



Annual Financial Statement

National Institute of Organisation Dynamics Australia Ltd

For the year ended 31 December 2021



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Directors Report

The Directors of the National Institute of Organisation Dynamics Australia Ltd (NIODA) present their report together with the financial statement of the entity for the year ended 31 December 2021 and the Independent Audit Report thereon.

Directors' details

The following persons were Directors of NIODA during or since the end of the financial year:

Dr Judy Kent

Professional Doctorate, RMIT University

Managing Director of Winning Spirit and Program Director, Melbourne Business School

Chair

Director since 2015

Mr Paul Dore

Master of Applied Science (OD), RMIT University

Juries Commissioner, Court Services Victoria

Deputy Chair, Portfolio of Strategy

Director since 2018

Mr Seth Thomasson

Master of Applied Science (OD), RMIT University

Senior Manager of People and Culture Digital Services at AGL Energy

Academic Board of Governance representative

Director since 2015

Ms Rosemary Pacquola

Master of Applied Science (OD), RMIT University

Director at Resolve Organisational Consulting

Portfolio of Finance

Director since 2015

Mr Michael Carpenter

Master of Business Administration, University of Melbourne

Chief Executive Officer at Australian Psychology Accreditation Council

Director since 2015

Mr Fred Wright

Master of Applied Science (OD), RMIT University

Workplace Conciliator at Department of Environment, Land, Water & Planning

Responsible for Board Policy

Director since 2015

Mr James Lavery

Bachelor of Laws (Honours), Monash University

Principal Advisor at Proximity

Portfolio of Risk Management

Director since 2017

Dr Eugene Fernandez

Education Doctorate, University of Technology Sydney

Managing Director Metanoa

Director since 2021

Ms Kristina Karlsson
Master of Leadership and Management (Organisation Dynamics), NIODA
Group Manager, Culture and Workforce, Department of Environment, Land, Water & Planning
Director since 2021

Ms Terri Mandler
Master of Business Administration, Melbourne Business School
Director and Advisor at Paradigme
Director since 2021.

Purpose, mission and vision

NIODA's purpose is to 'provide education in systems psychodynamic approaches for the improvement of organisations, community and society'.

NIODA's mission is *'to open the space for groups and organisations to think differently... and to go on thinking in the face of turbulence; exploring and creating possibilities'*

NIODA is the centre of excellence in Australia and a global contributor in academic programs, research and consultancy in applied systems psychodynamics. NIODA is recognised and utilised to improve leadership and management capability and grow resilience in individuals, groups and organisations.

Five year strategic goals

The following five year strategic goals are the foundational pillars for achieving NIODA's vision, and provide the central framework for the strategic plan:

1. Provide high quality learning environments in systems psychodynamics for a growing customer base
2. Grow NIODA's profile as a centre of excellence in systems psychodynamic education
3. Ensure requisite infrastructure for organisational sustainability and growth
4. Embed sound corporate and academic governance.

Strategy for achieving goals

To achieve these goals, NIODA's Strategic Plan identifies nine strategic initiatives, as below. In the Business Plan each initiative is broken down to operational elements with associated key performance indicators (KPI's). KPI's are reported on at each quarterly Board of Governance meeting.

1. Grow academic programs within NIODA
2. Grow human resources for sustainable delivery of a high standard of rigorous academic, professional development and consulting programs
3. Grow research and scholarship within NIODA
4. Establish NIODA Consulting as a viable business
5. Ensure adequate venue and facilities for delivery of Academic Programs
6. Maintain and extend NIODA's local and global academic and research links
7. Active in local and international field
8. Extend NIODA's reach into Australian organisations
9. Maintain requisite diversity of skills and experience in board members

Principal activities

The principal activities of the company during 2021 were the maintenance and development of the corporate and academic governance and practices necessary to enable NIODA to deliver the Master of Leadership and Management (Organisation Dynamics) to a high standard, both in terms of quality and efficiency.

The significant change in the nature of these activities during this year has been the live interactive online course delivery due to the COVID-19 pandemic.

NIODA is a Public Company limited by guarantee incorporated and domiciled in Australia. The address of its registered office is 23 Thomas Street, Geelong VIC 3218 Australia. Its principal place of business is level 4, 601 Bourke Street, