Financial Report 2023

Collaborating for the Future

ABN 95 084 695 045
30 June 2023

benevolent society

Financials

Contents

Directors' report

Directors' report for the year ended 30 June 2023

The Directors present their report on The Benevolent Society at the end of, or during, the year ended 30 June 2023.

The Benevolent Society is a registered charity and public benevolent institution with deductible gift recipient status endorsed by the Australian Charities and Not-for-profits Commission (ACNC) and accepted by the Australian Taxation Office (ATO). The Benevolent Society also has a wholly-owned subsidiary, Benevolent Australia – Disability Services Limited (BA-DS), which transferred all its assets and liabilities to The Benevolent Society on 29 October 2021 at which point it also ceased trading. BA-DS has since been voluntarily deregistered as a charity with the ACNC, and is currently in the process of being voluntarily deregistered as a company with the Australian Securities and Investments Commission (ASIC).

Vision and values

The Benevolent Society is a not-for-profit organisation that has helped people, families and communities achieve positive change since 1813.

Our vision is for a just society where all Australians can live their life their way. We seek to deliver on that vision by meeting people at their points of need and driving social change to dismantle the barriers that prevent people from full participation and inclusion in the community. For over 200 years, The Benevolent Society has pioneered new solutions to social problems and spoken out against disadvantage.

Our values guide us to stand strong, to never give up, to speak out on the issues that matter and to make a positive difference every day for people of all ages and backgrounds.

Directors

The following people were Directors of The Benevolent Society during the whole of the financial year up to the date of this report, except where noted:

- **Tim Beresford** (Chair ongoing, interim chair of the People and Culture Committee ceased 26 September 2022)
- **Andrew Yates** (Chair of the Audit, Finance and Risk Advisory Committee)
- **Rod Young**
- **Nancy Milne** (Chair of the People and Culture Committee appointed 26 September 2022)
- **Charles Prouse** (ceased 5 December 2022)
- **Christine Feldmanis** (ceased 5 December 2022)
- **Robyn Mildon** (Chair of Research, Practice and Quality Advisory Committee)
- **Robert Griew** (directorship effective from 1 November 2022)
- **Mahir Momand** (directorship effective from 22 May 2023)
- **Elaine Leong** (Group Company Secretary)

All Directors are members of The Benevolent Society (see Note 19(a) on page 31 for more information).

Directors' report for the year ended 30 June 2023

Principal activities

Our principal activities are summarised in **Figure 1** below.

We provide services and support to children, families, older people and people with a disability across Australia. Our main locations are in New South Wales, South Australia, Queensland and the Australian Capital Territory. We also contribute to positive social change through our advocacy and partnerships.

Everything we do is underpinned by the skills of our workforce, the passion of our volunteers and the generosity of our donors, corporate partners and funders. The Benevolent Society employs 1,263 staff, the equivalent of 1,147 full time staff throughout New South Wales, South Australia, Queensland and the Australian Capital Territory. Approximately 78 volunteers are involved in our service delivery and supporting our corporate functions at any given time during the year. We also continue to partner with a wide range of for-purpose organisations, academic bodies and government agencies.

Our strategy

Our Strategic Plan 'Better Together' sets our strategic vision for 2022–24. Building on our long experience and established strengths in supporting people, families and communities, our vision is to grow and develop The Benevolent Society in a way that enables us to future proof the organisation. Our aspiration to be an effective partner to drive social change and an influential voice in our sector, a trusted partner to governments at all levels, to make positive and proactive changes to policies and programs that impact the lives of our clients and communities; and work together with corporate, government, First Nations peoples and philanthropic partners to alleviate disadvantage and exclusion in the Australian community.

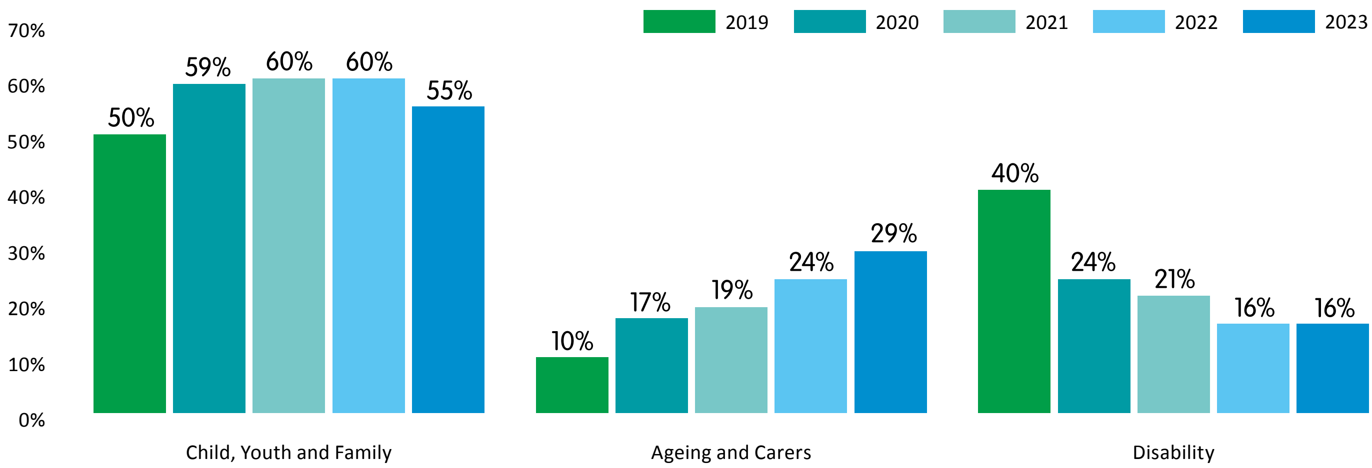
Performance

The Benevolent Society monitors performance through management reporting, performance scorecards, KPIs and benchmarks, including:

- outcome measures of service delivery;
- actual performance versus budgeted performance;
- the cost-effectiveness of fundraising activities; and
- the cost of administration and indirect costs to support operations.

We also assess client experience through a range of feedback mechanisms and regular net promoter score surveys.

Figure 1: Principal activities (percentages based on income by service)



Directors' report for the year ended 30 June 2023

Review of operations and results

Operating results

The Consolidated Group Surplus from continuing operations amounted to $1,207,000 (2022: Deficit $8,264,000).

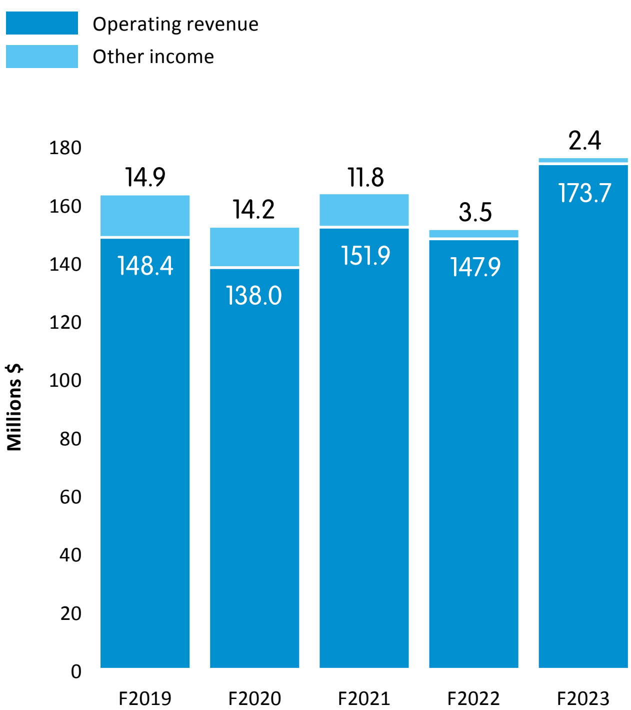
Review of operations

A review of operations of the Consolidated Group during the financial year shows total revenue increasing by 16.4% (2022: 7.6% decrease).

- Revenue from contracts with customers increased by 10.9% to $166,694,000 (2022: $150,254,000) due to an increase in community services funding.
- Investment revenue increased to $6,458,000 (2022: –$2,735,000) from realised gains, unrealised losses and distributions on investments.
- Other income decreased to $2,441,000 (2022: $3,455,000) as a result of a reduction in property sublease income in the current year.

