial Report

30 June 2022

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The Directors present their report, together with the consolidated financial statements of the Group comprising MS Plus Ltd ("the Company" or "MS Plus"), and its controlled entities for the financial year ended 30 June 2022 and the auditor's report thereon.

With effect from 11 November 2021, the name of the Company was changed from Multiple Sclerosis Limited to MS Plus Ltd.

1. MS Plus Ltd Board of Directors

The Directors of the Company at any time during or since the end of the financial year are:

Board Chair

Mr Garry Whatley Independent Non-Executive Director

BBus (Accounting and Information Technology), Appointed – 4 August 2009
MBA, FAICD Board Chair from 1 August 2019

Extensive experience in information technology, Deputy Chair from 19 December 2013 to 31 July

telecommunications and consulting services in 2019

the corporate and government sectors

Chair Nominations, Remuneration & Governance

Committee

Board Deputy Chair

Ms Karen Hayes Independent Non-Executive Director

FAICD Appointed – 18 December 2013

Extensive experience in management including Deputy Chair from 1 January 2020

Extensive experience in management including

Deputy Chair from 1 January 2020

the not-for-profit sector Member Nominations, Remuneration &

Governance Committee

Chair Fundraising and Marketing Committee

Directors

Mr Ron Brent Independent Non-Executive Director

LLB (ANU), Bec (ANU) Appointed – 28 June 2017

Extensive Board and regulatory experience Member of the Risk, Audit & Finance Committee

Ms Alison Brown Independent Non-Executive Director

BBus (Accounting), BA, CA, GAICD Appointed – 20 April 2020

Extensive experience in finance and business, as Chair of the Risk, Audit & Finance Committee

an external auditor and in the not-for-profit

sector

sector

Ms Sharlene Brown Independent Non-Executive Director

Bachelor of Laws (LLB), Post grad in Legal Appointed – 24 June 2016

Practice, AICD, Certificated Member of the Governance Institute of Australia

Member of the Risk, Audit & Finance Committee

Extensive experience in legal and not for profit

Chair of Community Engagement Committee

1. MS Plus Ltd Board of Directors (continued)

Directors (continued)

Ms Christina Gillies

Extensive experience in mergers, acquisitions, organisational change and information

technology

Independent Non-Executive Director

Appointed – 9 September 2001 End of Term – 4 August 2021

Board Chair from 22 November 2006 to 18

December 2000 (

December 2013

Chair of the Infrastructure Committee from

September 2019 to May 2020

Associate Professor Desmond Graham

Dip Ap Sc (Nursing), Adv Cert MHN and MSc

Extensive experience in health and not for profit

sector

Independent Non-Executive Director

Appointed - 24 June 2016

Chair of the Program, Policy & Practice

Committee

Professor Jeannette Lechner-Scott

PhD, FRACP

Extensive experience in specialised care for people with MS (PwMS) for the last 25 years, running an MS clinic with over 1,200 patients

Independent Non-Executive Director

Appointed – 7 April 2021

Member of the Program, Policy & Practice

Committee

Mr Scott McCorkell

Extensive experience in management, marketing

and branding

Independent Non-Executive Director Appointed – 18 December 2013

Member of Fundraising & Marketing Committee

Member of Infrastructure Committee

Ms Adriana Zuccala

BA, LLB (Hons), MCommrclLaw, FAICD

Extensive experience in the financial services,

property and legal sectors

Independent Non-Executive Director

Appointed – 29 May 2019

Chair of the Infrastructure Committee from July

2020

Independent Board Committee Members

Mr Mathew Cleeve (Risk, Audit & Finance

Committee)

Appointed – 2 July 2018

Mr David Nowell (Risk, Audit & Finance Committee) Appointed November 2016

End of Term - November 2021

Ms Ally Long (Risk, Audit & Finance Committee)

Appointed – February 2022

1. MS Plus Ltd Board of Directors (continued)

Directors' and Risk, Audit & Finance Committee meetings

	Board I	Meetings	=	it & Finance ee Meetings
	Held ⁽¹⁾	Attended	Held	Attended
Directors				
Mr Garry Whatley	11	11		
Ms Karen Hayes	11	10		
Mr Ron Brent	11	11	12	12
Ms Alison Brown	11	11	12	12
Ms Sharlene Brown	11	10	12	10
Ms Christina Gillies (2)	1	1		
Assoc Prof Desmond Graham	11	7		
Prof Jeannette Lechner-Scott	11	10		
Mr Scott McCorkell	11	8		
Ms Adriana Zuccala	11	11		
Independent Board Committee Members				
Mr Mathew Cleeve			12	9
Mr David Nowell (3)			6	5
Ms Ally Long			5	5
(1) Meetings Director was eligible to attend				
(2) End of Term – August 2021				

⁽³⁾ End of Term – November 2021

Directors' Emoluments

No emoluments are paid to Directors. Directors are reimbursed expenses for expenditure reasonably incurred in attending meetings or other affiliated business.

2. Principal activities

The Group is a not-for-profit community service organisation incorporated under the provisions of the Corporations Act as a company limited by guarantee and is registered with the Australian Charities and Not-for-profits Commission (ACNC). The principal activities of the Group are to:

- a) Provide services for people with multiple sclerosis (MS) and other related neurological conditions;
- b) Provide information and support to people living with MS, families, carers, volunteers, health professionals and researchers;
- c) Promote community awareness of MS and its impact on individuals, families and the community;
- d) Advocate on behalf of people living with MS including their families and carers;
- e) Raise funds to support the provision of services and activities outlined above; and
- f) Provide private nursing, personal care and domestic assistance services to consumers in the home and community.

3. Review of operations and results of those operations

Key developments

Over the past year, the Group continued implementation of their five-year Strategic Plan - *Strategic Directions 2020 – 2025*. The Strategy was built on the outcomes from extensive stakeholder consultation with MS PLUS staff, key stakeholders and the MS community to better understand what the future should look like for MS PLUS. The Board considered:

- What the organisation should look like in the future, in order to have the biggest impact on people living with MS, by responding to new and emerging reforms in order to remain a viable, relevant and sustainable organisation.
- The landscape in which the organisation had operated was evolving and at a rapid pace, especially in terms of the expectations that customers have of their service providers.
- The journey for those with MS continues to change: People living with MS now have a better quality of life as a result of advancements in healthcare.
- The introduction of the National Disability Insurance Scheme (NDIS) and changes to Aged Care have shifted the service landscape and changes to funding arrangements as a result of extensive reform, meaning organisations need to consider how to maintain their financial sustainability under new terms.
- The shift towards customer-centricity with the customer of today being much more discerning and demanding of their service providers.

The Strategy is supported by four strategic pillars.

• Person Centred

Firstly an organisation which is driven by effective customer interactions with services tailored to the needs of clients, not only those living with MS but also other neurological disorders and services for those over 65 via My Aged Care. By broadening the service scope to support people with other neurological disorders the Board is seeking to provide, in turn, greater access to specialized services, overall for people living with MS.

• Virtual and Physical Hubs

The strategy will transform the public face of MS Plus over the next 3 years through the creation of both virtual and physical hubs, with development across all of our States and territories of wellbeing centres in both key metro and regional locations. At the same time the delivery of services through telehealth and employment programs will become a major part the new face of MS Plus. These facilities and services will be strongly focused on the delivery of allied health programs where the Board sees the greatest potential for growth into the future.

The Board will also look to expand MS Plus' Specialist Disability Accommodation offering, an area where there is demand and having capacity to grow additional revenue streams.

Partnerships

The third pillar surrounds partnership — critical in this will be the development of more effective referral pathways to increase our pool of clients to broader neurological and aged care. This will include better referrals from neurologists, clinicians, my aged care, acute health and other providers. Wellbeing centres will be ideal opportunities to expand on co-located with complementary services to support clients with a wholistic care response. Partnership will also be important when we consider capital and fundraising, including government, private development opportunities, trust and foundations, health providers and tertiary institutions.

Growth

The fourth pillar involves a focus on growth in scale of service reach, both in terms of the number of participants and the types of services offered into the future through the NDIS, Aged Care and our employment services. The Board considers growth to greater scale as instrumental in terms of future sustainability.

During the year, delivery on the Board's Strategic Plan has included the following developments:

- Further progressed the delivery of a new MS Plus Operating Model including Board adoption of the Wellbeing Strategy.
- Successfully transitioned Employment Support Services based in both Queensland and Western Australia to their respective state-based organisations of MS Queensland and MSWA.
- Completed the acquisition of Nursing Port Stephens, a private home care and aged care business, to support the growth of MS Plus services in line with *Strategic Directions* 2020 2025.
- Developed a new Allied Health Strategy to increase funding streams and referrals and expand services and locations.
- Progressed tenders for the building of the MS Wellbeing Centre and Specialist Disability Accommodation Units as part of the Lidcombe Redevelopment.
- Progressed the development of a Carers Strategy
- Progressed the development of MS Plus Clinical Governance Framework
- Progressed the development of a Diversity and Inclusion Strategy
- Developed and launched the MS Plus brand and new website
- Implemented a Social Media Strategy
- Progressed the development of a national Research Fundraising Model

Overview of the Group

The results of the Group's operations represent the operations of the Company and its newly acquired subsidiary, Nursing Port Stephens Pty Ltd.

	2022	2021
Note	\$	\$
5	45,093,400	54,940,739
	(4,160,852)	6,550,253
	(2,209,696)	3,133,958
	716,418	7,727
21(a)(iii)	-	(196,570)
29(f)	(58,598)	-
	(5,712,728)	9,495,368
	5 21(a)(iii)	Note \$ 5

The net deficit for the year has been calculated in accordance with Australian Accounting Standards (AASBs).

Multiple Sclerosis Services Limited ("MSSL"), a controlled entity of MS Plus, remains to act as a trustee of the Australian Home Care Services and Nationwide Health & Aged Care Services businesses to facilitate the realisation of residual working capital assets and payment of liabilities that were not part of the sale process.

On 28 February 2022, the Group acquired 100 percent of the issued share capital of Nursing Port Stephens Pty Ltd ("NPS"), obtaining control of NPS. NPS, operating under the business name of Care For You at Home, provides private nursing, personal care and domestic assistance services to consumers in the home and community.

NPS qualifies as a business as defined in AASB 3 and was acquired to support the growth of MS Plus services in line with *Strategic Directions 2020 – 2025*. Acquisition of NPS allows MS Plus to gain an operating private home care and aged care business with more than 300 customers and approximately 35 employees.

Operating activities

The Group's deficit from operating activities during the year was \$4,160,852 (2021: surplus of \$6,550,253) which comprise the following activities:

	2022	2021
	\$	\$
Income generating activities		
Bequest Program	1,274,512	2,784,660
Fundraising activities	1,197,217	1,250,197
Event (deficits)/surpluses and associated fundraising	(950,212)	550,265
Lotteries	1,133,857	(812,907)
MS Shops	(176,789)	(287,117)
	2,478,585	3,485,098
Engagement and wellbeing activities		
MS Information and Education Services	(1,309,155)	(1,356,659)
MS Peer Support and Volunteer Programs	(206,422)	(195,465)
Financial Assistance Program	(13,666)	417
Research and advocacy	(1,990,634)	(1,092,513)
	(3,519,877)	(2,644,220)
Service delivery activities	1,045,354	2,923,729
Other operating, project and development activities	(4,164,914)	2,785,646
(Deficit)/surplus from operating activities	(4,160,852)	6,550,253

Income generating activities are those activities undertaken by the Group primarily to generate funds to support the Group's Engagement and Wellbeing programs now and into the future. These include revenue generated through fundraising events and campaigns, philanthropic donations and profits from other revenue generating activities such as MS Community Shops and lotteries.

Strategic Fundraising

The financial year ended 30 June 2022 was a complex and challenging one for the Fundraising team.

The first half of the financial year was heavily impacted by the Omicron wave of COVID-19. MS Community Shops were closed between August and October. MS Plus' major fundraising event, the MS Sydney to Gong ride had to be postponed until May and COVID-19 was also a factor in the significant underperformance of the 2021 MS Readathon event.

MS Plus had expected MS Readathon to grow again in 2021, however, it was impacted both by the community growing tired of in-home activities in lock-down and by a huge escalation of Facebook marketing costs throughout the year. This impact, so early in the year, set MS Plus back by loss of net surplus of over \$0.8 million.

Operating activities (continued)

May 2022 brought an even more significant impact to the budget, when the damaging floods in the Sydney basin forced MS Plus to cancel the 2022 MS Sydney to the Gong ride altogether, due to concerns for the safety of riders on badly damaged roads. This had a financial impact of about \$1.8 million.

As the community opened up, from November 2021 onwards, MS Community Shops reopened, selling better than ever, and smaller events, such as the Fitzroy MS Mega Swim in February, delivered returns well over budget. This prompted optimism that we would see a return to surplus from events revenue throughout 2022 and this has largely proved to be the case.

The Individual Giving team had a very strong year, with the introduction of research fundraising as a narrative stimulating pleasing growth in cash giving revenue. MS Plus' appeals during the financial year enjoyed the strongest net surplus yield to date and the Group saw a consistent growth in both the size of gifts and the number of higher-level donors. The Gifts-in-Wills team met all their future growth Key Performance Indicators, such as new leads and confirmed benefactors, whilst also exceeding budget by around 30%. MS Dream Car Lotteries started the year well with two sold out lotteries and then suffered a drop in sales for the following two campaigns, consistent with the experience of MS organisations nationally.

Overall, the impacts of losing the 'Gong Ride' and a disappointing MS Readathon left the net fundraising surplus \$2.98 million behind budget at the end of the year.

This financial year also saw MS Plus take on the fundraising for research, principally through The May 50K, which was delivered by MS Plus from February to June 2022, yielding fundraising income of almost \$3.6 million. As has been mentioned, appeals giving for research was very strong, showing growth of over 100% over the cash giving program run by Multiple Sclerosis Research Australia ("MSRA") the previous year. Early in the year MS Plus' Trusts & Foundations Manager resigned, and proved very difficult to replace, which led to a stagnant year in Trusts & Foundations revenue, although the MS Plus Trusts & Foundations revenue exceeded expectations by approximately \$179,000. Research grants remained under the management of the Multiple Sclerosis Australia ("MSA") research team and were delivered as expected. A new Trusts & Foundations Manager has now commenced. Overall, the assimilation of fundraising activities for research went smoothly over the year. It remains a long-term project to fully align research fundraising with services fundraising for MS and 'other neuro' across the country and there is much work yet to be done to optimise efficiencies and growth.

Overall, 2021-22 was a very challenging year for fundraising, but none of the challenges experienced were systemic and, notwithstanding external impacts, the Group expects a return to a much stronger net surplus from fundraising in 2022-23 and beyond, assisted by a major fundraising strategy review in late 2022.

The Marketing and Communications team successfully developed and launched the new MS Plus brand right at the end of the financial year. MS Plus has been universally well received and will lay the foundations for strong growth as a broad-based MS and 'other neuro' service organisation. The Marketing and Communications team also very effectively supported the services team in making MS Plus client communities aware of the services we offer and ensuring strong take-up when services were available. The Communications team are also to be congratulated for their effective support of the CEO and Executive team throughout the COVID-19 emergency.

Operating activities (continued)

Engagement and Wellbeing

Engagement and Wellbeing programs are those activities that the Group undertakes to support people affected by MS and which are typically reliant on funds raised from other sources.

The ongoing COVID-19 pandemic continued to increase the burden of social isolation and challenges to access to care for people with neurological conditions. MS Plus' front line Connect team of specialist support workers, MS nurses and social workers provided clients with much needed assistance to navigate services as well as vital informal mental health support. The team were upskilled in mental health first aid and general mental health care to provide this valuable and timely resource.

MS Plus' Peer Support team continued to support clients' wellbeing by creating pathways for connections to share lived experiences. The focus shifted to enhancing peer group services for vulnerable and isolated groups, including the initiation of a queer and gender diverse peer group.

The needs of those who support people with MS and other neurological conditions were deeply explored through a carers codesign project to develop MS Plus' Carers Strategy. The Carers Strategy draws on the insights gained from online surveys, focus groups and consultations with our carers. The strategy gives us the way forward to providing meaningful and diverse services and supports for carers into the future.

Community events gradually returned to MS Plus' calendars. After two years of being on hold, it was a joy to resume MS Plus Family camps. The camps bought families together for fun, laughter, and the comfort of knowing others have walked the same paths and faced the same challenges. The families were enriched by the experience of shared learning and personal growth, and the children thrived on the physical challenges and the victory of overcoming their fears. World MS Day 2021 "in my shoes" event was acknowledged with keynote speakers exploring the theme of empathy with a series of presentations at a live event and MS Plus volunteers were celebrated at a morning tea during National Volunteers Week.

Research and Advocacy

Research and advocacy include activities undertaken directly by the Group and activities undertaken in conjunction with MSA and MSRA.

During the course of the year, the Group contributed:

- \$1 million to MSA to continue support of research into remyelination and neuroprotective mechanisms, which will help identify potential treatments that are able to repair damage for people with MS; and
- \$52,020 to University of Tasmania to continue support of a Massive Open Online Course (MOOC) on 'Understanding MS'.

Service Delivery

Service delivery activities are those activities undertaken by the Group which deliver a service to people affected by MS or other neurological conditions and which are primarily funded by fee for service arrangements or government grants. Over recent years, the funding environment has changed significantly as a result of the introduction of the National Disability Insurance Scheme (NDIS).

The Group's NDIS service offerings include Support Coordination, Allied Health, Plan Management, Supported Independent Living and Specialised Disability Accommodation. Telehealth services are being offered through all services.

Operating activities (continued)

The Group also provides Employment Support Services (ESS) which are government funded through the Disability Employment Scheme (DES). MS Plus currently has two DES service offerings. The first is Job Active which assists in people living with MS to find suitable employment. This service is used as a supplement to MS Plus' Work Assist program. Work Assist is an outcome fee structure program of up to 26 weeks to support people living with MS maintain employment and then an ongoing monthly support service to support them to continue working at least 8 hours per week. MS Plus provides these services through our Allied Health clinicians, Physiotherapists and Occupational Therapists across New South Wales, Australian Capital Territory, Victoria and Tasmania.

Impairment of property, plant and equipment

No impairment loss was recognised in respect of property, plant and equipment.

Impairment of right of use asset

Under AASB 16, a lessee applies AASB 136 Impairment of Assets to determine whether a right of use (ROU) asset is impaired.

This application has been made to the Group's leased premises at Toorak Road, Hartwell which at 30 June 2019 was classified as 'onerous'. The premises remain unutilised by MS Plus and efforts to either sub-let or assign the lease have been unsuccessful. The Group has determined that this ROU asset is impaired. No further impairment loss (2021: \$196,570) was recognised in respect of this onerous lease (refer to Note 21 to the consolidated financial statements).

4. Future Developments

Any information regarding possible developments in the operations of MS Plus Ltd and its controlled entities Multiple Sclerosis Services Limited and Nursing Port Stephens Pty Ltd in future financial years that may result in unreasonable prejudice to the Group, has not been disclosed in this report.

5. Impact of COVID-19

Background

COVID-19, which is a respiratory illness caused by a new virus, was declared a worldwide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had a significant impact on global economies. The Group has considered the impact of COVID-19 and associated market volatility in preparing its financial statements. The impact of COVID-19 has resulted in the application of further judgement in the areas in which significant judgement already occurs. Given the dynamic and continuing evolving nature of COVID-19, changes to the estimates and outcomes that have been applied in the measurement of the Group's assets and liabilities may arise in the future.

As a consequence of COVID-19 and in preparing these consolidated financial statements, Management:

- re-evaluated whether there were any additional areas of judgement or estimation uncertainty;
- assessed the carrying values of its assets and liabilities and determined any impact that may occur as a result of market inputs and variables impacted by COVID-19; and
- considered the impact of COVID-19 on the Group's financial statement disclosures.

The ongoing effect of the COVID-19 pandemic, government responses to the pandemic and the ongoing economic recovery and related issues have continued to impact MS Plus' operations and delivery of its organisational strategy.

5. Impact of COVID-19 (continued)

Lockdowns from late June 2021 in New South Wales, Victoria and Australian Capital Territory have had a dramatic effect on how and when MS Plus run live fundraising events, forced closure of MS community shops, restricted delivery of face-to-face allied health services, and reduced client demand for support coordination services as many clients were unable to access services due to restrictions.

The Group has established an effective Crisis Management/Business Continuity Response to manage stakeholder relationships including the development of detailed impact reports to support the Board's monitoring of impact, along with a comprehensive COVID-19 Safe Plan and revised organisational Business Continuity Plan.

With the increased number of COVID-19 and Influenza cases in the community and following the advice from government and health authorities, the Group has extended the current COVID-19 Safe Plan to encourage the wearing of masks indoors where staff cannot physically distance; and steps have been taken to further reduce the number of people in MS Plus offices during the winter months. Sanitisation stations at all facilities have been reinstated at all sites, while the remainder of the COVID-Safe arrangements will remain in place, including the enhanced cleaning regime.

The Board will continue to monitor the operational and financial impact of COVID-19.

5. Environmental regulation

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State Legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breaches of those environmental requirements as they apply to the Group.

6. Dividends

The Company's memorandum specifically prohibits the payments of dividends or bonuses to members.

7. Significant change in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review except as outlined in this Directors' report.

8. Indemnification and insurance of officers and auditor's indemnification

The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company or of a related party:

- a) indemnified or made any relevant agreements for indemnifying against a liability incurred as an officer or auditor, including costs and expenses in successfully defending legal proceedings; or
- b) paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer or auditor for the costs or expenses to defend legal proceedings.

Since the end of the previous financial year, the Company has maintained insurance policies in respect of Directors' and officers' liability for both current and former Directors and Officers.

9. Events subsequent to reporting date

Between the end of the financial year and the date of this report, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of Directors, to affect significantly the operations or the state of affairs of the Group in future financial years except as noted below.

The COVID-19 pandemic has impacted the Group since 2020. Measures taken by various governments to contain the virus have affected economic activity and the Group's business in various material ways.

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the Group may experience further negative results and liquidity restraints. At the date of this report, the Group expects:

- Some higher staffing costs in order to maintain and operate residential services safely;
- Potentially lower fundraising income from 'live' fundraising events compared to previous years due to the impact COVID-19 has had on the economy.

Notwithstanding the above expectations, the Group is expecting operational cash flows to improve over the next three financial years as it anticipates post pandemic recovery and realises the impact of various strategic investments aligned with *Strategic Directions 2020-2025*. The Group also has access to investment funds classified as non-current financial assets of \$20.9 million (2021: \$24.5 million). The Group will continue as a going concern.

On 26 July 2022, the sale of property at Unit 23, 14-18 Roberts Street, Strathfield settled. The property was sold for \$600,000 excluding GST.

As at the date of this report, the Group has selected a builder for the construction of the MS Wellbeing Centre and Specialist Disability Accommodation Units in Lidcombe and is in the process of contract negotiations.

10. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 55 and forms part of the Directors' report for the financial year ended 30 June 2022.

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

Mr Garry Whatley

Director

Dated at Melbourne on the 7th day of September 2022.

Consolidated statement of surplus or deficit and other comprehensive income For the year ended 30 June 2022

		2022	2021
	Note	\$	\$
Revenue and other income			
Revenue		43,885,504	49,187,835
Other income		1,207,896	5,752,904
Total revenue and other income from operating activities	5	45,093,400	54,940,739
Expenditure	•		
Employee expenses	6	27,591,688	25,994,192
Advertising and marketing		2,289,261	4,666,282
Rental expenses		295,584	306,481
Awards and prizes		1,245,007	4,912,369
Consultants		2,423,160	1,062,544
Client expenses		1,428,206	1,686,834
Depreciation	11,21	1,744,685	1,775,405
Amortisation	13	24,500	-
Impairment loss on trade receivables		49,600	101,172
MSA contribution	24	608,614	595,513
Research expenses		1,052,020	167,000
MSRA contribution	24	330,000	330,000
Other expenses		10,171,927	6,792,694
Total expenditure from operating activities		49,254,252	48,390,486
(Deficit) / surplus from operating activites		(4,160,852)	6,550,253
Finance income		1,029,428	3,287,047
Finance costs		(3,239,124)	(153,089)
Net finance (costs)/income	7	(2,209,696)	3,133,958
Surplus including finance activities		(6,370,548)	9,684,211
Surplus from sale of property, plant and equipment		716,418	7,727
Impairment of right of use asset	21	-	(196,570)
Net (deficit) / surplus before income tax		(5,654,130)	9,495,368
Income tax expense	29(f)	(58,598)	-
Net (deficit) / surplus for the year		(5,712,728)	9,495,368
Total other comprehensive income	-	<u>-</u>	
Total comprehensive (deficit) / income for the year	•	(5,712,728)	9,495,368

The notes on pages 18 to 53 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 30 June 2022

		2022	2021
	Note	\$	\$
Assets			
Cash and cash equivalents	8	12,217,954	9,429,917
Restricted cash		130,903	134,063
Trade and other receivables	9	3,888,957	2,799,852
Assets held for sale	10	508,213	9,477,300
Total current assets		16,746,027	21,841,132
Property, plant and equipment	11	15,806,155	15,571,219
Goodwill	12	2,775,214	-
Intangible assets	13	710,500	-
Investments	15	20,923,153	24,504,971
Trade and other receivables	9	-	200,000
Right-of-use assets	21	2,774,315	1,533,241
Total non-current assets		42,989,337	41,809,431
Total assets		59,735,364	63,650,563
Liabilities			
Trade and other payables	16	6,349,544	2,923,043
Deposit held in advance	16	-	1,010,000
Contract liability	17	1,741,130	1,841,499
Employee benefits	18	3,659,611	3,279,465
Lease liabilities	21	1,968,394	2,016,753
Total current liabilities		13,718,679	11,070,760
Contract liability	17	-	1,216,099
Employee benefits	18	339,862	301,081
Lease liabilities	21	1,960,220	1,633,292
Total non-current liabilities		2,300,082	3,150,472
Total Liabilities		16,018,761	14,221,232
Net assets		43,716,603	49,429,331
Members' funds			
Retained earnings		42,928,225	48,707,683
Bequest reserves		549,648	549,648
Donation reserve		238,730	172,000
Total members' funds		43,716,603	49,429,331

