Multiple Sclerosis Queensland Ltd
(formerly Multiple Sclerosis Society of Queensland)

ACN 666 828 593

Consolidated financial report
for the year ended 30 June 2023

Directors' Report

The Board of Directors of Multiple Sclerosis Queensland Ltd present their report together with the financial statements of the consolidated entity ('the Group'), being Multiple Sclerosis Queensland Ltd ('MS Queensland') and its controlled entities for the year ended 30 June 2023 and the Independent Audit Report thereon.

Board of Directors details
The following persons were directors of MS Queensland from incorporation as a company limited by guarantee and up to the date of this report, unless otherwise stated:

Shaun Treacy – Chair
Board Member since March 2021
Treasurer of the Multiple Sclerosis Society of Queensland until 29 November 2022
President of the Multiple Sclerosis Society of Queensland from 29 November 2022 to 28 April 2023
Chair of the Governance, Audit, Risk, Investments & Fundraising Committee since November 2022
Shaun has over 30 years' experience in corporate finance and investment banking with roles in the United States, United Kingdom, Hong Kong and Australia. He has previously been a senior investment banker with JPMorgan, Lehman Brothers, Nomura and UBS. Shaun is currently on the board of a number of public and private companies in Australia and the United Kingdom and is a Senior Advisor to a broad range of companies in the corporate advisory, private equity and corporate sectors. Shaun has a Bachelor of Commerce from the University of Queensland, is an Associate of the Institute of Chartered Accountants in Australia, a Fellow of the Financial Services Institute of Australasia and a member of the Australian Institute of Company Directors.

Alison Ewens – Director
Board Member since October 2022
Member of the Customers, Services, Supporters, People & Research Committee since October 2022
Alison is an executive leader with 20 years' experience in local government, healthcare and social care industries across Australia, United Kingdom and United Arab Emirates. She is currently the General Manager at Gold Coast Hospital and Health Services. Alison holds a Master of Science, Bachelor of Social work and Postgraduate Diplomas in Disaster management and Healthcare management.

Rebecca Freath – Director
Board Member since October 2022
Member of the Governance, Audit, Risk, Investments & Fundraising Committee since November 2022
Treasurer of the Multiple Sclerosis Society of Queensland until 28 April 2023
Rebecca is a solicitor and experienced Company Secretary and Director with a background in health, disability and community services, aged care, technology and the energy/resources sector. Rebecca's experience includes government organisations, for purpose enterprises and global commercial operations.

Alarna Lane-Mullins – Director
Board Member since January 2022
Chair of the Customers, Services, Supporters, People & Research Committee since November 2022
Chief HR Officer at Queensland Health. 20+ years of experience providing organisations with advice on people, performance, diversity, inclusion, and safety matters. Member of numerous Queensland Government Committees and Boards. Graduate of the Australian Institute of Company Directors. Executive Masters in Public Administration. Bachelor of Law. Bachelor of Business in Human Resource Management.

Liam Murphy – Director
Board Member since April 2023
Member of the Governance, Audit, Risk, Investments & Fundraising Committee since April 2023
Liam is the Managing Partner and Audit Partner of PKF Brisbane with over 35 years financial services. His industry focus includes Health, Not-For-Profit, Financial Services and Property. Liam holds a Bachelor of Commerce from the University of Queensland, is a Fellow of the Institute of Chartered Accounts Australia & New Zealand (CAANZ), a Member of AICD, a registered Company Auditor and an Approved SMSF Auditor.

Michael Stott – Director
Board Member since October 2021
Member of the Customers, Services, Supporters, People & Research Committee since November 2022
Member of the Governance, Audit, Risk, Investments & Fundraising Committee from November 2022 to April 2023
Secretary of the Multiple Sclerosis Society of Queensland until 28 April 2023
Head of Cities and Place for DBI Design with 25+ years' experience designing and planning new cities, large-scale urban regeneration projects, and precincts worldwide. A highly respected industry leader for significant contributions to the fields of city strategy, urban design, master planning, and placemaking.

Brett Bassett
Board Member from 2017-2022
President of the Multiple Sclerosis Society of Queensland until 29 November 2022 (end of term)
Chief Executive Officer of QLeave and previous CEO of the Queensland Building and Construction Commission. Fellow of the Governance Institute of Australia. Graduate of the Australian Institute of Company Directors. Certified Fraud Examiner. Master of Business Administration and Bachelor of Education.

Vivienne Johnson
Board Member from 2017-2022 (end of term on 29 November 2022)
Fundraising and marketing communication specialist. Former General Manager External Relations at QIMR Berghofer Medical Research Institute. Member of Australian Institute of Company Directors. Board member for the Ipswich Hospital Foundation.

Kimberley Pierce
Board Member from 2021-2022 (resignation on 29 November 2022)
Chief Executive Officer of King's College London – Dubai. Previous General Manager of Gold Coast Private Hospital, Pacific Day Hospital, and Tweed Day Hospital. Board member for the Gold Coast Regional Committee for Australian Institute of Company Directors. Member of Health Advisory Board for Bond University. Bachelor of Applied Science in Nursing. Graduate of Advanced Management Program at INSEAD University in Paris.