Operating expenses for the year increased by 9.6% (2022: 7.4% increase) due to an increase in service delivery costs associated with the additional community services funding received.

Figure 2: Revenue



Significant changes

There was no significant change in the state of affairs of The Benevolent Society during the financial year.

Endowment investments

The Endowment Fund's purpose is to secure the long-term sustainability of The Benevolent Society and fund strategic initiatives and activities. In June 2023 Russell Investments was appointed external investment advisor to implement the new investment strategy. Under the new strategy, the Endowment Fund was transitioned to a new portfolio consisting of two pools managed by Russell Investments: Future Generation Fund and Liquid Reserve. The transition commenced and completed in June 2023.

As a result, the Board also dissolved the Endowment Investment Advisory Committee (EIAC) and appointed the Audit, Finance and Risk Advisory Committee (AFR) to take over the following responsibility from EIAC:

- monitor performance of Board appointed investment management service;
- implementation of strategy and review of outcomes; and
- reporting.

Investment performance

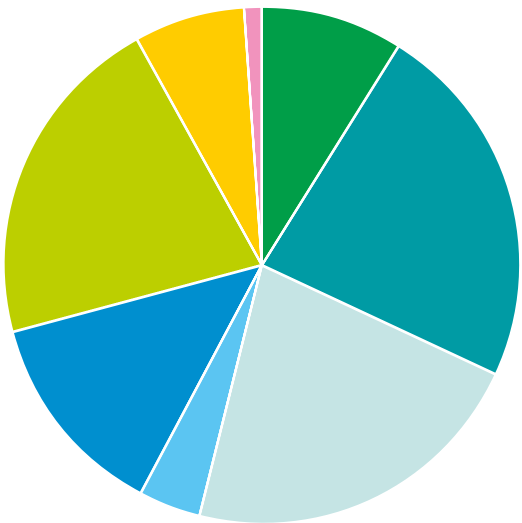
The Endowment Fund returned 7.0% (2022: –2.7%) which reflects the favourable conditions in the financial markets during the year. The Endowment fund transferred $5,130,000 to working capital to fund transformation project expenses and disability services deficits.

The Endowment Fund balance at 30 June 2023 is $73,436,000.

Figure 3: Endowment Fund Asset allocations

The fund allocation chart below reflects the actual allocation as at 30 June 2023.

9%	Alternative credit
23%	Australian shares
22%	Domestic cash
4%	Emerging markets
13%	Fixed income
21%	International shares
7%	Listed property and infrastructure
1%	Social impact



Going concern

For the year ended 30 June 2023, the consolidated entity had net current liabilities of $10,132,000 (2022: $9,151,000) comprising of total current assets of $42,393,000 (2022: $37,599,000) and total current liabilities of $52,525,000 (2022: $46,750,000).

The following matters have been considered by the Directors in determining the appropriateness of the going concern basis of preparation in the consolidated financial statements:

(i) availability of the option to draw down from the endowment fund balance of $73,436,000, subject to appropriate approval of the Board and whilst being liquid the endowment fund's intent is long-term growth; and

(ii) the parent entity continues to meet its obligations from the cash flow generated from its operations.

As a result of the above matters, the Directors are of the view that the consolidated entity will continue as a going concern and, therefore, will realise its assets and liabilities and commitments in the normal course of business and at the amounts stated in the consolidated financial statements.

Matters subsequent to the end of the financial year

No matter of circumstance has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the group, the results of those operations, or state of affairs of the group in future financial years.

Likely developments and expected results of operations

In the opinion of the Directors, there are no likely changes in The Benevolent Society's operations which may adversely affect The Benevolent Society.

Dividends

The Benevolent Society is a company limited by guarantee. It is prohibited by its Constitution from paying dividends to members.

Information on Directors

The people listed in the **Table 1** below were Directors of The Benevolent Society during the financial year and up to the date of this report.

Directors’ meetings

Table 1 shows the number of Board and Board subcommittee meetings held while the person was a Director, during the year ended 30 June 2023 and the number of meetings each attended.

Remuneration of Directors

The Benevolent Society’s Directors (excluding Group Company Secretary) are not remunerated.

Loans to Directors and executives

There are no loans to The Benevolent Society’s Directors or executives.

Figure 4: Composition of the Board

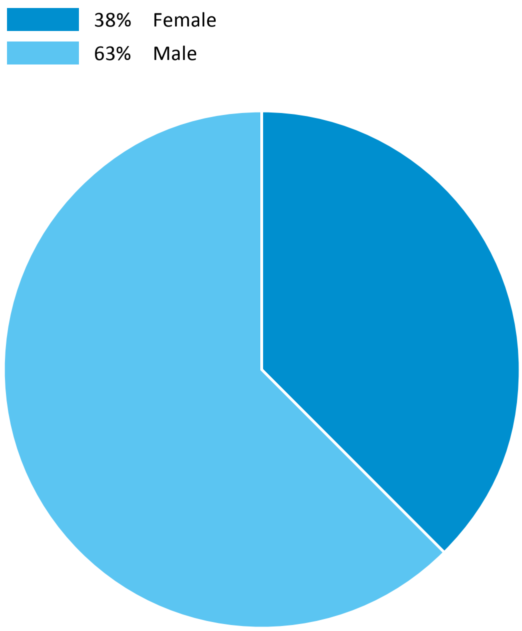


Table 1: Directors meetings

Director	Board of Directors: Held during tenure	Board of Directors: Attended during tenure	Audit, Finance and Risk Advisory Committee*: Held during tenure	Audit, Finance and Risk Advisory Committee*: Attended during tenure	People and Culture Committee: Held during tenure	People and Culture Committee: Attended during tenure	Research, Practice and Quality Advisory Committee: Held during tenure	Research, Practice and Quality Advisory Committee: Attended during tenure	Endowment Investment Advisory Committee**: Held during tenure	Endowment Investment Advisory Committee**: Attended during tenure
Tim Beresford	10	10	4	4	4	3	3	3	3	1
Rod Young	10	10	–	–	4	2	3	3	–	–
Andrew Yates	10	6	4	4	–	–	–	–	3	1
Nancy Milne	10	9	4	3	4	4	–	–	3	1
Robyn Mildon	10	10	–	–	–	–	3	3	–	–
Charles Prouse	5	4	–	–	–	–	2	2	–	–
Christine Feldmanis	5	3	–	–	2	1	–	–	2	2
Robert Griew	6	6	–	–	–	–	2	2	–	–
Mahir Momand	2	2	–	–	–	–	–	–	–	–
Elaine Leong (Group Company Secretary)	10	10	4	4	4	4	3	3	3	3

* The Audit, Finance and Risk Committee became the Audit, Finance and Risk Advisory Committee on 5 December 2022.

** The Endowment Investment Advisory Committee ceased on 22 May 2023. This Committee was comprised of independent committee members during the reporting period.

Audit, Finance and Risk Advisory Committee composition for year ended 30 June 2023

- **Andrew Yates**, Committee Chair
- **Tim Beresford**, Board Chair
- **Nancy Milne**, Director
- **Mahir Momand**, Director – from 22 May 2023

People and Culture Committee composition for year ended 30 June 2023

- **Nancy Milne**, Committee Chair
- **Tim Beresford**, Board Chair
- **Rod Young**, Director – from 5 December 2022
- **Christine Feldmanis**, Director – until 5 December 2022

Research, Practice and Quality Advisory Committee composition for year ended 30 June 2023

- **Robyn Mildon**, Committee Chair
- **Tim Beresford**, Board Chair
- **Rod Young**, Director
- **Charles Prouse**, Director – until 5 December 2022
- **Robert Griew**, Director – from 1 November 2022

Insurance of officers

During the financial year, The Benevolent Society paid premiums of $82,389 to insure its Directors, Company Secretary, and all executive officers of The Benevolent Society against a liability incurred by them, to the extent permitted by the *Corporations Act 2001*.

The Benevolent Society is insured for any loss for which a Director or officer becomes legally obligated to pay resulting from a wrongful act, and any amount for which The Benevolent Society indemnifies any Director, Company Secretary or executive officer in respect of any claims made against the Director or officer arising from a wrongful act.