The notes on pages 18 to 53 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 30 June 2022

	Note	Retained earnings \$	Donation reserve \$	Bequest reserve \$	Total \$
Balance at 1 July 2020		39,630,715	-	303,248	39,933,963
Net surplus for the year (restated) Other comprehensive income		9,495,368 -	-	-	9,495,368 -
Total comprehensive income for the year	-	9,495,368	-	-	9,495,368
Transfers from retained earnings to bequest reserve Transfers from retained earnings to	•	(246,400)	-	246,400	-
donation reserve	-	(172,000)	172,000	-	
Balance at 30 June 2021		48,707,683	172,000	549,648	49,429,331
Balance at 1 July 2021		48,707,683	172,000	549,648	49,429,331
Net deficit for the year Other comprehensive income		(5,712,728) -	-	-	(5,712,728) -
Total comprehensive income for the year	•	(5,712,728)	-	-	(5,712,728)
Transfers from retained earnings to donation reserve		(66,730)	66,730	-	-
Balance at 30 June 2022		42,928,225	238,730	549,648	43,716,603

The notes on pages 18 to 53 are an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2022

N	Note	2022 \$	2021 \$
Cash flows from operating activities Cash receipts in the course of operations		43,914,673	56,461,013
Cash payments in the course of operations		(45,071,387)	
Cash (used in)/generated in the course of operations	•	(1,156,714)	3,066,799
Interest and dividend income received Interest expense on lease liabilities	7	1,573,610 (201,489)	1,120,916 (153,089)
Net cash flows from operating activities	•	215,408	4,034,626
Cash flows from investing activities			
Payments for investments		-	(5,000,000)
Proceeds from sale of held-for-sale property, plant & equipment		-	505,000
Payments for business combinations		(4,071,293)	-
Proceeds from sale of property, plant and equipment		9,752,248	7,727
Payments for acquisition of property, plant and equipment		(1,833,102)	(1,707,481)
Net cash from/(used in) investing activities		3,847,853	(6,194,754)
Cash flows from financing activities			
Payment of lease liabilities		(2,192,391)	(1,852,443)
Net cash flows used in financing activities	•	(2,192,391)	(1,852,443)
Net increase/(decrease) in cash and cash equivalents		1,870,869	(4,012,571)
Cash balance at beginning of the year		9,563,980	13,576,551
Cash balances acquired - Acquisition of Nursing Port Stephens 2	22(d)	914,007	-
Cash balance at the end of the financial year	'	12,348,857	9,563,980
Reconciliation of cash balance at end of the year			
Cash and cash equivalents	8	12,217,954	9,429,917
Restricted cash	•	130,903	134,063
Cash balance at the end of the financial year		12,348,857	9,563,980

The notes on pages 18 to 53 are an integral part of these financial statements.

Notes to the consolidated financial statements

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For the year ended 30 June 2022

1 General information

Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), and comply with their requirements of the law.

The financial statements comprise the consolidated financial statements of MS Plus Ltd (the Company) and the entities it controls (together the Group). For the purposes of preparing the consolidated financial statements, the Company is a not-for-profit entity.

The presentation currency used in these financial statements is Australian dollars (\$). Amounts in these financial statements are stated in Australian dollars unless otherwise noted.

The consolidated financial statements have been prepared on the historical cost basis except as otherwise stated when measured at fair value. The methods used to measure fair values are discussed further in Note 3.

Statement of compliance

The Company does not have 'public accountability' as definied in AASB 1053 *Application of Tiers of Australian Accounting Standards* and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards - Simplified Disclosures.

Information about the Company

The Company changed its name from Multiple Sclerosis Limited to MS Plus Ltd on 11 November 2021.

Registered office and principal place of business

54 Railway Road Blackburn VIC 3130 Tel: (03) 9845 2700

The nature of the Group's operations and its principal activities are to:

- a) Provide services for people with multiple sclerosis (MS) and other related neurological conditions;
- b) Provide information and support to people living with MS, families, carers, volunteers, health professionals and researchers;
- c) Promote community awareness of MS and its impact on individuals, families and the community;
- d) Advocate on behalf of people living with MS including their families and carers;
- e) Raise funds to support the provision of services and activities outlined above; and
- f) Provide private nursing, personal care and domestic assistance services to consumers in the home and community.

For the year ended 30 June 2022

1 General information (continued)

Information about the Company (continued)

All entities comprising the Group are domiciled in Australia and structured and registered accordingly:

MS Plus Ltd

This company is registered as a charity with the Australian Charities and Not-for-Profits Commission (ACNC).

Multiple Sclerosis Services Limited

This company is registered as a charity with the Australian Charities and Not-for-Profits Commission (ACNC).

Nursing Port Stephens Pty Ltd

This company is an Australian Propriety Company registered with the Australian Securities & Investments Commission (ASIC).

Details of the controlled entities comprising the Group are included in Note 25.

Going concern basis

When preparing financial statements, management makes an assessment of Group's ability to continue as a going concern. These financial statements have been prepared on the basis that the Group is a going concern.

2 Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Key estimates and assumptions have been made on the following items:

- Note 12 measurement of Goodwill
- Note 13 measurement of Intangible Assets
- Note 14 classification of the joint arrangement
- Note 21 lease term: whether the Group is reasonably certain to exercise extension options.
- Recognition and measurement of provisions: key assumptions about the likelihood and magnitude of an outflow of resources.

For the year ended 30 June 2022

3 Detemination of fair value

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(ii) Financial instruments

The fair value of financial assets and other financial instruments are determined as follows:

- Listed by reference to their quoted bid price at reporting date,
- Unlisted by reference to declared fund manager valuations at the reporting date, which are typically determined by reference to recent transaction values or commonly accepted valuation methodologies.

(iii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

4 Financial risk management

Overview

This note provides disclosure on the Group's exposure to financial risks, and the risk management applied to manage these risks.

Risk management approach to investments

The Group has a proportion of its total assets in investments and managed funds that trade in the financial markets, which include equities, currencies, commodities and fixed interest markets. Taking positions in these markets expose the Group's investments and managed funds to price fluctuations due to changes in credit, liquidity, currency, interest rate, political and economic conditions, locally and internationally.

The Group has established an Investment Committee to manage the investment portfolio. The investment portfolio is managed in accordance with a documented investment strategy which includes investment objectives, risk management processes and governance standards.

The broad investment objective is to generate a reliable income stream to support MS Plus' mission activities and to maintain the real value of the investment portfolio over time given constraints aimed at controlling risk and volatility of returns to an acceptable level. The strategic asset allocation used for the portfolio would be considered "balanced".

For the year ended 30 June 2022

4 Financial risk management (continued)

Currency and market risk

The Group is only exposed to foreign currency risk to the extent that it holds corporate debt securities and equity securities denominated in foreign currencies as part of its structured investment portfolio. The Group's investment policy describes the risk management strategies employed by the Group.

The Group is only exposed to market price risk to the extent that it holds tradeable corporate debt securities and equity securities as part of its structured investment portfolio. The Group's investment policy describes the risk management strategies employed by the Group.

The objective of the investment policy is to generate a reliable income stream to support the Group's mission activities and to maintain the real value of the investment portfolio over time given constraints aimed at controlling risk and volatility of returns to an acceptable level.

The Group uses an external investment advisor to construct a diversified portfolio of debt and equity securities which is expected to generate the required return with the minimum risk. Risk management strategies include:

- Assessing the risk profile of the Group as it relates to investments through a regular structured process:
- Establishing a strategic asset allocation to match the assessed risk profile based on historical modelling and expected asset class returns and volatility;
- Undertaking due diligence to assess expertise and track record before selecting fund managers for inclusion on the approved investments schedule;
- Selecting fund managers whose management styles are consistent with the requirements of the investment strategy and monitoring the activities of those fund managers on a regular basis;
- Limiting the exposure of the Group to any one fund manager; and
- Where appropriate, instructing managers to invest only in investment grade securities.

Interest rate risk

The Group is only exposed to interest rate risk to the extent that it holds corporate debt securities as part of its structured investment portfolio. The Group's investment policy describes the risk management strategies employed by the Group.

Based on advice from its external investment advisor, the Group invests in a diversified range of fixed and variable rate debt securities as part of its overall investment portfolio. The Group monitors interest rates and interest rate trends and adjusts the mix between fixed and variable rate debt securities to achieve its investment objectives.