Corporate Governance Statement

The Directors review and approve strategies together with implementation plans for the ongoing development of the Group and its controlled entities. On a regular basis, Management and the Board monitor the Group's overall performance, from implementation of the strategic plan through to the performance of the Group against operating plans and financial budgets.

Objects of MS Queensland

The objects of MS Queensland are:

1. To provide direct assistance to people who have been diagnosed with multiple sclerosis ('MS') and/or other neurological conditions, including
    a. The provision of services to those people, their families and carers; and
    b. The removal of barriers preventing their participation in the community;
2. To promote and provide education amongst those people and the general public about the conditions and their effects;
3. To encourage and support scientific research into the cause, diagnosis, treatment and cure of the conditions; and
4. To do all such other lawful things as are incidental or conducive to the attainment of the objects of MS Queensland.

Principal activities

MS Queensland is the first choice for information, education, treatment, care and support for MS and other neurological conditions across Queensland. The Group's vision is a world free from MS and its devastating impact. It exists to help people living with MS and other neurological conditions to get the best out of life; to advocate for change and to search for a cure. MS Queensland ensures that no one faces MS and other neurological conditions alone.

The Group's promise is to put customers' wellbeing at the centre of everything it does. The Group achieves this by being

- **accessible** – there when and how the Group is needed,
- **flexible** – understanding that situations change,
- **authentic** – approachable and real and
- **connecting** – giving customers the support they need.

Services offered by MS Queensland include:

- Specialist Disability Accommodation (SDA)
- Supported Independent Living (SIL)
- Short- and Medium-Term Accommodation (respite)
- Access to NDIS
- NDIS Support Coordination
- Allied Health Services
- Employment Services
- Community Support Groups
- NeuroAssist InfoLine
- Workshops and webinars related to MS and other neurological conditions.

Financial & operational review for the year

The financial year 2023 saw a significant turnaround in the Group's performance with limited but promising growth in revenue coupled with very considerable operating cost savings.

Allied Health services grew by around 30% in 2023 while Employment Support Services for our customers facing MS and other neurological conditions grew by 15%. Our accommodation services continued to be faced with NDIS price tightening, vacancies due to plan outcomes and delays in plan reviews. However, we experienced increased customer demand for NDIS self-care services which nearly doubled in 2023 compared to 2022. Fundraising and donations income, mainly in connection with the Group's two major annual events, the MS Moonlight Walk and the MS Brissie to the Bay bike ride, remained under pressure due to macro-economic factors including increasing interest rates and cost of living for families.

While MS Queensland, unlike most of our partners in the community services sector, did not receive any Government subsidies and support payments during the COVID-19 pandemic, we received a Government grant of $0.4m in 2023 to compensate for some of the additional cost in our NDIS services related to COVID-19, such as the increased use of personal protective equipment and visitor and staff sign-in procedures.

On the operating cost side, we achieved savings of over $5m (16%) in 2023 which were made possible by the improved staff rostering capability of our new integrated payroll/HR Information System (HRIS) as well as improved service delivery methods including telehealth services for remote customers or customers who prefer to connect with us from the comfort of their home. We also benefitted from an overall improved and more secure IT architecture in this financial year following the one-off investment of nearly $0.8m in 2022 to move our systems and data to the cloud and advance customer care and reporting through IT integrations.

Operating cost in 2023 also included $0.4m in funds invested in MS research through the national peak body, Multiple Sclerosis Australia ('MS Australia') plus $0.4m contributed towards MS Australia Advocacy and information services.

The Group's net loss including interest, depreciation and amortisation and a minor impairment charge relating to a parcel of land held for future development, amounted to $0.9m in 2023. In 2024, we expect to continue on our trajectory of revenue growth and operational efficiency improvements and expect to generate a small net surplus for MS Queensland.

All of the above contributed to the Group's strong, positive operating result of $1.3m in 2023 (2022: -$4.5m), measured by Earnings before interest, tax, depreciation, amortisation and impairment ('EBITDA'). EBITDA is often used to measure the underlying profitability and operating efficiency of an organisation, irrespective of how it is financed and what the assumptions regarding depreciating assets are.

Interest remained a significant cost for MS Queensland in 2023 with $0.5m (2022: $0.5m) spent in borrowing costs for property loans. The effect of raising variable interest rates was offset by a loan repayment of $1.6m early in 2023, keeping overall interest cost stable year-on-year.

Board of Directors meetings

The number of Board of Directors meetings (including meetings of sub-committees) held during the year and the number of meetings attended by each Director were as follows:

	Board of Directors		Governance, Audit, Risk, Investments & Fundraising Committee [1]		Customers, Services, Supporters, People & Research Committee [2]		Governance and Nominations Committee [3]	
No. of meetings	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**
Shaun Treacy (Chair since 29/11/2022)	7	7	4	4	n/a	n/a	n/a	n/a
Alison Ewens	5	5	n/a	n/a	3	4	n/a	n/a
Rebecca Freath	6	6	2	2	4 [(a)]	4 [(a)]	n/a	n/a
Alarna Lane-Mullins	7	7	n/a	n/a	5	5	n/a	n/a
Liam Murphy	2	2	1	1	n/a	n/a	n/a	n/a
Michael Stott	5	7	2	3	3	3	n/a	n/a
Brett Bassett (Chair until 29/11/2022)	2	2	2	2	2	2	n/a	n/a
Vivienne Johnson	1	2	n/a	n/a	n/a	n/a	n/a	n/a
Kimberley Pierce	1	2	n/a	n/a	0	2	n/a	n/a