The Benevolent Society has entered into deeds of access, indemnity and insurance for the benefit of Directors, Company Secretary and executive officers.

Indemnity of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of The Benevolent Society.

Proceedings on behalf of The Benevolent Society

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings against The Benevolent Society, nor to intervene in any proceedings to which The Benevolent Society is a party, for the purpose of taking responsibility on behalf of The Benevolent Society for all or part of those proceedings. No proceedings have been brought, or intervened in, on behalf of The Benevolent Society, with leave of the Court under section 237 of the *Corporations Act 2001*.

Other assurance services

The Benevolent Society may decide to engage the auditor (PricewaterhouseCoopers) on assignments additional to their statutory audit duties, where the auditor's expertise and previous experience with The Benevolent Society is relevant.

In accordance with advice received from the Audit, Finance and Risk Advisory Committee, the Board of Directors is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditor imposed by the *Australian Charities and Not-for-profits Commission Act 2012*.

The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit, Finance and Risk Advisory Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditors' independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

A copy of the auditor's independence declaration is set out on page 9 as required under section 60–40 of the *Australian Charities and Not-for-profits Commission Act 2012*.

Directors' report for the year ended 30 June 2023

Rounding of amounts

In relation to the 'rounding off' of amounts in the Directors' Report, The Benevolent Society is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, and in certain cases, to the nearest dollar.

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

T Beresford

Tim Beresford

Chair
Sydney
25 September 2023

Auditor's declaration

For the year ended 30 June 2023

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Auditor's Independence Declaration

As lead auditor for the audit of The Benevolent Society for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Benevolent Society and the entities it controlled during the period.

Mark Valerio
Partner
PricewaterhouseCoopers

Sydney
25 September 2023

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Financial statements

Financial statements for the year ended 30 June 2023

Consolidated statement of income and comprehensive income

	Notes	2023 $'000	2022 $'000
Revenue			
Revenue from continuing operations	2	173,663	147,861
Other income	2	2,441	3,455
Total revenue		**176,104**	**151,316**
Expenses			
Salaries and wages		(110,157)	(99,324)
Administration expenses		(14,868)	(15,570)
Client and brokerage expenditure		(14,925)	(11,005)
Community partners		(8,282)	(10,997)
Information technology		(6,445)	(4,351)
Marketing, events and communications		(4,542)	(2,604)
Travel and transport		(2,121)	(1,815)
Property and equipment		(3,680)	(3,589)
Depreciation and amortisation expense	3	(9,877)	(10,325)
Total expenses from continuing operations		**(174,897)**	**(159,580)**
Surplus/(deficit) before income tax		1,207	(8,264)
Income tax expense	32(e)	–	–
Surplus/(deficit) from continuing operations		**1,207**	**(8,264)**
Other comprehensive income			
Items that will not be reclassified to consolidated statement of income Actuarial gains on employee benefit obligations	18(b)	19	1,465
Total comprehensive income/(loss) for the year		**1,226**	**(6,799)**

The above consolidated statement of income and comprehensive income should be read in conjunction with the accompanying Notes.

Financial statements for the year ended 30 June 2023

Consolidated balance sheet

	Notes	2023 $'000	2022 $'000
Assets			
Current assets			
Cash and cash equivalents	4	33,297	31,315
Trade and other receivables	5	9,096	6,284
Total current assets		**42,393**	**37,599**
Non-current assets			
Receivables	6	3,366	3,366
Financial assets at fair value through profit or loss	7	68,964	66,240
Property, plant and equipment	8	46,558	46,977
Right-of-use assets	9(a)	20,456	20,350
Intangible assets	10	831	829
Total non-current assets		140,175	137,762
Total assets		**182,568**	**175,361**
Liabilities			
Current liabilities			
Trade and other payables	11	34,116	30,472
Employee benefit obligations	12	12,831	11,933
Borrowings	13	50	151
Refundable loans	14	85	217
Lease liabilities	9(a)	5,443	3,977
Total current liabilities		**52,525**	**46,750**
Non-current liabilities			
Borrowings	15	–	50
Provisions	16	2,627	1,034
Employee benefit obligations	17	2,226	2,190
Lease liabilities	9(a)	21,668	23,041
Total non-current liabilities		26,521	26,315
Total liabilities		79,046	73,065
Net assets		**103,522**	**102,296**
The Benevolent Society Funds			
Retained earnings	18(a)	96,893	95,686
Defined benefit reserve	18(b)	6,629	6,610
Total funds		**103,522**	**102,296**

The above consolidated balance sheet should be read in conjunction with the accompanying Notes.

Consolidated statement of changes in funds

	Notes	Defined Benefit Reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2021		**5,145**	**103,950**	**109,095**
Deficit for the year	18(a)	–	(8,264)	(8,264)
Other comprehensive income	18(b)	1,465	–	1,465
Balance at 30 June 2022		**6,610**	**95,686**	**102,296**
Surplus for the period	18(a)	–	1,207	1,207
Other comprehensive income	18(b)	19	–	19
Balance at 30 June 2023		**6,629**	**96,893**	**103,522**

The above consolidated statement of changes in funds should be read in conjunction with the accompanying Notes.

Consolidated statement of cash flows

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from government and clients (inclusive of goods and services tax)		176,520	166,130
Payments to suppliers and employees (inclusive of goods and services tax)		(164,988)	(154,561)
Interest paid		(1,692)	(1,804)
Net cash inflow from operating activities		**9,840**	**9,765**
Cash flows from investing activities			
Payments for property, plant and equipment		(4,382)	(1,128)
Payments for intangible assets		(375)	(607)
Payments for purchase of financial assets at fair value through profit and loss		(68,324)	(28,198)
Distributions on financial assets at fair value through profit and loss		4,643	3,375
Proceeds from sale of financial assets at fair value through profit and loss		65,596	33,512
Proceeds from sale of property, plant and equipment		325	664
Net cash (outflow) inflow from investing activities		**(2,517)**	**7,618**
Cash flows from financing activities			
Repayment of borrowings		(151)	(459)
Principal elements of lease payments		(5,190)	(3,695)
Net cash (outflow) from financing activities		**(5,341)**	**(4,154)**
Net increase in cash and cash equivalents		1,982	13,229
Cash and cash equivalents at the beginning of the financial year		31,315	18,086
Cash and cash equivalents at end of year	4	**33,297**	**31,315**

The above consolidated statement of cash flows should be read in conjunction with the accompanying Notes.

Notes to the financial statements

For the year ended 30 June 2023

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Notes to the financial statements for the year ended 30 June 2023

1. Significant changes in the current reporting period

For a detailed discussion about The Benevolent Society's performance and financial position please refer to our review of operations and results in our Directors' report on page 2.

2. Revenue

(a) From contracts with customers

Revenue from services subject to specific performance obligations.

	2023 $'000	2022 $'000
Government funding	138,455	123,968
Client fees and charges	27,560	24,114
Corporate funding	217	101
Trusts and foundations (refer to Note 27(a))	462	2,071
Revenue from contracts with customers	**166,694**	**150,254**

(b) From other operations

Revenue streams which are either not enforceable or do not have sufficiently specific performance obligations

	2023 $'000	2022 $'000
Bequests and legacies	316	93
Fundraising appeals and events (refer to Note 27(a))	195	249
Revenue from other operations	**511**	**342**

(c) From investments

	2023 $'000	2022 $'000
Interest	1,559	548
Investment distributions	2,190	3,886
Realised gain/(loss) on sale of investments	3,063	(637)
Unrealised (loss) on investments	(354)	(6,532)
Revenue from investments	**6,458**	**(2,735)**
Total revenue from continuing operations	**173,663**	**147,861**

2. Revenue (continued)

(d) Other income

	2023 $'000	2022 $'000
Rent	2,008	2,535
Net profit on sale of property, plant and equipment	122	142
Gain on Lease remeasurement	–	637
Other	311	141
Total other income	**2,441**	**3,455**

See Note 32(d) for revenue recognition and application of AASB 15 and AASB 1058.