For the year ended 30 June 2022

4 Financial risk management (continued)

Other financial risk

The Group may be exposed to other financial risks arising out of its operations. These are summarised as follows:

Credit and trade receivables risks

A significant part of the Group's operations is providing welfare and community service programs on behalf of the State, Local and Commonwealth Governments and therefore credit risk on trade and other amounts receivable is not considered significant as these typically comprise amounts owing from government bodies.

Liquidity risk

The Group's financial obligations are adequately covered by cash and liquid investments. Sufficient liquidity is provided to meet operational and capital expenditure needs, and these are factored into cash flow forecasts and are constantly reviewed and updated.

Other risk management initiatives

The Group's operating environments are constantly evolving and becoming more complex to manage. The Board recognises these complexities, and continues to work in close collaboration with the Risk, Audit and Finance Committee.

The purpose of this Committee is to provide advice to the Board on matters relating to the financial performance of and integrity of the Group, and risk management issues as they apply to the Group's strategic plan.

Capital management

The Directors' policy is to maintain a strong capital base so as to sustain future development of the business. The board of Directors monitors the return on capital.

There were no changes to the Group's approach to capital management from the previous year.

For the year ended 30 June 2022

		2022	2021
5	Revenue	\$	\$
(a)	Revenue and other income from operating activities Revenue		
	Sales and lottery income	5 070 826	11,830,867
	Rendering of services		26,794,768
	Donation and sponsorship income		7,431,537
	Bequest income		3,130,663
	bequest meonie		49,187,835
	Other income	+3,003,304	+3,107,033
	Specific purpose funding / income	42,264	346,270
	Other income	1,165,632	757,034
	Government grant - JobKeeper	-	4,649,600
	Covernment grant sourcepe.	1,207,896	5,752,904
		1,207,030	3,732,33
	Revenue and other income from operating activities	45,093,400	54,940,739
		,,	.,,.
(b)	Disaggregation of revenue from contracts with customers		
(- ,	Revenue from contracts with customers has been disaggregated based on type		
	of goods or services provided and source of funds		
	Type of good or service		
	Sales and lottery income	5,070,826	11,830,867
	Government grants	4,109,139	5,065,309
	Fee for service income	22,137,213	21,549,804
	Event income	201,167	
	Total disaggregated revenue		38,625,635
	Donation and sponsorship income	10,685,913	7,431,537
	Bequest income	1,681,246	3,130,663
	Other income	1,207,896	5,752,904
	Total revenue and other income not from contracts with customers	13,575,055	16,315,104
	Revenue and other income from operating activities	45,093,400	54,940,739
6	Employee expenses		
	Wages, salaries and other employee expenses	25,110,856	23,795,736
	Contribution to defined contribution superannuation funds	2,338,106	2,108,744
	Movement in liability for annual leave	85,999	140,269
	Movement in liability for long service leave	56,727	(50,557)
	Total employee expenses	27,591,688	25,994,192
7	Net finance (costs)/income		
	Finance Income		
	Interest income	25,722	26,746
	Dividend income - Equity securities at FVTPL	1,003,706	749,444
	Financial assets at FVTPL - net change in fair value		2,510,857
		1,029,428	3,287,047
	Finance costs		
	Interest expense	-	-
	Interest expense on lease liabilities	(201,489)	(153,089)
	Financial assets at FVTPL - net change in fair value	(3,037,635)	<u>-</u>
		(3,239,124)	(153,089)
	Net finance (costs)/income	(2,209,696)	3,133,958

For the year ended 30 June 2022

		2022	2021
		\$	\$
8	Cash and cash equivalents		
	Bank balances	12,214,215	9,425,358
	Cash on hand	3,739	4,559
		12,217,954	9,429,917
	Disclosed as:		
	Cash and cash equivalents	12,217,954	9,429,917
		12,217,954	9,429,917
9	Trade and other receivables		
	Current		
	Trade receivables (1)	2,041,534	893,635
	Other receivables	2,949	4,026
	Trade receivables due to related parties	97,053	18,350
	Prepayments	363,750	631,271
	Accrued income	1,383,670	1,252,570
		3,888,956	2,799,852
	Non-current		
	Trade receivables	_	200,000
	Hade receivables		200,000
		-	200,000

(1) Trade receivables are shown net of an allowance for impairment losses of \$21,355 (2021: \$165,743).

Impairment losses on trade receivables recognised in the surplus or deficit were \$49,500 (2021: \$101,172).

The average credit period on sale of goods and rendering of services is below 30 days. No interest is charged on the trade receivables.

10 Assets held for sale

Current

Land and buildings held for sale 508,213 9,477,300 508,213 9,477,300

On 14 June 2022, the Group entered into a contract for the sale of property at Unit 23, 14-18 Roberts Street, Strathfield. This property was sold for \$600,000 excluding GST with settlement set for 26 July 2022. Upon reclassifying the property as held for sale at reporting date, no impairment loss was recognised as the sale price less expected costs to sell is higher than the carrying amount.

In 2019, the Group sold the property at 120 Thames Street, Box Hill North. The property was settled at the agreed price of \$10,100,000 excluding GST on 9 October 2021.

For the year ended 30 June 2022

				2022 \$	2021 \$
11	Property, plant and equipment Land and buildings				
	At cost			18,283,263	19,150,628
	Accumulated depreciation and impairment			(6,083,753)	(5,684,136)
	Carrying amount			12,199,510	13,466,492
	Plant and equipment				
	At cost			5,074,618	4,806,482
	Accumulated depreciation			(4,217,958)	(3,916,667)
	Carrying amount			856,660	889,815
	Motor vehicles				
	At cost			46,983	46,983
	Accumulated depreciation			(46,983)	(46,983)
	Carrying amount			-	-
	Capital work in progress				
	At cost			2,749,985	1,214,912
	Carrying amount			2,749,985	1,214,912
	Total carrying amounts			15,806,155	15,571,219
	Movement in carrying values	Land and	Plant and	Capital work	Total
	, ,	buildings	equipment	in progress	
		\$	\$	\$	\$
	Balance at 1 July 2021	13,466,492	889,815		15,571,219
	Additions	30,936	267,093	1,535,073	1,833,102
	Acquisitions through business combinations	166,573	13,869	-	180,442
	Disposals	(546,736)	(10,897)		(557,633)
	Depreciation	(409,542)	(303,220)	-	(712,762)
	Transfer to assets held for sale (1)				
	- At cost	(535,000)	-	-	(535,000)
	- Accumulated depreciation	26,787	-	-	26,787
	Balance at 30 June 2022	12,199,510	856,660	2,749,985	15,806,155

⁽¹⁾ The Group entered into an agreement to sell the property at Unit 23, 14-18 Roberts Street, Strathfield. Refer to Note 13.

For the year ended 30 June 2022

12 Goodwill

The goodwill of \$2,775,214 arising from the acquisition of Nursing Port Stephens Pty Ltd consists of potential generation of future earnings based on expected future discounted cash flows and the existing workforce

	2022 \$	2021 \$
Carrying amount		
Gross carrying amount	2,775,214	-
Accumulated impairment losses	-	-
	2,775,214	-
Movement in carrying amount		
Balance at 1 July 2021	-	
Changes arising from business combinations	2,775,214	
Impairment losses	-	
Other changes	-	
Balance at 30 June 2022	2,775,214	

On 28 February 2022, the Group acquired 100 percent of the issued share capital of Nursing Port Stephens Pty Ltd, thereby obtaining control of Nursing Port Stephens Pty Ltd.

Refer to Note 22 for further details

13 Intangible assets

Client relationships

At cost	735,000	-
Accumulated amortisation	(24,500)	-
Carrying amount	710,500	-

Client relationships were acquired as part of the acquistion of Nursing Port Stephens Pty Ltd. This intangible asset has been recognised separately from goodwill and has been recognised at fair value at the acquisition date of 28 February 2022. Subsequent to initial recognition, client relationships acquired have been amortised and are reported at cost less accumulated amortisation.

Refer to Note 29(j)(ii).

For the year ended 30 June 2022

	2022 \$	2021 \$
14 Equity-accounted investees		
Interest in joint venture	-	-

Blue Sky Boundaries Pty Ltd (BSB) is a joint venture in which the Group has joint control and a 50% ownership interest. It is one of the Group's strategic partners and is principally engaged in the operation of cycling events organised by the Group as fundraising activities. The Group has a 50% ownership interest in the joint venture (2020: 50%). BSB is not publicly listed.

BSB is a separate vehicle and the Group has a residual interest in the net assets of BSB. Accordingly, the Group has classified its interest in BSB as a joint venture and therefore recognises the Group's residual interest in the net assets of BSB as an equity accounted investee. In accordance with the agreement under which BSB is established, the Group has no obligation to make additional contributions if BSB ever incurs net liabilities.