Notes:
[1] The Governance, Audit, Risk, Investments & Fundraising (GARIF) Committee was referred to as the Investments, Research Audit and (IRAP) Committee until 29 November 2022.
[2] The Customers, Services, Supporters, People & Research (CSSPR) Committee was referred to as the Customers, Supporters & People (CSAP) Committee until 29 November 2022.
[3] The Governance & Nominations Committee ceased on 29 November 2022 and its responsibilities were assumed by the Board of Directors. No meetings were held in 2023.
[(a)] Attended as a guest.

Company Secretary

Ms Rebecca Freath was the Group's Company Secretary until 4 October 2022 at which time she was appointed to the Board of Directors. Ms Susanne Behrendt has been the Group's Company Secretary since 4 October 2022.

Transition from RECI Act to Corporations Act 2001 (Cth)

Following a member resolution at the AGM on 29 November 2022, the Multiple Sclerosis Society of Queensland (ABN 56 731 473 412) registered for voluntary transition under the *Associations Incorporation Act 1981 (Qld)* to a company limited by guarantee under the *Corporations Act 2001 (Cth)* ('Corporations Act') with the new legal name Multiple Sclerosis Queensland Ltd. The transition was completed on 28 April 2023 upon registration with the Australian Securities and Investments Commission (ASIC).

Previously, MS Queensland operated by virtue of Letters Patent which had been issued on 14 November 1974 under the *Religious Educational and Charitable Institutions Act 1861 (Qld)* ('RECI Act') and the unincorporated association of members. The RECI Act was repealed in 1982 and was replaced by the *Associations Incorporation Act 1981 (Qld)* ('AI Act'). Sections

106A and 106H of the AI Act allow a letters patent corporation to voluntarily apply to transfer its incorporation to a company limited by guarantee under the Corporations Act. As MS Queensland grows, its directors and members considered the company structure and chose the more robust regulatory framework of the Corporations Act as appropriate for the organisation to move forward.

Registration of MS Queensland under the Corporations Act based upon such a transition does not affect the entity's existing property, rights or obligations (Corporations Act s 601BM). MS Queensland has remained the same legal entity, with the same ABN: 56 731 473 412. Upon registration with ASIC, the organisation has additionally been issued with an ACN: 666 828 593.

Pursuant to section 201D of the Corporations Act, the existing members of the Multiple Sclerosis Society of Queensland Executive Committee consented to act as directors of MS Queensland upon registration by ASIC on 28 April 2023 and form the current Board of Directors. Pursuant to section 120 of the Corporations Act, the existing members of the Multiple Sclerosis Society of Queensland were given the option to consent to become members of MS Queensland or to remain Life Supporters of the organisation.

Winding up/dissolution

MS Queensland is a company limited by guarantee under the Corporations Act 2001 (Cth). In line with MS Queensland's constitution, if on the winding up or dissolution of the organization, and after satisfaction of all its debts and liabilities, any property remains, that property must be given or transferred to another charitable fund, authority or institution:

(1) Having objects similar to those of the organisation;
(2) Whose constitution prohibits the distribution of its income and property among its or their members to an extent at least as great as is imposed under MS Queensland's constitution; and
(3) To which income tax deductible gifts can be made.

Members' guarantee

MS Queensland is a company limited by guarantee and the liability of its members is limited. Each member must contribute to MS Queensland's property if the company is wound up while they are a member or within one year after their membership ceases. The contribution is for:

(1) Payment of MS Queensland's debts and liabilities contracted before their membership ceased;
(2) The cost of winding up;

and the guarantee amount is not to exceed $10.00.

No other member must contribute to MS Queensland's property if the company is wound up.

Directors' Declaration

The Directors' Declaration is included on page 32 of the financial report and forms part of the Directors' Report.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration is set out immediately after this Directors' Report.

Independent Auditor's Report to Members

The Independent Auditor's Report to members is included on page 33 of the financial report and forms part of the Directors' Report.

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

Shaun Treacy
Chair

11 October 2023

Grant Thornton Audit Pty Ltd
King George Central
Level 18
145 Ann Street
Brisbane QLD 4000
GPO Box 1008
Brisbane QLD 4001

T +61 7 3222 0200

Auditor's Independence Declaration

To the Directors of Multiple Sclerosis Queensland Limited

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of Multiple Sclerosis Queensland Limited 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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

H.E. Hiscox

H E Hiscox

Partner - Audit & Assurance

Brisbane, 11 October 2023

Contents

General information

These financial statements cover the consolidated entity ('the Group'), being Multiple Sclerosis Queensland Ltd ('MS Queensland') and its controlled entities at the end of, or during, the year.

MS Queensland is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 2B/19 Lang Parade, Milton QLD 4064

A description of the nature of the Group's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue on 11 October 2023. The Directors have the power to amend and reissue the financial statements.