3. Expenses

Expenses from operations include the following specific expenses:

	2023 $'000	2022 $'000
Depreciation and amortisation		
Buildings	911	912
Right-of-use assets under finance leases	4,906	4,427
Software	373	568
Plant and equipment	3,687	4,418
Total depreciation and amortisation	**9,877**	**10,325**
Net transfers to provisions		
Employee entitlements	1,483	1,494
Receivables written off during the year as uncollectible	26	312
Expense related to defined contribution plans	**9,962**	**8,574**

4. Current assets: cash and cash equivalents

	2023 $'000	2022 $'000
Cash at bank and on hand	30,682	26,934
Short-term deposits – Endowment	2,615	4,381
Total cash and cash equivalents	**33,297**	**31,315**

Cash and cash equivalents contains $2,615,000 (2022: $4,381,000) held as part of the Endowment fund (Note 28).

(a) Cash at bank and on hand

This consists of one at call interest bearing account of $9,913,918 at interest rate of 0.25% (2022: $13,451,952 at interest rate of 0.20%).

4. Current assets: cash and cash equivalents (continued)

(b) Short-term deposits

Deposits are with the Commonwealth Bank of Australia. Deposit rates are between 3.97% and 4.85% (2022: 0.12% and 2.22%). These deposits have an original maturity of 31 to 90 days.

(c) Interest rate risk exposure

The Benevolent Society's exposure to interest rate risk is discussed in Note 30.

(d) Reconciliation of cash at the end of the year

The above figures are reconciled to the amount of cash shown in the consolidated statement of cash flows at the end of the financial year as follows:

	2023 $'000	2022 $'000
Balances as above	33,297	31,315
Balances as per consolidated statement of cash flows	**33,297**	**31,315**

5. Current assets: trade and other receivables

	2023 $'000	2022 $'000
Trade receivables*	5,395	2,893
Term deposits – Endowment	1,030	–
Provision for impairment	(327)	(435)
Investment income receivable**	1,010	1,904
Trade receivables	**7,108**	**4,362**
Prepayments	1,986	1,922
Net other receivables	2	–
Trade and other receivables	**9,096**	**6,284**

* $154,000 (2022: $293,000) of trade receivables

** $673,000 (2022: $1,898,000) of investment income receivable relates to the Endowment fund.

Movements in the provision for impairment are as follows:

	2023 $'000	2022 $'000
At 1 July	435	949
Provision for impairment recognised during the year	(82)	(202)
Receivables written off during the year as uncollectible	(26)	(312)
As at 30 June	327	435

The creation and release of the provision for impaired receivables has been included in 'Administration expenses' in the consolidated statement of income and comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

6. Non-current assets: receivables

	2023 $'000	2022 $'000
Receivables	3,366	3,366
Total non-current receivables	**3,366**	**3,366**

The receivables outstanding at the end of the current year are deeply subordinated notes in Goodstart Early Learning of $2,500,000 and capitalised interest earned to date on these notes of $866,000. The deeply subordinated notes in Goodstart Early Learning has a maturity date of October 2030.

(a) Impaired receivables and receivables past due

None of the non-current receivables are impaired or past due but not impaired.

(b) Risk exposure

Information about The Benevolent Society's exposure to credit risk and interest rate risk is provided in Note 30.

7. Non-current assets: financial assets at fair value through profit or loss

	2023 $'000	2022 $'000
Managed funds – Endowment	68,964	66,220
Unlisted shares	–	20
Total financial assets at fair value through profit or loss	**68,964**	**66,240**

See Note 32(j) for the relevant accounting policies.

(a) Managed funds

The managed funds hold assets in line with The Benevolent Society's approved Strategic Asset Allocation. A summary of the Endowment assets and income are shown in Note 28.

(b) Unlisted shares

Unlisted shares were held in Community 21 Limited (4,000 shares at $5.00 each). The affairs of Community 21 are now fully wound up, and the distribution of $5,976 has been paid to The Benevolent Society on 25 November 2022.

(c) Non-current assets pledged as security

The Benevolent Society does not hold any non-current assets pledged as security.

(d) Impairment and risk exposure

The maximum exposure to credit risk at the reporting date is the fair value of the managed funds classified as financial assets at fair value through profit or loss.

All financial assets at fair value through profit or loss are denominated in Australian currency. For an analysis of the sensitivity of financial assets at fair value through profit or loss to price and interest rate risk refer to Note 30.

8. Non-current assets: property, plant and equipment

	Work in progress Assets in the course of construction $'000	Buildings $'000	Plant and equipment $'000	Total $'000
Cost				
Balance as at 1 July 2022	–	36,934	32,056	68,990
Additions	2,356	–	2,026	4,382
Reclassification	(2,314)	–	2,314	–
Disposals	–	–	(2,729)	(2,729)
Balance as at 30 June 2023	**42**	**36,934**	**33,667**	**70,643**
Accumulated depreciation				
Balance as at 1 July 2022	–	(4,849)	(17,164)	(22,013)
Disposals	–	–	2,526	2,526
Depreciation expense	–	(911)	(3,687)	(4,598)
Balance as at 30 June 2023	**–**	**(5,760)**	**(18,325)**	**(24,085)**
Net Book Value 2023	**42**	**31,174**	**15,342**	**46,558**
Net Book Value 2022	**–**	**32,085**	**14,892**	**46,977**

(a) Valuations of land and buildings

Land and buildings were deemed at cost as at transition to Australian equivalents to International Financial Reporting Standards ('AIFRS') date (1 July 2004). Valuations performed in April 2023 by Charter Keck Cramer showed recoverable values as greater than carrying values thus an impairment loss did not occur (refer Note 32(h)).

The Benevolent Society building 2E Wentworth Park Road, Glebe was valued at $40,000,000 in April 2023, which exceeds carrying value of $31,174,000 as at 30 June 2023.

(b) Restricted assets

The Benevolent Society does not have any material restrictions on title, property, plant and equipment. Minor restrictions relating to approved plant and equipment purchases through government funded contracts may include asset maintenance, security, risk responsibility, any insurance and registration requirements, disposal approval requirements and using the asset for the purpose for which it was funded.

9. Leases

(a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	2023 $'000	2022 $'000
Right-of-use assets		
Right-of-use property lease	30,526	29,216
Right-of-use motor vehicle lease	5,834	3,115
Total right-of-use assets	36,360	32,331
Accumulated depreciation of right-of-use assets	**(15,904)**	**(11,981)**
Net book value of right-of-use assets	**20,456**	**20,350**
Lease liabilities		
Lease liability property	3,775	3,182
Lease liability motor vehicle	1,668	795
Total current lease liabilities	**5,443**	**3,977**
Lease liability property	20,292	22,489
Lease liability motor vehicle	1,376	552
Total non-current lease liabilities	**21,668**	**23,041**
Total lease liabilities	**27,111**	**27,018**

Future lease payments in relation to lease liabilities at period end are as follows:

	2023 $'000	2022 $'000
Not later than a year	6,871	5,718
Later than a year and not later than 5 years	17,656	18,883
Later than 5 years	8,232	10,255
Total future lease payments	**32,759**	**34,856**

Additions to right-of-use assets during the financial year were $4,275,996 (2022: $1,895,585).

9. Leases (continued)

(b) Amounts recognised in the statement of income

The statement of income shows the following amounts relating to leases:

	2023 $'000	2022 $'000
Depreciation charge of right-of-use assets		
Property leases	3,323	3,478
Motor vehicle leases	1,583	949
Total depreciation charge of right-of-use assets	**4,906**	**4,427**
Property Leases Interest expense (included in Administration expense)	1,520	1,727
Motor vehicle interest expense (included in Travel and transport expense)	171	77
Total interest expense	**1,691**	**1,804**
Expense relating to short-term leases (included in Property and equipment expenses)	310	185
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in Administration expenses)	255	255
Expense relating to variable lease payments not included in leases liabilities (included in Property and equipment expenses)	608	731

The total cash outflow for leases in 2023 was $6,881,372 ($5,189,757 representing principal elements included in cash flow from financing activities and $1,691,615 lease interest expenses included in cash outflow from operating activities).

(c) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

See Note 32(f) for more information on relevant accounting policies.