			2022	2021
		Note	\$	\$
15	Investments			
	Non-current Investments			
	Equity securities - at FVTPL		7,154,421	8,983,220
	Other financial assets - at FVTPL		13,768,732	15,521,751
			20,923,153	24,504,971
			2022	2021
			\$	\$
16	Trade and other payables			
	Current			
	Trade payables (i)		2,078,503	1,606,094
	Other trade payables and accrued expenses		1,914,232	797,118
	Payables due to related entities	24	1,856,809	519,831
	Deferred consideration - Acquisition of Nursing Port Stephens		500,000	-
			6,349,544	2,923,043
	Deposit for asset held for sale			1,010,000
				1,010,000

⁽i) The average credit period on purchases of goods and services is less than 30 days.

For the year ended 30 June 2022

		2022 \$	2021 \$
17	Contract liability		
	Current		
	Government funding received in advance	158,746	589,647
	Government capital grants received in advance	1,511,670	1,212,914
	Other income received in advance	70,714	38,938
		1,741,130	1,841,499
	Non-current		
	Government capital grants received in advance	-	1,216,099
		_	1,216,099
18	Employee benefits		
	Current		
	Salaries and incentives	949,760	789,965
	Liability for annual leave	1,691,029	1,539,181
	Liability for long service leave	1,018,822	950,319
	,	3,659,611	3,279,465
	Non current		
	Liability for long service leave	339,862	301,081
	Elability for long service reave	339,862	301,081
		333,802	301,001

19 Commitments

(a) Redevelopment agreement

The Group has entered into a binding agreement with the Government of New South Wales to redevelop its Lidcombe facility. Planning for the redevelopment has commenced and the project will extend over several years. The cost of the redevelopment is expected to be partially funded by capital grants from the Government which are specified in the agreement. The quantum of the funding is not disclosed on the basis that it is commercially sensitive.

	2022	2021
	\$	\$
(b) Capital expenditure commitments		
Capital expenditure commitments contracted for:		
Lidcombe redevelopment project	1,392,220	1,422,511
	1,392,220	1,422,511
Payable		
Within one year	501,875	951,684
Later than one year but no later than 5 years	890,345	470,827
	1,392,220	1,422,511

For the year ended 30 June 2022

20 Contingencies

The Group's property located at 54 Railway Road, Blackburn was partially funded by the State Government of Victoria. The contribution is secured by a Property Deed of Charge over the property. In the event that the building, is no longer used for social or public benefit, the Victorian Government is entitled to a refund equivalent to 17% of the market value of the property on any day or, if the property is sold, 17% of the sale price. Should the Group sell the Blackburn property, it would make an application to the Victorian Government to transfer the deed of charge to an alternative property asset.

The Group's development of a new health facility at 80 Betty Cuthbert Drive, Lidcombe is being funded by Property NSW (PNSW). The funding agreement requires the Group to complete construction of the new facility by the Sunset Date of 31 December 2023, subject to any extension of time permitted within the funding agreement. PNSW must transfer the title of the land to the Group as soon as practicable after the later of the date of registration of the Plan of Subdivision; and the earlier of the Date of Practical Completion, the Sunset Date, or termination of the funding agreement as a result of an unrectified Default Event. In the event that the facility is not completed by the Sunset Date or the funding agreement is terminated, the Group must refund to PNSW any amount paid by PNSW to the Group as at the date the land is transferred.

The Group acknowledges that the funding and transfer of land from PNSW are provided to the Group on the expectation that the new health facility at 80 Betty Cuthbert Drive, Lidcombe will generate a public neurological health benefit which amortises over a period of 15 years. Should the Group sell the land or grant a long term lease or concurrent lease for a premium, assignment or other similar dealing, the Group must offer to return the land to PNSW or as directed by PNSW, compensate PNSW at a price to be determined in accordance with the funding agreement.

The Group's property located at 2 Tallawalla Street, Beverly Hills which was renovated in 2019 had been funded by the NSW Government. The funding agreement requires the Group to use the property for its intended purpose for a period of 40 years and the NSW Government retains an equity interest in the property until the 40 year period is concluded.

The Directors are of the opinion that a provision is not required in respect of the above contingencies because the Group continues to satisfy the relevant conditions.

For the year ended 30 June 2022

21 Leases

See accounting policy in Note 29(n).

(a) Leases as lessee (AASB 16)

The Group leases shop and office premises, motor vehicles and equipment. Most leases typically run for approximately three years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are typically based on movements in the Consumer Price Index.

(i) Right-of-use assets

	Land and buildings	Motor vehicles	Plant and equipment	Total
Balance at 1 July 2021	1,465,786	37,264	30,191	1,533,241
Additions to right-of-use assets	2,147,978	-	31,548	2,179,526
Acquisitions through business combinations	93,469	-	-	93,469
Depreciation charge for the year	(978,493)	(37,264)	(16,164)	(1,031,921)
Balance at 30 June 2022	2,728,740	-	45,575	2,774,315
			2022	2021
		Note	\$	\$
(ii) Lease liabilities				
Current				
Lease liabilities		<u>-</u>	1,968,394	2,016,753
		<u>-</u>	1,968,394	2,016,753
Non-current				
Lease liabilities			1,960,220	1,633,292
			1,960,220	1,633,292
(iii) Amounts recognised in profit or loss				
Interest on lease liabilities		7	(201,489)	153,089
Depreciation of right-of-use assets			1,031,921	1,065,501
Impairment of right-of-use assets		_	-	196,570
		-	830,432	1,415,160
(iv) Amounts recognised in statement of cash flow	'S			
Cash outflows for leases	-	-	(2,192,391)	(1,852,443)

(v) Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of \$484,896.

(vi) Nominal future minimum lease payments

The nominal future minimum lease payments arising under the Group's lease contracts at the end of the reporting period are as follows:

	2022	2021
	\$	\$
Not later than one year	2,057,216	2,088,357
Later than one year and not later than five years	2,053,499	1,669,606
Later than five years		-
	4,110,715	3,757,963

For the year ended 30 June 2022

21 Leases (continued)

(b) Leases as lessor

The Group fomerly leased one property held under an operating lease. The leased site at 120 Thames Street, Box Hill North was sold by the Group and settled on 9 October 2021. The future minimum lease receivables under non-cancellable leases were as follows:

	2022	2021
	\$	\$
Less than one year	-	128,750
Between one and five years		-
	-	128,750

22 Business Combinations

(a) Details of acquisition

On 28 February 2022, the Group acquired 100 percent of the issued share capital of Nursing Port Stephens Pty Ltd, thereby obtaining control of Nursing Port Stephens Pty Ltd.

Nursing Port Stephens, operating under the business name of Care For You at Home, provides private nursing, personal care and domestic assistance services to consumers in the home and community.

Nursing Port Stephens qualifies as a business as defined in AASB 3 and was acquired to support the growth of MS Plus services in line with *Strategic Directions 2020 – 2025*. Acquisition of Nursing Port Stephens allows MS Plus to gain an operating private home care and aged care business with more than 300 customers and approximately 35 employees.

Note	\$
(b) Consideration transferred	
Cash 4,0	071,293
Contingent consideration	500,000
4,	571,293
(c) Assets acquired and liabilities assumed at the date of acquisition	
Cash and Cash Equivalents	914,007
Intangible asset - Client relationships	735,000
Trade receivables	99,360
Property, plant and equipment	180,442
Right-of-use asset	93,469
Accrued Income	48,599
Prepayments	12,194
Other payables (1	L80,884)
Lease liability	(93,469)
Trade payables	(12,639)
Total identifiable assets 1,7	796,079
Goodwill 12 2,7	775,214
4,	571,293
(d) Net cash outflow on acquisition of business	
Consideration paid in cash 4,0	071,293
Less: cash and cash equivalent balances acquired (9	914,007)
Net outflow of cash per the statement of cash flows 3,3	157,286

For the year ended 30 June 2022

23 Subsequent events

Between the end of the financial year and the date of this report, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of Directors, to affect significantly the operations or the state of affairs of the Group in future financial years except as noted below

The COVID-19 pandemic has impacted the Group since 2020. Measures taken by various governments to contain the virus have affected economic activity and the Group's business in various material ways.

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the Group may experience further negative results and liquidity restraints. At the date of this report, the Group expects:

- · Some higher staffing costs in order to maintain and operate residential services safely;
- Potentially lower fundraising income from 'live' fundraising events compared to previous years due to the impact COVID-19 has had on the economy.

Notwithstanding the above expectations, the Group has access to investment funds classified as non-current financial assets of \$20.9 million (2021: \$24.5 million).

On 26 July 2022, the sale of property at Unit 23, 14-18 Roberts Street, Strathfield settled. The property was sold for \$600,000 excluding GST.

As at the date of this report, the Group has selected a builder for the construction of the MS Wellbeing Centre and Specialist Disability Accommodation Units in Lidcombe and is in the process of contract negotiations.