Multiple Sclerosis Queensland Ltd
(formerly Multiple Sclerosis Society of Queensland)
Statement of income and retained earnings
For the year ended 30 June 2023

Revenue	3	25,521,433	24,734,022
Other income, gains and losses	4	3,364,722	3,473,672
Interest revenue		127,769	331,768
		29,013,924	28,539,462
Expenses			
Employee benefit expenses	5a	(19,417,114)	(23,229,067)
Fundraising and lotteries		(2,918,912)	(2,861,768)
Contributions to MS Research		(354,186)	(528,372)
Contributions to MS Australia		(407,573)	(531,591)
Other expenses	5b	(4,607,641)	(5,882,527)
		(27,705,426)	(33,033,325)
Earnings before interest, depreciation, amortisation and impairment		1,308,498	(4,493,863)
Interest expense		(507,669)	(542,143)
Depreciation and amortisation expense	5c	(1,671,274)	(2,054,103)
Impairment expense		(40,264)	-
		(2,219,207)	(2,596,246)
Deficit for the year		(910,709)	(7,090,109)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(910,709)	(7,090,109)

Retained Earnings		
Opening retained earnings	18,858,247	25,948,356
Total comprehensive income for the year	(910,709)	(7,090,109)
Closing retained earnings	17,947,538	18,858,247

Multiple Sclerosis Queensland Ltd
(formerly Multiple Sclerosis Society of Queensland)
Statement of financial position
As at 30 June 2023

Assets			
Current assets			
Cash and cash equivalents	6	2,508,078	3,783,823
Trade and other receivables	7	1,125,604	1,556,332
Prepayments	8	150,217	293,017
Bank term deposits	9	-	188,108
Assets held for sale	23	1,620,312	-
Financial assets at fair value through profit or loss	10	3,645,545	3,398,198
Total current assets		9,049,756	9,219,478
Non-current assets			
Property, plant and equipment	12	21,625,173	24,768,939
Right-of-use assets	11	291,885	936,757
Intangibles	13	125,768	248,461
Other non-current assets	18	83,814	-
Total non-current assets		22,126,640	25,954,157
Total assets		**31,176,396**	**35,173,635**
Liabilities			
Current liabilities			
Trade and other payables	14	2,045,062	2,628,378
Lease liabilities	15	269,387	588,019
Borrowings*	16	8,900,000	-
Contract liabilities	17	715,186	920,700
Employee benefits	18	1,129,956	1,103,948
Total current liabilities		13,059,591	5,241,045
Non-current liabilities			
Lease liabilities	15	59,725	443,298
Borrowings *	16	-	10,500,000
Employee benefits	18	109,542	131,045
Total non-current liabilities		169,267	11,074,343
Total liabilities		**13,228,858**	**16,315,388**
Net assets		**17,947,538**	**18,858,247**
Equity			
Retained surpluses		17,947,538	18,858,247
Total equity		**17,947,538**	**18,858,247**

* Borrowings represent bank loans with a maturity date in May 2025 and June 2025, which were classified as current liabilities at 30 June 2023 in line with 'Note 1 – Going Concern' to the financial statements. The Group received a legal waiver from its commercial lender dated 13 September 2023 confirming that the lender will not exercise its rights relating to a technical breach of a covenant. The borrowings can therefore be reclassified to non-current liabilities from the date of the waiver.

Multiple Sclerosis Queensland Ltd
(formerly Multiple Sclerosis Society of Queensland)
Statement of cash flows
For the year ended 30 June 2023

Cash flows from operating activities			
Receipts from customers		1,959,644	2,159,372
Receipts from government		19,204,496	18,674,153
Proceeds from fundraising		7,692,609	7,851,238
Payments for fundraising		(2,918,912)	(2,861,768)
Payments to suppliers and employees		(25,013,398)	(30,139,898)
Net cash from/(used in) operating activities		924,439	(4,316,903)
Cash flows from investing activities			
Payments for property, plant and equipment	12	(268,275)	(936,881)
Proceeds from disposal of investments		-	3,441,846
Proceeds from disposal of property, plant and equipment		691,832	2,312,937
Payments for investments		(118,511)	-
Interest received		127,770	331,768
Net cash from/ (used in) investing activities		432,816	5,149,670
Cash flows from financing activities			
Proceeds from borrowings		-	1,389,345
Interest and other finance costs paid		(479,737)	(501,869)
Repayment of borrowings	16	(1,600,000)	-
Repayment of lease liability		(553,263)	(650,159)
Net cash from financing activities		(2,633,000)	237,317
Net increase/(decrease) in cash and cash equivalents	6	(1,275,745)	1,070,084
Cash and cash equivalents at the beginning of the financial year	6	3,783,823	2,713,739
Cash and cash equivalents at the end of the financial year	6	2,508,078	3,783,823

Note 1. Significant accounting policies

The financial statements cover the consolidated entity, referred to hereafter as the 'Group', consisting of Multiple Sclerosis Queensland Ltd ('MS Queensland' or 'the company'), formerly Multiple Sclerosis Society Queensland ('MS Society') and the entities that it controlled at the end of, or during, the year ended 30 June 2023.