10. Non-current assets: intangible assets

	Work in progress IT Development and Software $'000	IT Software $'000	Total $'000
Cost			
Balance as at 1 July 2022	–	4,839	4,839
Additions	375	–	375
Reclassification	(366)	366	–
Disposals	–	–	–
Balance as at 30 June 2023	9	5,205	5,214
Accumulated depreciation			
Balance as at 1 July 2022	–	(4,010)	(4,010)
Disposals	–	–	–
Depreciation expense	–	(373)	(373)
Balance as at 30 June 2023	–	(4,383)	(4,383)
Net book value 2023	**9**	**822**	**831**
Net book value 2022	**–**	**829**	**829**

11. Current liabilities: trade and other payables

	2023 $'000	2022 $'000
Trade payables	3,301	3,529
Other payables	5,284	4,790
Accruals	3,399	2,700
Contract liabilities – Government grants	17,634	16,087
Contract liabilities – Trust and foundations	4,498	3,366
Total current liabilities: trade and other payables	**34,116**	**30,472**

Risk exposure

Information about The Benevolent Society's exposure to foreign exchange risk is provided in Note 30(a).

12. Current liabilities: employee benefit obligations

	2023 $'000	2022 $'000
Employee benefits – annual leave	8,277	7,671
Employee benefits – long service leave	4,554	4,262
Total current liabilities: employee benefit obligations	**12,831**	**11,933**

13. Current liabilities: borrowings

	2023 $'000	2022 $'000
Hire purchase liabilities	50	154
Unexpired hire purchase liability	–	(3)
Total current liabilities: borrowings	**50**	**151**

14. Current liabilities: refundable loans

	2023 $'000	2022 $'000
Retirement village resident entry contributions	85	217
Total current liabilities: refundable loans	**85**	**217**

15. Non-current liabilities: borrowings

	2023 $'000	2022 $'000
Hire purchase liabilities	–	51
Unexpired hire purchase liability	–	(1)
Total non-current liabilities: borrowings	**–**	**50**

16. Non-current liabilities: provisions

	2023 $'000	2022 $'000
Property make good provisions	2,627	1,034
Total non-current liabilities: provisions	**2,627**	**1,034**

Make good provision

The Benevolent Society is required to restore several leased premises currently utilised as operational hubs to their original condition at the end of the respective lease terms. A provision has been recognised for the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets.

17. Non-current liabilities: employee benefit obligations

	2023 $'000	2022 $'000
Employee benefits – long service leave	588	610
Defined superannuation benefit	1,638	1,580
Total non-current liabilities: employee benefit obligations	**2,226**	**2,190**

(a) Defined superannuation benefit

On acquisition of the New South Wales State Government Family and Community Services Disability operations on 28 July 2017, a commitment was made by the organisation to a number of employees to continue their arrangements in respect of their defined superannuation benefits plan.

Accordingly TBS will be the new employer for the purpose of the following public sector defined benefit schemes:

- State Authorities Superannuation Scheme (SASS);
- State Superannuation Scheme (SSS); and
- State Authorities Non-contributory Superannuation Scheme (SANCS).

The above schemes (along with the Police Superannuation Scheme (PSS)) are collectively known as the NSW Pooled Fund (Pooled Fund).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members.

Description of risks

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

(a) Investment risk

The risk that investment returns will be lower than assumed and the group will need to increase contributions to offset this shortfall.

(b) Pension indexation risk

The risk that pensions will increase at a rate greater than assumed, increasing future pensions.

(c) Salary growth risk

The risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.

(d) Legislative risk

The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit Fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

17. Non-current liabilities: employee benefit obligations (continued)

(a) Defined superannuation benefit (continued)

Description of risks (continued)

(d) Legislative risk (continued)

(i) Consolidated balance sheet amounts

The amounts recognised in the consolidated balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Present value of obligation $'000	Fair Value of Plan assets $'000	Total $'000
1 July 2022	(8,235)	6,655	(1,580)
Total amount recognised in profit and loss	(469)	345	(124)
Total amount recognised in other comprehensive income	(218)	237	19
Contributions by fund participants	(25)	25	–
Contribution by the employer	–	47	47
Benefits paid by the plan	601	(601)	–
30 June 2023	**(8,346)**	**6,708**	**(1,638)**

Net liability disclosed above relates to funded obligations.

	2023 $'000	2022 $'000
Present value of funded obligations	(8,346)	(8,235)
Fair value of plan assets	6,708	6,655
Deficit of funded plans	**(1,638)**	**(1,580)**

TBS has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one off contributions. TBS intends to continue to contribute to the defined benefit section of the plan at the following rates in line with the actuary's latest recommendations.

Superannuation schemes	Basis of contribution	Rate
SASS	Multiple of Member Contributions	1.40% p.a.
SANCS	% of Member Salary	3.10% p.a.
SSS	Multiple of Member Contributions	0.80% p.a.

17. Non-current liabilities: employee benefit obligations (continued)

(a) Defined superannuation benefit (continued)

Description of risks (continued)

(d) Legislative risk (continued)

(ii) Categories of plan assets

The percentage invested in each asset class at the reporting date are as follows:

Category of assets	As at 30 June 2023
Short-term securities	14.26%
Australian fixed interest	0.27%
International fixed interest	3.48%
Australian equities	25.89%
International equities	37.83%
Property	2.06%
Alternatives	16.21%
Total	**100.00%**

(iii) Principal actuarial assumptions

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

Assumptions	As at 30 June 2023
Discount rate	5.68% p.a.
Salary increase rate (excluding promotional increases)	4.45% p.a. for 2023/24 2.95% p.a. for 2024/25 2.74% p.a. for 2025/26 3.20% p.a. thereafter
Rate of CPI increase	6.65% p.a. for 2022/23 3.50% p.a. for 2023/24 3.00% p.a. for 2024/25 2.75% p.a. for 2025/26 and 2026/27 2.50% p.a. thereafter
Pensioner mortality	The pensioner mortality assumptions are those used for the 2021 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report on the trustee’s website. The report shows the pension mortality rates for each age.

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review. Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review. The review will be performed by the actuary in accordance with AASB 1056 *Superannuation Entities*.

The economic assumptions adopted for 30 June 2023 AASB 1056 *Superannuation Entities*.

17. Non-current liabilities: employee benefit obligations (continued)

(a) Defined superannuation benefit (continued)

Description of risks (continued)

(d) Legislative risk (continued)

(iii) Principal actuarial assumptions (continued)

Weighted-average assumptions	As at 30 June 2023
Expected rate of return on Fund assets backing current pension liabilities	7.00% p.a.
Expected rate of return on Fund assets backing other liabilities	6.20% p.a.
Expected salary increase rate (excluding promotional salary increases)	4.45% p.a. for 2023/24 2.95% p.a. for 2024/25 2.74% p.a. for 2025/26 3.20% p.a. thereafter
Expected rate of CPI increase	6.65% p.a. for 2022/23 3.50% p.a. for 2023/24 3.00% p.a. for 2024/25 2.50% p.a. thereafter

18. Reserves and retained surplus

(a) Retained surplus

	2023 $'000	2022 $'000
Balance 1 July	95,686	103,950
Net surplus/(deficit) for the period	1,207	(8,264)
Balance 30 June	**96,893**	**95,686**

(b) Defined benefit reserve

	2023 $'000	2022 $'000
Balance 1 July	6,610	5,145
Re-measurement of employee benefit obligation	19	1,465
Balance 30 June	**6,629**	**6,610**

(c) Nature and purpose of reserves

Defined benefit reserve

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in reserve in the consolidated statement of changes in funds and in the consolidated balance sheet.