24 Related parties

Identity of related parties

The Group has a related party relationship with the entities listed below:

- Multiple Sclerosis Australia
- Multiple Sclerosis Research Australia
- Blue Sky Boundaries Pty Ltd

Multiple Sclerosis Australia (MSA)

MSA, a related company, operates solely for the benefit of its members, the State Multiple Sclerosis Societies (the State Societies) including the Company. As a result, all surplus funds of MSA are expended on behalf of the State Societies and MSA is also funded by contributions from the State Societies. The Group is a member of MSA.

Multiple Sclerosis Research Australia (MSRA)

MSRA is a subsidiary of MSA established to coordinate and fund research activities on behalf of MSA and the State Societies.

Blue Sky Boundaries Pty Ltd (BSB)

BSB is the joint venture vehicle which manages some of the Group's major fundraising events (refer Note 14).

For the year ended 30 June 2022

24 Related parties (continued)

Transactions with related parties

During the year, entities within the Group entered into the following transactions with related parties who are not members of the Group:

are not members of the droup.	Sale of service	es/goods	Purchas services/	
	2022	2021	2022	2021
	\$	\$	\$	\$
Multiple Sclerosis Australia				
- National subscription fees	-	-	608,614	595,513
- Direct research funding	-	-	1,000,000	-
- National contribution to research operations	-	-	165,000	-
- Research fundraising activities	845,673	-	-	-
- Other	1,489	-	2,783	-
Multiple Sclerosis Research Australia				
- National contribution to research operations	-	-	165,000	330,000
Blue Sky Boundaries				
- Chargeback of expenses	50,995	3,908	-	-
- Management fees	44,367	-	-	-
- Registration revenue and merchandise	-	-	110,965	540,208
			2022	2021
			\$	\$
Assets and liabilities with related parties				
Net (payable) to Multiple Sclerosis Australia			(1,446,245)	-
Net (payable) to Multiple Sclerosis Research Australia	а		-	-
Net (payable) to Blue Sky Boundaries Pty Ltd			(308,956)	(519,831)
Net amount owing		-	(1,755,201)	(519,831)
		•		

All of the above amounts are non interest bearing and are expected to be paid within twelve months from the balance sheet date.

Transactions with directors and key management personnel

- (i) No remuneration is paid to directors.
- (ii) There were no loans to directors at any time during the financial year.
- (iii) The key management personnel compensation was \$1,733,535 for the year (2021: \$1,598,413).

For the year ended 30 June 2022

25 Subsidiaries

Place of incorporation and operation		2021
Australia		
Australia	100%	100%
Australia	100%	0%
	operation Australia Australia	operation Australia Australia 100%

26 Parent entity disclosures

As at, and throughout the financial year ending 30 June 2022, the parent entity of the Group was Multiple Sclerosis Limited.

Scientifica.		
	2022 \$	2021 \$
Results of the parent entity		
(Deficit)/Surplus for the year	(5,830,166)	9,396,320
Other comprehensive income	-	-
Total comprehensive income for the year	(5,830,166)	9,396,320
Financial position of the parent entity at year end		
Current assets	15,381,678	21,923,301
Total assets	59,204,922	63,732,732
Current liabilities	13,231,174	11,005,329
Total liabilities	15,458,159	14,155,801
Net assets	43,746,763	49,576,931
Total equity of the parent entity at year end		
Accumulated surplus	42,958,385	48,855,283
Bequest reserve	549,648	549,648
Donation reserve	238,730	172,000
Total Equity	43,746,763	49,576,931

Investments in controlled entities are recorded in the Company's statement of financial position at their acquisition cost.

For the year ended 30 June 2022

27 Members' guarantee

MS Plus Ltd is a company limited by guarantee. If the is wound up, the Constitution states that each member or former member in the previous year is limited to a guaranteed amount of \$5, for:

- a) payment of the company's debts and liabilities contracted before the time they ceased to be a member; and
- b) the costs, charges and expenses of winding up.

At 30 June 2022 the number of members was 259 (2021: 253).

28 Remuneration of auditors

	2022 \$	2021 \$
Deloitte and related network firms	•	-
Audit or review of financial reports:		
- Group	113,000	83,000
- Subsidiaries and joint operations		-
	113,000	83,000
Statutory assurance services required by legislation to be provided by the auditor		<u>-</u>
Other assurance and agreed-upon procedures under other legislation or		
contractual arrangements	22,763	15,819
Other services:		
- Financial due diligence for the acquisition of Nursing Port Stephens	52,500	-
	188,263	98,819

For the year ended 30 June 2022

29 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

(a) Basis of consolidation

(i) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred to the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity intrest issued by the Group in exchange for control of the acquiree.

Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively, where material in value
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 Share-Based Payments at the acquisition date (see below)
- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5
 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard
- Right-of-use asset assets and lease liabilities for leases are recognised in accordance with AASB 16, except that right-of use assets and leases are not recognised for leases for which the lease term ends within 12 months of the acquisition date, or for which the underlying asset is of low value
- Reacquired rights are recognised as an intangible asset on the basis of the remaining contractual term of the related contract regardless of whether market participants would consider potential contractual renewals when measuring fair value

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

For the year ended 30 June 2022

29 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

- (iii) Investments in jointly controlled entities (equity accounted investees)
 - When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.
- (iv) Transactions eliminated on consolidation
 - Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

For the year ended 30 June 2022

29 Significant accounting policies (continued)

(b) Revenue

The Group has applied AASB 15 and AASB 1058. Revenue is measured based on the conoslidation specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contract with customers.

Nature and timing of satisfaction of	
performance obligations, including	
significant payment terms	Revenue recognition under AASB 15 and AASB 1058
Goods sold	
Goods sold includes the sale of	Revenue from the sale of goods (net of discounts) is recognised
goods through MS Community	in the Statement of Surplus or Deficit and Other Comprehensive
Shops and sale of merchandise	Income and is measured at the fair value of the consideration
associated with events.	received or receivable.
Invoices are generated at the point	Revenue from the sale of goods is recognised when the goods
of sale and are usually payable	are delivered or released to the customer at a point in time.
immediately and before the goods	
are released to the customer.	
Lottery Ticket Sales	
Customers purchase raffle or lottery	Revenue from the sale of raffle and lottery tickets is recognised
tickets online or from approved	when the obligations associated with the raffle or lottery,
vendors.	including the prize draws, have occurred at a point in time.
Tickets are issued on payment of the	
ticket price.	
Fees for Services	
Invoices for services provided under	Revenue from services rendered is recognised in the Statement
the National Disability Insurance	of Surplus or Deficit and Other Comprehensive Income and is
Scheme are issued fortnightly at a	measured at the fair value of the consideration received or
minimum and are payable by the	receivable.
National Disability Insurance Agency	
or the relevant participant on	Revenue is recognised at the time the service is delivered to the
receipt of the invoice or claim.	customer over time.
Invoices for services rendered to	
residents in accommodation are	
issued fortnightly at a minimum and	
are payable on receipt.	
<u> </u>	<u> </u>

For the year ended 30 June 2022

29 Significant accounting policies (continued)

(b) Revenue (continued)

	I
Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under AASB 15 and AASB 1058
Government revenue - programs State, Commonwealth and local governments contract for the delivery of services and programs on their behalf. Funding of government services is normally paid monthly or quarterly.	Revenue is recognised in the period in which the services are provided, having regard for performance obligations and performance targets within each program as specified in the funding and service contracts. Any funding received for services which have not been performed and for which there is a refund obligation is recorded as deferred income or funding in advance (contract liability) in the consolidated statement of financial position.
Government revenue - reimbursements State, Commonwealth and local governments reimburse specific expenses associated with the delivery of some programs. Reimbursement claims are raised when the reimburseable expenses are incurred. Reimbursement is usually received within 30 days.	Government reimbursements associated with a service program are recognised at the time the reimbursement claim is raised.
Government revenue - asset funding State and Commonwealth Governments enter into project delivery agreements to facilitate the purchase or construction of an asset. The timing of funding receipts may or may not align with the project delivery schedule.	Government grants funding an asset purchase or construction are recognised over-time when performance obligations are satisfied. Under AASB 15, the Group uses input methods to measure progress. The method is based on the Group's efforts and inputs towards satisfying performance obligations, relative to total expected inputs to satisfy performance obligations. When the Group measures progress over-time, it considers costs incurred.

For the year ended 30 June 2022

29 Significant accounting policies (continued)

(c) Other income

(i) Donation and sponsorship income

Donations and sponsorships are received from fundraising activities, philanthropic trusts and foundations and various other sources. These are recognised as revenue when received except when any specific obligations attached to the funds have yet to be performed. Where specific obligations have yet to be performed the funds are recorded as contract liability in the consolidated statement of financial position. Where donations received for specific expenditure based on MS Plus terms have not been spent in the same year of receipt, the funds are transferred to the Donation Reserve until the funds are spent on the specific items.