On 29 November 2022, the members of the MS Society approved a resolution for voluntary transition under the *Associations Incorporation Act (Qld) 1981 (Qld)* to a public company limited by guarantee pursuant to Part 5B.1 of the *Corporations Act 2001 (Cth).* ASIC approved the transition on 28 April 2023 and MS Queensland was incorporated and allocated ACN 666 828 593. Accordingly, the financial report is no longer prepared in accordance with the *Associations Incorporation Act (Qld) 1981 (Qld)* and is now prepared in accordance with the *Corporations Act 2001 (Cth)*. The transition for financial reporting purposes is treated as a continuation.

Section 106F of the *Associations Incorporations Act (Qld) 1981 (Qld)* sets out the effect of a transfer of incorporation and refers to section 601BM of the *Corporations Act 2001 (Cth)* on whether a new entity is created and the effect on existing property, rights and obligations. Section 601BM of the *Corporations Act 2001 (Cth)* confirms that a new legal entity is not created as a result of the transfer.

The financial statements are presented in Australian dollars, which is MS Queensland's functional and presentation currency. The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to rounding-off. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

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

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

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

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

Basis of preparation
These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012, the Collections Act 1966 and associated regulations and the Corporations Act 2001, as appropriate for not-for profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for the revaluation of selected financial assets at fair value through profit or loss.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Note 1. Significant accounting policies (continued)

Going concern

The financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

As at 30 June 2023 the Group reported a net current asset deficiency of $4,009,835 (2022: net current assets surplus of $3,978,433). This was a result of the technical breach of the Group's EBITDA bank loan covenant for the quarter ending 30 June 2023. This circumstance required the Group to reclassify borrowings of $8.9m with a remaining term of 22 months (for one facility) and 23 months (for the other facility), from non-current to current liabilities.

Consequently, the Group has been working constructively with its commercial lender to restructure these facilities. Subsequent to balance date, on 13 September 2023, the Group received written confirmation in the form of a legal waiver of the breach confirming that the lender will not exercise its rights relating to the breach. Therefore, the borrowings can be reclassified as a non-current liability from the date of the waiver. Had the Group classified the loans as non-current at 30 June 2023, there would have been a net current asset position of $4,890,165 (2022: net current assets surplus of $3,978,433).

The Directors have considered the cash flow forecasts for the 12 months from signing of the financial statements and are confident that the Group will be able to pay is debts as and when they fall due.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Multiple Sclerosis Queensland Ltd ('MS Queensland' or 'parent entity') as at 30 June 2023 and the results of all controlled entities for the year then ended. MS Queensland and its controlled entities together are referred to in these financial statements as 'the Group'.

Controlled entities are all those entities over which the Group has control. MS Queensland controls these entities as it is their sole member. Controlled entities are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

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

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Note 1. Significant accounting policies (continued)

NDIS revenue/fee for services
Invoices for services provided under the National Disability Insurance Scheme (NDIS) are issued weekly and are payable by the National Disability Insurance Agency or the relevant participant on receipt of the invoice or claim. Invoices for services rendered to residents in accommodation are issued monthly at a minimum and are payable on receipt.

Revenue from services rendered is recognised in the Statement of Income and Retained Earnings and is measured at the fair value of the consideration received or receivable. Revenue is recognised at the time the service is delivered to the customer.

Sale of lottery tickets
Revenue from the sale of lottery tickets is recognised at the point in time when the lottery is drawn.

Donations and bequests
Income from donations and bequests is recognised upon receipt. When the service performance obligation is not met, the tied donations are included in unearned revenue.

Marketing and fundraising events
Revenue from marketing and fundraising events is recognised at the point in time when the event is held.

Membership revenue
Revenue from memberships is recognised over time based on the membership period.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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

Volunteer services
The Group has elected not to recognise volunteer services as either income or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

Income tax
As all entities in the Group are charitable institutions in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, they are exempt from paying income tax.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Note 1. Significant accounting policies (continued)

Cash and cash equivalents

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

Trade and other receivables

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

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

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

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

The loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Note 1. Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Asset acquisitions of greater than $1,000 (exc GST) are recorded as property, plant and equipment in line with the Group's policy.

The cost of assets constructed or internally generated by the Group include the cost of materials and direct labour. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

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

Buildings	40 years
Freehold Improvements	25-40 years
Fixtures & Fittings	3-10years
Plant and equipment	3-7 years
Motor vehicles	7-8 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

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

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

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

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Note 1. Significant accounting policies (continued)

Impairment of non-financial assets
Non-financial assets are reviewed 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

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

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 1. Significant accounting policies (continued)

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

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

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Critical accounting judgements, estimates and assumptions

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

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

Note 2. Critical accounting judgements, estimates and assumptions (continued)

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

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

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

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 3. Revenue

	Consolidated	
	2023	**2022**
	$	**$**
NDIS revenue	18,461,388	18,896,542
Fundraising revenue	3,432,103	3,236,507
Fee for Service revenue	1,077,091	936,297
Rental revenue	711,921	671,330
Government grants & other revenue	1,838,930	993,346
	25,521,433	24,734,022