19. Key management personnel disclosures

(a) Directors and group company secretary

The following people were non-executive Directors of The Benevolent Society during the financial year (except the Group Company Secretary):

Tim Beresford BEc (Hons), LLB MPhil (International Relations) ASIA, FAICD	Chair ongoing, interim chair of the People and Culture Committee (ceased 26 September 2022) Director from 14 February 2013
Andrew Yates BEc, CA	Chair of the Audit, Finance and Risk Advisory Committee Director from 9 November 2015
Rod Young LLB, BHSM, MAICD, ACHSM	Director from 1 November 2016
Nancy Milne BA LLB, FAICD	Chair of the People and Culture Committee (appointed 26 September 2022) Director from 4 March 2021
Charles Prouse	Director from 10 August 2015 (ceased 5 December 2022)
Christine Feldmanis BCom, MAppFin, CPA, FAICD, SFFINSIA, TFASFA, JP	Director from 22 February 2021 (ceased 5 December 2022)
Robyn Mildon PhD	Chair of Research, Practice and Quality Advisory Committee Director from 28 June 2021
Robert Griew B, MPH, GradCertEcon	Director from 1 November 2022
Mahir Momand MBA, MComm, GAICD	Director from 22 May 2023
Elaine Leong BA, LLB, BA Comms (Hons), Grad Dip Legal Prac, GAICD, FGIA	Group Company Secretary from 14 November 2016

(b) Directors' compensation

Directors (excluding group company secretary) of The Benevolent Society are not remunerated.

(c) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of The Benevolent Society, directly or indirectly during the financial year:

Lin Hatfield Dodds BSc (Hons), M Coun Pysch	Chief Executive Officer (appointed 19 July 2021)
Stefan Duvenhage B Com, ACMA	Executive Director, Finance and Corporate Services (appointed 1 July 2022)
Sandra Clubb B HR	Executive Director, People and Organisational Development (appointed 28 April 2021, resigned 10 February 2023)
Justin Sturrock DipBS	Executive Director, People and Culture (appointed 15 May 2023)
Kelly Bruce B Com, MEM	Executive Director, Impact and Engagement (appointed 27 July 2021)
Linda Griffiths	Executive Director, Child, Youth and Family and Risk and Quality (acting since 11 July 2022) (appointed 17 April 2023)
Michael Woodhouse B.Ec. LLB (Hons)	Executive Director, Disability, Ageing and Carers (appointed 11 July 2022)
Jeremy Halcrow BA, Grad Dip IM, MBA (Social Impact), GAICD	Executive Director, Strategy and Quality (appointed 4 October 2022)

19. Key management personnel disclosures (continued)

(d) Other key management personnel compensation

	2023 $'000	2022 $'000
Short-term employee benefits (total compensation)	2,448	2,268

(e) Loans to key management personnel

The Benevolent Society does not hold any loans with key management personnel.

(f) Other transactions with key management personnel

The Benevolent Society does not have any other transactions with key management personnel.

20. Limitation of members' liabilities

The parent entity is registered with the Australian Charities and Not-for-profits Commission as a company limited by guarantee, and in accordance with the constitution the liability of members in the event the parent entity is wound up would not exceed $100 per member. At 30 June 2023 the number of members of this company was 56 (2022: 56).

21. Contingencies

The Benevolent Society had $1,964,797 of contingent liabilities at 30 June 2023 (2022: $2,014,356) in relation to security for property lease agreements. The Benevolent Society had no contingent assets at 30 June 2023 (2022: nil).

In the ordinary course of business, the group becomes involved in litigation and claims. Provisions have been made for known obligations where the existence of the liability is probable and can be reasonably quantified.

The Benevolent Society historically provided short-term residential care for children at Scarba House, located at Bondi in Sydney's eastern suburbs during the period 1917 to 1986.

In 2004, The Benevolent Society provided a full and unreserved apology for all abuse, mistreatment or harm experienced by children in our care. A copy of our apology is available on The Benevolent Society's website – www.benevolent.org.au.

The Benevolent Society has joined the National Redress Scheme on 24 December 2020.

22. Commitments

(a) Capital commitments

The Benevolent Society had capital commitments payable within one year as at 30 June 2023 of $540,266.
(2022: $1,514,000).

(b) Repairs and maintenance: investment property

The Benevolent Society had no contractual obligation for future repairs and maintenance in existence at the reporting date other than those recognised as liabilities.

23. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in Note 32(g):

23. Subsidiaries (continued)

Name of entity	Country of incorporation	Class of shares	2023 % owned	2022 % owned
Benevolent Australia – Disability Service Limited	Australia	Ordinary	100	100

24. Parent entity financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2023 $'000	2022 $'000
Consolidated balance sheet		
Current assets	42,234	37,468
Total assets	182,409	175,230
Current liabilities	(52,527)	(46,750)
Total liabilities	(79,048)	(73,065)
Shareholder's equity		
Retained surplus	96,732	95,555
Total equity	103,361	102,165
(Deficit)/surplus for the year	1,205	(8,152)
Total comprehensive (loss)/income for the year	**1,224**	**(6,687)**

25. Related party transactions

(a) Social Ventures Australia

The Benevolent Society is one of the four founding members of Social Ventures Australia Limited. Social Ventures Australia Limited (SVA) is a company limited by guarantee, incorporated and operating in Australia. The Benevolent Society invested a sum of $1,048,876 in SVA's Diversified Impact Fund since 2017 and received total distribution to date of $566,836. At consolidated balance sheet date the carrying value of this investment amounted to $481,050.

(b) Goodstart Early learning

The Benevolent Society is one of four founding members of Goodstart Early Learning Limited (Goodstart). Goodstart is a company limited by guarantee, incorporated and operating in Australia. In 2023 The Benevolent Society received interest income of $504,841 (2022: $504,841) and held receivables of $3,366,000 (2022: $3,366,000) principal and interest in relation to deeply subordinated notes.

(c) Transactions with Directors

The Benevolent Society has entered into deeds of access, indemnity and insurance for the benefit of Directors.

(d) Key management personnel compensation

Disclosures relating to key management personnel are set out in Note 19.

26. Events occurring after the reporting period

No significant events have occurred since 1 July 2023 that has significantly affected, or may significantly affect, the operations of the group, the results of those operations, or state of affairs of the group in future financial years.

27. Additional information furnished under the *NSW Charitable Fundraising Act 1991* and the Regulations

(a) Details of aggregate gross income and expenditure of fundraising appeals

	2023 $'000	2022 $'000
Gross proceeds of fundraising from trusts and foundations	462	2,071
Gross proceeds of fundraising appeals and events	195	249
Total proceeds of fundraising	657	2,320
Total direct costs of fundraising appeals and events (see (d) below)	(19)	(14)
Net surplus from fundraising	**638**	**2,306**

(b) Statement showing how funds received were applied to charitable purposes

	2023 $'000	2022 $'000
Net surplus from fundraising	(638)	(2,306)
This was applied to charitable purposes in the following manner:		
Community program expenditure	138,081	123,186
Administration expense*	36,797	36,380
Total cost of community programs	174,878	159,566
Total charitable purpose expenditure	**174,878**	**159,566**
Shortfall in funds available from fundraising**	**174,240**	**157,260**

* Administration expenses include depreciation, impairment, bequest expenditure, and a portion of indirect overheads.

** Shortfall in funds available from fundraising is funded through government contracts, Endowment income distributions, investment income, corporate funding, client fees and bequests.

(c) Shortfall of funds available from fundraising was financed from the following sources

	2023 $'000	2022 $'000
Government grants and subsidies	138,455	123,968
Client fees	27,560	24,114
Bequests and legacies	316	93
(Surplus)/deficit for the year	(1,207)	8,264
Interest, dividend and managed fund distribution revenue	6,458	(2,735)
Corporate funding	217	101
Other income	2,441	3,455
Shortfall in funds available from fundraising	**$174,240**	**$157,260**

(d) Fundraising appeals and events conducted during the financial year

During 2023 the following fundraising activities were delivered: newsletter appeals every two months; digital fundraising appeals through social media and online banner advertising.

Bequests, corporate giving and private donations also contribute to the overall fundraising activity.

27. Additional information furnished under the *NSW Charitable Fundraising Act 1991* and the Regulations (continued)

(e) Fundraising ratios

	2023		2022	
	$'000	%	$'000	%
Total cost of fundraising : Gross income from fundraising	19 : 657	3	14 : 2,320	1
Net surplus from fundraising : Gross income from fundraising	638 : 657	97	2,306 : 2,320	99
Total cost of community programs : Total expenditure	138,081 : 174,897	79	123,186 : 159,580	77
Total cost of community programs : Total revenue from continuing activities	138,081 : 173,663	80	123,186 : 147,861	83

These comparisons and percentages are required to be disclosed under the *NSW Charitable Fundraising Act 1991*.