(ii) Bequests

Bequests receipts are recognised as revenue at fair value on receipt.

Where a generic obligation has been expressed (e.g. "for research") which has yet to be performed the funds are transferred to the Bequest Reserve until such time as the obligation has been satisfied.

(iii) Specific purpose funding / income

The Group receives funding from trusts and foundations for specific purposes. These funds are initially recorded in the consolidated statement of financial position as Specific Purpose Funds which is specific class of contract liability. When the obligations attached to the funds are satisfied, the funds are recognised as revenue.

(iv) Services of volunteers

A substantial number of volunteers donate a significant amount of their time to the activities of MS Plus Ltd. However, as no objective basis exists for recording and assigning fair values to these services, they are not reflected in the financial statements as either revenue or expenses.

(d) Finance income and expense

Finance income comprises interest income on funds invested, dividend and distribution income and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in surplus or deficit using the effective interest method. Dividend and distribution income is recognised in surplus or deficit on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings and finance leases, losses on disposal of available-for-sale financial instruments and impairment losses recognised on financial assets (other than trade receivables). All borrowing costs are recognised in surplus or deficit using the effective interest method.

For the year ended 30 June 2022

29 Significant accounting policies (continued)

(e) Employee Benefits

(i) Short-term benefits

Short-term employee benefits are expensed as the related service is provided. Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers' compensation insurance.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in surplus or deficit when they are due.

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on high quality Australian corporate bonds that have maturity dates approximating the terms of the Group's obligations.

(iv) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(f) Income tax

The parent entity (MS Plust Ltd) and its subsidiary Multiple Sclerosis Services Limited are exempt bodies for income tax purposes and accordingly no provision for income tax is made.

Nuring Port Stephens Pty Ltd is not exempt from income tax purposes and a liability for income tax has been recorded at 30 June 2022.

(g) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ('ATO'). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the consolidated statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

For the year ended 30 June 2022

29 Significant accounting policies (continued)

(h) Assets held for sale

Assets that are expected to be recovered primarily through sale or distribution rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets are measured at lower of their carrying amount and their fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in surplus or deficit. Gains are not recognised in excess of any cumulative impairment loss.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment at 1 July 2004, the date of transition to AASBs, was determined by reference to its fair value at that date.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and gains are recognised in surplus or deficit.

(ii) Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as incurred.

(iii) Depreciation

Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

buildings 27 to 50 years
 plant and equipment 2 to 13 years
 motor vehicles 4 to 7 years

• leasehold improvements lower of 25 years or leased period

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

For the year ended 30 June 2022

29 Significant accounting policies (continued)

(j) Intangible assets

(i) Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

Configuration and customisation costs in SaaS arrangements

Part of the customisation and configuration activities undertaken in implementing SaaS arrangements may entail the development of software code that enhances or modifies, or creates additional capability to the existing on-premise software to enable it to connect with the cloud-based software applications (referred to as bridging modules or APIs). Judgement is applied in determining whether the additional code meets the definition of and recognition criteria for an intangible asset in AASB 138 Intangible Assets.

Determination whether configuration and customisation services are distinct from the SaaS access

Costs incurred to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received. In a contract where the cloud provider provides both the SaaS configuration and customisation, and the SaaS access over the contract term, the directors applied judgement to determine whether these services are distinct from each other or not, and therefore, whether the configuration and customisation costs incurred are expensed as the software is configured or customised (i.e. upfront), or over the SaaS contract term.

Specifically, where the configuration and customisation activities significantly modify or customise the cloud software, these activities will not be distinct from the access to the cloud software over the contract term. Judgement has been applied in determining whether the degree of customisation and modification of the cloud-based software that would be deemed significant.

(ii) Client relationships

Client relationships were recognised as an intangible asset separately from goodwill on the acquisition of Nursing Port Stephens Pty Ltd as they could be separately identified and met the contractual legal criteria.

Client relationships are amortised over 10 years.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in surplus or deficit as incurred.

For the year ended 30 June 2022

29 Significant accounting policies (continued)

(k) Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities are initially recognised on the date that they are originated. All other financial assets and financial liabilities are recognised on the date at that the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost;
- Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTPL if doing so eliminates or substantially reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives of the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

For the year ended 30 June 2022

29 Significant accounting policies (continued)

(k) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as the consideration received for the time value of money and for the credit risk associated with the principal amount outstanding during a particular time period and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well a a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial assets - Subsequent measurement and gains and losses:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in surplus or deficit.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interst income, foreign exchange gains and losses and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus or deficit.

For the year ended 30 June 2022

29 Significant accounting policies (continued)

(I) Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for Estimated Credit Losses ('ECLs') on:

- financial assets measured at amortised cost; and
- contract assets.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and whe estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

For the year ended 30 June 2022

29 Significant accounting policies (continued)

(I) Impairment (continued)

(i) Non-derivative financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise:
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activies in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing the value in use of other non-financial assets, the Group estimates Depreciation Replacement Cost ('DRC') based on external independent valuation.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to assets or groups of assets that are expected to benefit from the synergies of the combination.

For the year ended 30 June 2022

29 Significant accounting policies (continued)

(m) Provisions

(ii) Non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in surplus or deficit.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Provisions for restructuring are recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

For the year ended 30 June 2022

29 Significant accounting policies (continued)

(n) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for aperiod of time in exchange for consideration. To assess whether a contract conveys the right to controle the use of an identified asset, the Group uses the definition of a lease in AASB 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration int eh contract to each lease component on the basis of its relative standalone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use assets reflects that the Group will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

For the year ended 30 June 2022

29 Significant accounting policies (continued)

(n) Leases (continued)

(i) As a lessee (continued)

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalities for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes is assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilies for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payemnts associated with these leases as an expense on a straight-line basis over the lease term.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

For the year ended 30 June 2022

29 Significant accounting policies (continued)

(n) Leases (continued)

(ii) As a lessor

If an arrangement contains lease and non-lease components, then the Group applies AASB 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in AASB 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calcuating the gross investment in the lease.

The Group recognises lease payemnts received under operating leases as income on a straight-line basis over the lease term as part of 'Other income'.

For contracts entered into before 1 July 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neigher fixed per unit of output nor equal to the current market price per unit of output.

(i) As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially an an amount equal to the lower of their fair values and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to intial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the econcomic life of the asset.

For the year ended 30 June 2022

29 Significant accounting policies (continued)

(o) Goodwill

Goodwill is initially recognised and measured as set out above in the business combinations policy.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Directors' declaration

For the year ended 30 June 2022

In the opinion of the directors of MS Plus Ltd ("the Company"):

- (a) the Company is not publicly accountable;
- (b) the consolidated financial statements and notes that are set out on pages 18 to 53 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) giving a true and fair view of the financial position of the Group as at 30 June 2022 and of its performance, as represented by the results of its operations for the financial year ended on that date; and
 - (ii) complying with the Australian Accounting Standards Simplified Disclosures and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given declarations on the integrity of the annual financial statements, risk management and internal control environment from management for the financial year ended 30 June 2022.

This statement is made in accordance with a resolution of the Board of MS Plus Ltd and is signed for and on behalf of the Board by:

Mr Garry Ross Whatley

Director

Dated at Melbourne on the 7th day of September 2022.



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The Board of Directors MS Plus Ltd 54 Railway Road Blackburn VIC 3130

7 September 2022

Dear Board Members,

MS Plus Ltd

In accordance with the Australian Charities and Not-for profits Commission Act 2012, I am pleased to provide the following declaration of independence to the directors of MS Plus Ltd.

As lead audit partner for the audit of the financial statements of MS Plus Ltd for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in 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.

Yours sincerely

Jeloitte Touche Tohyatin DELOITTE TOUCHE TOHMATSU

Isabelle Lefevre

Partner

Chartered Accountants



Deloitte Touche Tohmatsu ABN 74 490 121 060

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Independent Auditor's Report to the Members of MS Plus Ltd

Opinion

We have audited the financial report of MS Plus Ltd (the "Entity") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of surplus or deficit and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies the Directors' Declaration.

In our 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* (the "ACNC Act"), including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of their 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 Regulation 2013*.

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 Group in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional & 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 Directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the Group's Directors' Report for the year ended 30 June 2022, 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 we do not and will 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 that we 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.

Deloitte

Responsibilities of The Directors for the Financial Report

The directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards — Simplified Disclosures and the ACNC Act and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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.

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

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

Deloitte.

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

Jeloitte Touche Tohuyaton

DELOITTE TOUCHE TOHMATSU

Isabelle Lefevre

Partner

Chartered Accountants

Melbourne, 7 September 2022