Note 4. Other income, gains & losses

	Consolidated 2023 $	Consolidated 2022 $
Donations income	3,193,915	3,698,688
Net gain on disposal of property, plant and equipment	20,937	309,860
Net fair value gain/ (loss) on financial assets at fair value through profit or loss	149,870	(534,876)
	3,364,722	3,473,672

Note 5a. Employee benefit expenses

	Consolidated 2023 $	Consolidated 2022 $
Salaries & wages	17,670,866	21,261,808
Superannuation	1,746,248	1,967,259
	19,417,114	23,229,067

Note 5b. Other expenses

	Consolidated 2023 $	Consolidated 2022 $
Facilities repair & maintenance	1,190,912	1,272,470
Consultants and legal fees	946,310	1,703,240
Computer maintenance/software	891,084	540,669
Administrative expenses	811,425	859,450
Consumables	220,761	255,006
Employment Services (EAF)	198,028	285,478
Temporary staff	92,437	529,554
Low value leases	26,288	29,362
Short term leases	11,012	13,691
Other expenses	219,384	393,607
	4,607,641	5,882,527

Note 5c. Depreciation & amortisation

	Consolidated 2023 $	Consolidated 2022 $
Property, Plant & Equipment	1,070,308	1,283,005
Right-of-use assets amortisation	471,185	608,989
Software/Intangibles	129,781	162,109
Total depreciation	1,671,274	2,054,103

Note 6. Cash and cash equivalents

	Consolidated 2023 $	Consolidated 2022 $
Current assets		
Cash and cash equivalents	2,508,078	3,783,823

Note 7. Trade and other receivables

	Consolidated 2023 $	Consolidated 2022 $
Current assets		
Trade receivables	495,466	439,177
Less: Allowance for expected credit losses	(33,580)	(99,519)
	461,886	339,658
Income receivable	391,015	966,142
Other receivables	88,990	54,657
GST receivable	183,713	195,875
	1,125,604	1,556,332

Note 8. Prepayments

	Consolidated 2023 $	Consolidated 2022 $
Current assets		
Prepayments	150,217	293,017

Note 9. Bank term deposits

	Consolidated 2023 $	2022 $
Current assets		
Held in accounts in the name of the organisation (refer Note 21 for further details)	-	188,108

In 2022 the Group held a term deposit of $188,108 to secure a bank guarantee for office space. In 2023 this bank guarantee was changed over and is now secured by the overarching loan facility provided to the Group by its commercial lender.

Note 10. Financial assets at fair value through profit or loss

	Consolidated 2023 $	2022 $
Current assets		
Managed Investment Portfolio	3,645,545	3,398,198

Note 11. Right-of-use assets

	Consolidated 2023 $	2022 $
Non-current assets		
Leased office and allied health space	1,981,904	2,635,818
Less: Accumulated depreciation	(1,690,019)	(1,699,061)
	291,885	936,757

The Group leases office and allied health space across various locations in South-East Queensland. All leases have a term of three years or less.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Right-of-use assets $
Balance at 1 July 2022	936,757
Additions	106,843
Disposals	(280,530)
Amortisation expense	(471,185)
Balance at 30 June 2023	291,885

Note 12. Property, plant and equipment

	Consolidated 2023 $	Consolidated 2022 $
Non-current assets		
Land - at cost	1,918,050	1,918,050
Buildings - at cost	18,724,144	20,071,994
Less: Accumulated depreciation	(1,679,935)	(1,334,699)
	17,044,209	18,737,295
Freehold improvements - at cost	22,727	44,947
Less: Accumulated depreciation	(2,202)	(9,849)
	20,525	35,098
Plant and equipment - at cost	3,389,311	3,723,460
Less: Accumulated depreciation	(2,607,364)	(2,486,202)
	781,947	1,237,258
Fixtures and fittings - at cost	2,087,473	2,521,578
Less: Accumulated depreciation	(906,431)	(885,215)
	1,181,042	1,636,363
Motor vehicles - at cost	354,293	909,703
Less: Accumulated depreciation	(173,329)	(216,810)
	180,964	692,893
Work in progress	538,700	511,982
Less: Impairment	(40,264)	-
	498,436	511,982
	21,625,173	24,768,939

Note 12. Property, plant and equipment (continued)

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Land $	Buildings $	Freehold Improv's $	Plant & Equipment $	Fixtures & Fittings $	Motor Vehicles $	Work in Progress $	Total $
Balance at 1 July 2022	1,918,050	18,737,295	35,098	1,237,258	1,636,363	692,893	511,982	24,768,939
Additions	-	5,538	-	-	36,602	199,418	26,718	268,276
Disposals	-	-	-	(17,311)	-	(663,847)	-	(681,158)
Transfers in/(out)	-	(1,201,168)	(11,966)	(126,856)	(280,322)	-	-	(1,620,312)
Provision for impairment	-	-	-	-	-	-	(40,264)	(40,264)
Depreciation expense	-	(497,456)	(2,607)	(311,144)	(211,601)	(47,500)	-	(1,070,308)
	1,918,050	17,044,209	20,525	781,947	1,181,042	180,964	498,436	21,625,173

a. Market value of land and buildings
The Group accounts for land and buildings at the lower of historic cost less accumulated depreciation and impairments. Management regularly undertakes independent external market valuations. Subsequent to year-end the Group received independent external valuations for two of their properties based upon an income and market approach, totalling $25,230,000. The properties are included at cost with a carrying value of $14,618,936 at 30 June 2023.

b. Land and buildings pledged as security for borrowings
Freehold land with a carrying amount of $1,416,485 (2022: $1,416,485) and buildings with a carrying amount of $14,511,890 (2022: $14,900,314) relating to Springfield, Southport and Toowoomba Apartments are subject to a first registered charge as disclosed in Note 16.

c. Work in progress
As at 30 June 2023, Sippy Downs Apartments work in progress had a carrying amount of $498,436 (2022: $511,982).