28. Endowment investments

The Endowment assets and income are included in The Benevolent Society's consolidated balance sheet and consolidated statement of income and comprehensive income as follows:

	Notes	Endowment $'000	Operations $'000	Total $'000
Current assets				
Cash and cash equivalents	4	2,615	30,682	33,297
Trade and other receivables	5	1,857	7,239	9,096
Non-current assets				
Financial assets at fair value through profit or loss	7	68,964	–	68,964
Total assets		**73,436**	**37,921**	**111,357**
Revenue from investments				
Interest		179	1,380	1,559
Investment distributions		2,036	154	2,190
Realised gain on sale of investments		3,063	–	3,063
Unrealised (loss) on sale of investments		(354)	–	(354)
Total revenue from investments	2(c)	**4,924**	**1,534**	**6,458**

29. Critical accounting estimates and judgements

The Benevolent Society makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

29. Critical accounting estimates and judgements (continued)

Significant estimates and judgements

The areas involving significant estimates or judgements are:

- estimation of defined benefit pension obligation – Note 17.

30. Financial risk management

The Benevolent Society's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Benevolent Society's overall financial risk management program focuses on financial markets and seeks to control potential adverse effects on our long-term financial performance. The Benevolent Society uses different investments to minimise certain risk exposures. Managed funds and bonds are used for medium and long-term investment purposes where a greater risk tolerance is accepted.

The Benevolent Society holds the following financial instruments:

	Notes	2023 $'000	2022 $'000
Financial assets			
Cash and cash equivalents	4	33,297	31,315
Trade and other receivables	5	9,096	6,284
Non-current receivables	6	3,366	3,366
Financial assets at fair value through profit or loss	7	68,964	66,240
Total financial assets		**114,723**	**107,205**
Financial liabilities			
Trade payables	11	3,301	3,529
Accruals	11	3,399	2,700
Other payables	11	5,284	4,790
Retirement village contributions	14	85	217
Government funding received in advance	11	17,634	16,087
Trust and foundations	11	4,498	3,366
Lease liabilities	9	27,111	27,018
Borrowings	13, 15	50	201
Total financial liabilities		**61,362**	**57,908**

(a) Market risk

(i) Foreign exchange risk

The Benevolent Society operates within Australia and therefore is not exposed to direct foreign exchange risk. The Benevolent Society is indirectly exposed to foreign exchange risk due to global equities included in funds under management.

(ii) Price risk

The Benevolent Society does not directly invest in equities and therefore is not exposed to direct price risk. The Benevolent Society is exposed to equity securities price risk as it invests indirectly in the equity market through its investment fund managers. The Benevolent Society is not exposed directly to commodity price risk but does have an indirect exposure via its investment in the equity market. Other financial assets at amortised cost (previously classified as held-to-maturity investments) are not exposed to price risk as they are carried at amortised cost and will be held to maturity.

30. Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk

The Benevolent Society's main interest rate risk arises from short-term investments and Goodstart Early Learning Loan notes. The risk is reduced due to the fixed rates associated with the Goodstart Notes.

The Benevolent Society uses a combination of variable and fixed rate investments to manage its interest rate risk.

The Benevolent Society's overall exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table:

			Fixed interest maturing in:					
	Average Interest rate %	Variable interest rate $'000	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total 2023 $'000	Total 2022 $'000
Financial assets								
Cash	2.40 (2022: 0.94)	9,914	16,710	–	–	4,058	30,682	26,934
Short-term deposits	4.15 (2022: 0.25)	1,607	1,008	–	–	–	2,615	4,381
Trade and other receivables	–	–	–	–	–	8,066	8,066	6,284
Other receivables term deposit	4.85 (2022: 0.00)	–	–	–	–	–	1,030	–
Non-current receivables	15.00 (2022: 15.00)	–	–	–	3,366	–	3,366	3,366
Financial assets at fair value through profit and loss	–	–	–	–	–	68,964	68,964	66,240
Total financial assets		**11,521**	**17,718**	**–**	**3,366**	**81,088**	**114,723**	**107,205**
Financial liabilities								
Trade payable	–	–	–	–	–	3,301	3,301	3,529
Accruals	–	–	–	–	–	3,399	3,399	2,700
Other payables	–	–	–	–	–	5,284	5,284	4,790
Government funding received in advance	–	–	–	–	–	17,634	17,634	16,087
Trust and foundations						4,498	4,498	3,366
Retirement village contributions payable	–	–	–	–	–	85	85	217
Lease liabilities	5.52	–	5,443	14,641	7,027	–	27,111	27,018
Borrowings	4.60	–	50	–	–	–	50	201
Total financial liabilities		–	5,493	14,641	7,027	34,201	61,362	57,908
Net financial assets		**11,521**	**12,225**	**(14,641)**	**(3,661)**	**46,887**	**53,361**	**49,297**

30. Financial risk management (continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as outstanding receivables and committed transactions. The Benevolent Society uses banks and financial institutions with a minimum credit rating of AA. There is no concentration of credit risk with respect to current and non-current receivables, as The Benevolent Society has a large number of clients, dispersed throughout New South Wales, Queensland and South Australia, Australia. The funding provided by government is also spread between Australian Commonwealth and State government funding.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Benevolent Society manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Benevolent Society's funding is provided in advance by government and surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

AASB 7 *Financial Instruments*: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(iii) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(iv) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and

(v) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents The Benevolent Society's financial assets and liabilities measured and recognised at fair value at 30 June 2023 and 30 June 2022:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2022				
Financial assets at fair value through profit and loss				
Investments – managed funds	66,240	–	–	66,240
2023				
Financial assets at fair value through profit and loss				
Investments – managed funds	68,964	–	–	68,964

The Benevolent Society uses fair value estimation for medium to long-term investments in managed funds. The Benevolent Society's managed funds are carried at fair value which approximates current market value. The Benevolent Society enters into a range of managed fund portfolios to manage risk in accordance with our Investment Policy approved by the Board of Directors. This policy has been complied with during the financial year.

31. Remuneration of auditors

Assurance and other services provided by PricewaterhouseCoopers.

	2023 $	2022 $
1. Audit services		
PricewaterhouseCoopers: Audit of financial reports and other audit work under the *Australian Charities and Not-for-profits Commission Act 2012*	111,600	94,500
Total remuneration for audit services	111,600	94,500
2. Other assurance services		
PricewaterhouseCoopers: Other assurance services	90,750	32,080
Total remuneration for other assurance services	90,750	32,080
3. Other services		
PricewaterhouseCoopers: Tax advisory services	12,750	–
Total remuneration for other services	12,750	–
Total remuneration to PricewaterhouseCoopers	215,100	126,580

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

32. Summary of significant accounting policies

The principal accounting policies adopted in this financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards – Simplified Disclosure Requirements, and Interpretations issued by the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012* ('ACNC Act 2012'). The Benevolent Society is a large not-for-profit entity for the purpose of preparing this financial report.

(i) Compliance with Australian Accounting Standards – Simplified Disclosure Requirements

The Benevolent Society's financial report complies with Australian Accounting Standards – Simplified Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB) and the disclosure requirement of AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For Profit and Not-for-profit Tier 2 Entities*.

The Benevolent Society has continued to disclose the following non-required disclosures to assist with transparency: financial risk management (Note 30), interest rate risk exposure (Note 30), movements in the position for impairment of receivables (Note 5), non-current receivables and receivables past due (Note 6), and non-current receivables risk exposure (Note 6(a)).

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- financial assets at fair value through profit or loss (previously classified as available-for-sale financial assets), financial assets and liabilities; and
- defined benefit pensions plans – plan assets measured at fair value.

(iii) Presentation currency

The consolidated financial statements are presented in Australian dollar ($), which is The Benevolent Society's functional and presentation currency.

(iv) New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 July 2022:

- AASB 2020-9 *Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments* [AASB 1060].

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Principles of consolidation and equity accounting

The consolidated financial statements comprise the financial statements of the parent entity, being The Benevolent Society and its controlled entity and together are referred to in this report as the group. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

All inter-group balances and transactions between entities in the group, including any unrealised profits or losses, have been eliminated on consolidation. Where controlled entities have entered or left the group during the year, their operating results have been included from the date control was obtained or until the date control ceased. There are no outside interests in the equity or results of the controlled entities.