Note 13. Intangibles

	Consolidated 2023 $	Consolidated 2022 $
Non-current assets		
Software - at cost	2,163,630	2,156,542
Less: Accumulated amortisation	(2,037,862)	(1,908,081)
	125,768	248,461

Note 13. Intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Software $
Balance at 1 July 2022	248,461
Transfers	7,088
Amortisation expense	(129,781)
Balance at 30 June 2023	125,768

Note 14. Trade and other payables

	Consolidated	
	2023 **$**	**2022** **$**
Current liabilities		
Trade payables	843,096	1,380,157
Accrued expenses	1,201,966	1,248,221
	2,045,062	2,628,378

Note 15. Lease liabilities

	Consolidated	
	2023 **$**	**2022** **$**
Current liabilities		
Lease liability	269,387	588,019
Non-current liabilities		
Lease liability	59,725	443,298
	329,112	1,031,317

	Consolidated	
	2023 **$**	**2022** **$**
Future lease payments		
Future lease payments are due as follows:		
Within one year	265,373	424,977
One to five years	60,879	231,499
	326,252	656,476

Note 16. Borrowings

	Consolidated	
	2023	2022
	$	$
Current liabilities		
Bank loans	8,900,000	-
Non-current liabilities		
Bank loans	-	10,500,000
	8,900,000	10,500,000

Bank loans
The Group maintains two property-financing facilities with a commercial lender. The first facility had a total limit of $6,500,000 (2022: $6,500,000) with $2,500,000 drawn down at 30 June 2023 (2022: $4,100,000) and a maturity date of 20 June 2025. The second facility had a total limit of $6,400,000 (2022: $6,400,000) with $6,400,000 drawn down at 30 June 2023 (2022: $6,400,000) and a maturity date of 6 May 2025.

Bank covenants
The bank loan arrangements require the Group to meet certain KPIs on a quarterly basis and report to the commercial lender on these covenants. At year-end, the bank loans were classified as current liabilities as a result of a technical breach of the Group's EBITDA bank loan covenant for the quarter ending 30 June 2023. Consequently, the Group has been working constructively with its commercial lender to restructure these facilities. Subsequent to balance date, on 13 September 2023, the Group received written confirmation in the form of a legal waiver of the breach confirming that the commercial lender will not exercise its rights relating to the breach. Therefore, the borrowings can be reclassified as a non-current liability from the date of the waiver.

Land and buildings pledged as security for borrowings
The bank holds a general security charge over freehold land and buildings with a combined carrying amount of $15,928,375 (2022: $16,316,799) relating to Springfield, Southport and Toowoomba Apartments. Recent independent external valuations undertaken based on 'As is in use SDA market value' totalled $27,350,000 for these three properties. On this basis, the loan-to-valuation ratio as at 30 June 2023 for the combined bank loans was 33%.

Note 17. Contract liabilities

	Consolidated	
	2023	2022
	$	$
Current liabilities		
Contract liabilities	715,186	920,700

Note 18. Employee benefits

	Consolidated 2023 $	Consolidated 2022 $
Current liabilities		
Annual leave	902,826	927,227
Long service leave	227,130	176,721
	1,129,956	1,103,948
Non-current liabilities		
Long service leave	109,542	131,045
	1,239,498	1,234,993

A provision has been recognised for employee entitlements relating to annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

In June 2020, the Queensland Parliament passed legislation to include community service workers in the Portable Long Service Leave scheme (the 'Scheme'). The organisation is required to participate in the Scheme for eligible employees from 1 January 2021. The levy contribution made to the Scheme is recognised as an expense when paid. When an eligible employee takes or receives a payout of long service leave, the organisation is entitled to claim a reimbursement from QLeave in an amount equivalent to the levy contribution made under the Scheme for the eligible employee as at 30 June.

As at 30 June 2023, the recoverable QLeave asset, included in the statement of financial position in other non-current assets, was $83,814.

Note 19. Key management personnel disclosures

Compensation
The aggregate compensation made to officers and other members of key management personnel of the Group is set out below:

	Consolidated 2023 $	Consolidated 2022 $
Aggregate compensation	1,298,357	1,354,580

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd and related entities, the auditor of the Group:

	Consolidated	
	2023	**2022**
	$	**$**
Audit services -		
Audit of the financial statements	50,100	44,450
Other services -		
Preparation of the financial statements	-	4,500
Preparation of franking credit refunds (Grant Thornton Australia Ltd)	2,250	-
	52,350	48,950

Note 21. Contingent liabilities

The organisation is party to a joint venture agreement with Youngcare Limited relating to the development, funding and ongoing operation of accommodation facilities at Albany Creek.

As part of the associated capital funding agreement with the Queensland State Government, the organisation may also be liable to pay its share (50%) of $2.3 million if the property is disposed of to a third party, without prior written approval from the State.

The Group has provided a bank guarantee as at 30 June 2023 of $179,602 (2022: $187,710) to a property landlord. The bank guarantee is issued under a bank facility amounting to $190,000 of which $10,398 is unused at 30 June 2023 (2022: facility of $190,000 with $190,000 unused as bank guarantee was secured by term deposit).

No other contingent liabilities were known at the date of this report.

Note 22. Related party transactions

Parent entity
MS Queensland is the parent entity.

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

There were no other related party transactions to report in 2023 (2022: nil).

Note 23. Current assets – non-current assets classified as held for sale

	Consolidated 2023 $	2022 $
Current assets		
Assets held for sale		
Buildings	1,201,168	-
Furniture & Fittings	280,322	-
Plant & Equipment	126,856	-
Building Improvements	11,966	-
	1,620,312	-

In May 2023, MS Queensland put two of their properties up for sale in line with the organisation's strategy. The premises are expected to sell at a price above book value within the 2024 financial year.

Note 24. Controlled entities

The following are controlled entities as at 30 June 2023 by virtue of the fact that MS Queensland is the sole member and all Directors are appointed by MS Queensland:

- Neuro Queensland Ltd (ACN 634 755 892)
- Project Dignity Ltd (ACN 638 867 704)
- MSQ Neuro Ltd (ACN 634 756 246) – currently dormant

The Multiple Sclerosis Development & Research Foundation of Queensland Inc was deregistered in March 2023.

The Company has no investment in the above noted controlled entities and the constitutions of the controlled entities preclude payment of any dividends to the Company.

Note 25. Members' guarantee

MS Queensland is a company limited by guarantee and the liability of its Members is limited. Each Member must contribute to MS Queensland's property if the company is wound up while they are a Member or within one year after their membership ceases. The contribution is for:

(1) Payment of MS Queensland's debts and liabilities contracted before their membership ceased;
(2) The cost of winding up;

and the guarantee amount is not to exceed $10.00.

No other Member must contribute to MS Queensland's property if the company is wound up.

	2023 $
Number of members at period-end	190

Note 26. Events after the reporting period

The following matters and circumstance have arisen since 30 June 2023 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years:

1. MS Queensland signed a 5-year lease agreement for the period from 1 April 2024 to 31 March 2029 for allied health, office and events space at 33 Park Road, Milton QLD 4064. Due to the smaller footprint of this location and the amalgamation of previously three locations (Milton, Lutwyche, Capalaba) into one, this will provide savings in overhead expenses in future year. An additional bank guarantee of $132,069 was provided to the property landlord in relation to this new lease.

2. As at 30 June 2023 the Group reported a net asset deficiency of $4,009,835 (2022: net current assets surplus of $3,978,433). This was a result of the technical breach of the Group's EBITDA bank loan covenant for the quarter ending 30 June 2023. This circumstance required the Group to reclassify borrowings of $8.9m with a remaining term of 22 and 23 months from non-current to current liabilities. Subsequent to balance date, on 13 September 2023, the Group received written confirmation in the form of a legal waiver of the breach confirming that the lender will not exercise its rights relating to the breach. Therefore, the borrowings can be reclassified as a non-current liability from the date of the waiver. Had the Group classified the loans as non-current at 30 June 2023 there would have been a net current asset position of $4,890,165 (2022: net current assets surplus of $3,978,433).

3. On 4 October 2023 the Group repaid $1.0m in borrowings and reduced the facility limit of one of the loans to $2.5m (down from $6.5m as at 30 June 2023). The maturity date of 20 June 2025 remained unchanged. This further strengthened the MS Queensland balance sheet post financial year-end.

Directors' Declaration

In accordance with a resolution of the Board of Directors of Multiple Sclerosis Queensland Ltd we state that:

In the opinion of the directors:

a. the attached financial statements and notes comply with the Australian Accounting Standards - Simplified Disclosures, the Australian Charities and Not-for-profits Commission Act 2012, the Australian Charities and Not-for-Profits Regulations 2022 and other mandatory professional reporting requirements;

b. the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

c. there are reasonable grounds to believe that the Group will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the Board,

Shaun Treacy
Chair

11 October 2023

Grant Thornton Audit Pty Ltd
King George Central
Level 18
145 Ann Street
Brisbane QLD 4000
GPO Box 1008
Brisbane QLD 4001

T +61 7 3222 0200

Independent Auditor's Report

To the Members of Multiple Sclerosis Queensland Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Multiple Sclerosis Queensland Limited (the "Registered Entity") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of income and retained earnings and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Directors' declaration.

In our opinion, the financial report of Multiple Sclerosis Queensland Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

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

b complying with Australian Accounting *Standards AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Group's Directors' report 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.

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, 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 Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the ACNC Act, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

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

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

H.E. Hiscox

H E Hiscox
Partner – Audit & Assurance

Brisbane, 11 October 2023