32. Summary of significant accounting policies (continued)

(c) Going concern

For the year ended 30 June 2023, the consolidated entity had net current liabilities of $10,132,000 (2022: $9,151,000).

The following matters have been considered by the Directors in determining the appropriateness of the going concern basis of preparation in the consolidated financial statements:

(i) availability of the option to draw down from the endowment fund balance of $73,436,000, subject to appropriate approval of the Board and whilst being liquid the endowment fund's intent is long-term growth; and

(ii) the parent entity continues to meet its obligations from the cash flow generated from its operations.

As a result of the above matters, the Directors are of the view that the consolidated entity will continue as a going concern and, therefore, will realise its assets and liabilities and commitments in the normal course of business and at the amounts stated in the consolidated financial statements.

(d) Revenue recognition

Revenue is recognised for the major business activities as follows:

(i) Revenue recognition policy for revenue from contracts with customers (AASB 15)

AASB 15 requires revenue to be recognised where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations being satisfied.

The basis for revenue recognition is a five-step model as follows:

1. Identify the contract with the customer
2. Identify sufficiently specific performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue

Government funding

The customer for these contracts is the funding provider. Government funding revenue arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised as each performance obligations is satisfied over the life of the contract.

Client fees and charges

Revenue from providing services is recognised in the accounting period in which the performance obligations are satisfied. Where there is a difference in the timing, it will result in the recognition of a receivable, contract asset or contract liability.

Corporate funding, trusts and foundations

Income arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised as each performance obligations is satisfied. Within agreements with corporate funding, trusts and foundations there may be some performance obligations which are satisfied at a point in time and others which are satisfied over the life of the contract. Where performance obligations are satisfied over time, revenue recognition is based on costs incurred relative to the total expected costs required to satisfy each performance obligation.

(ii) Revenue recognition policy for income of not-for-profit entities (AASB 1058)

If there is not an enforceable arrangement and/or the performance are not sufficiently specific, then income is recognised under AASB 1058, almost always immediately.

Fundraising and bequests

Donations and bequests collected are recognised as revenue when the group gains control of the asset.

(e) Income tax

As a public benevolent institution, The Benevolent Society is endorsed for income tax exemption under subdivision 50-B of the *Income Tax Assessment Act 1997.*

32. Summary of significant accounting policies (continued)

(f) Leases

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

32. Summary of significant accounting policies (continued)

(g) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity;

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

32. Summary of significant accounting policies (continued)

(i) Cash and cash equivalents

For consolidated statement of cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost**: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.
- **FVOCI**: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.

32. Summary of significant accounting policies (continued)

(j) Investments and other financial assets (continued)

(iii) Measurement (continued)

Debt instruments (continued)

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.

- **FVPL**: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

  Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Equity instruments

Financial assets at fair value through profit or loss

The group classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at amortised cost; and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

(iv) Impairment

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

(v) Trade and other receivables

Trade receivables were recognised at the amounts receivable as they were due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables was reviewed on an ongoing basis. Debts which were known to be uncollectible were written off by reducing the carrying amount directly. An allowance for doubtful debts was used when there was objective evidence that The Benevolent Society would not able to collect all amounts due, according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor would enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) were considered to be indicators that the trade receivable was doubtful. The amount of the impairment allowance and cash flows relating to short-term receivables were not discounted as the effect of discounting was immaterial.

The amount of the impairment loss was recognised in the consolidated statement of income and comprehensive income within bad debts expenses. When a trade receivable for which an impairment allowance had been recognised became uncollectable in a subsequent period, it was written off against the allowance account. Subsequent recoveries of amounts previously written off were credited against bad debts in the consolidated statement of income and comprehensive income.

32. Summary of significant accounting policies (continued)

(k) Property, plant and equipment

Land and buildings are shown at deemed cost as at transition to AIFRS date. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Assets are generally capitalised if greater than $5,000. If government funding contracts state a different level for capitalisation, then that level is applied in relation to assets purchased under the specific government contract.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to The Benevolent Society and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of income and comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Buildings	40 years
Fitout, furniture and fittings	10 years
Equipment	6–7 years
Motor vehicle	6–7 years
IT hardware	3–5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each consolidated balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of income and comprehensive income.

(l) Intangible assets

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to IT software. Costs capitalised include external direct costs of materials and service as well as internal labour cost directly attributable in developing products or services. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where The Benevolent Society has an intention and ability to use the asset.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to The Benevolent Society prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is due later than 12 months from the reporting date. They are recognised at cost.

(n) Provisions

Provisions are recognised when The Benevolent Society has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the cost of the best estimate of the expenditure required to settle the present obligation at the reporting date. The amount of the expenditure relating to provisions are not discounted as the effect of discounting is immaterial.

Retirement village resident entry contributions are payable on vacation of a unit by a resident, and are defined as the amounts village residents loan to The Benevolent Society by deed of loan, less the amount allowed to be retained by The Benevolent Society, as determined by the deed of the loan.

32. Summary of significant accounting policies (continued)

(o) Employee benefits

(i) Wages and salaries, annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date, are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. The obligations are presented as current liabilities in the consolidated balance sheet if The Benevolent Society does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) On-costs

Employee benefit on-costs, including superannuation and workers compensation, are recognised and included in employee benefit expenses when the employee benefits to which they relate are recognised as liabilities.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Benevolent Society recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(v) Post-employment obligations

The group operates a post-employment schemes which is a defined benefit pension plan.

<u>Pension obligations</u>

The liability or asset recognised in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. Accordingly the 10 year government bond yield rate is used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the consolidated balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

32. Summary of significant accounting policies (continued)

(p) Rounding of amounts

The Benevolent Society is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, relating to the 'rounding off' of amounts in the consolidated financial statements. Amounts in the consolidated financial statements have been rounded off in accordance with ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 to the nearest thousand dollars, or in certain cases, the nearest dollar.

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

(r) Comparative Information

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

Directors' declaration

For the year ended 30 June 2023

In the Directors' opinion:

(a) the consolidated financial statements and Notes set out on pages 12 to 48 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* including:

(i) complying with Australian Accounting Standards – General Purpose Financial Statements – Simplified Disclosures, the *Australian Charities and Not-for-profits Commission Act 2012*, to the extent relevant, the *Corporations Act 2001* (Cth), and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the The Benevolent Society's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that The Benevolent Society will be able to pay its debts as and when they become due and payable.

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

Andrew Yates

Chair of the Audit, Finance and Risk Advisory Committee

Tim Beresford

Chair

Sydney
25 September 2023

Independent auditor's report

For the year ended 30 June 2023

Independent auditor's report

To the members of The Benevolent Society

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of The Benevolent Society (the Company) and its controlled entities (together the Group) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

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

(b) complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2023
- the consolidated statement of changes in funds for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of income and comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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

Independence

We are independent of the Group in accordance with 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 confirm that the independence declaration which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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pwc

Other information

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

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

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.

Responsibilities of the directors for the financial report

The directors of the Company 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 *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* 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 have 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Independent auditor's report for the year ended 30 June 2023

Report on the requirements of the *Charitable Fundraising Act 1991* and the *Charitable Fundraising Regulation 2021*

We have audited the financial report of The Benevolent Society (the Company) and its controlled entities (together the Group) as required by Section 24 of the *Charitable Fundraising Act 1991* (the Act). The directors of the Company are responsible for the preparation and presentation of the financial report in accordance with the Act and the *Charitable Fundraising Regulation 2021* (the Regulation). Our responsibility is to express an opinion on the financial report based on our audit.

In our opinion, in all material respects:

(a) the financial report of the Company represents a true and fair view of the financial result of the fundraising appeals for the year ended 30 June 2023 and has been prepared in accordance with section 24(1) of the Act.

(b) the accounts and associated records have been properly kept in accordance with sections 20(1) and 22(1-2) of the Act during the year ended 30 June 2023.

(c) money received as a result of fundraising appeals conducted by the Company during the year ended 30 June 2023 has been properly accounted for and applied in accordance with the Act and the Regulation.

PricewaterhouseCoopers

PricewaterhouseCoopers

Mark Valerio
Partner

Sydney
26 September 2023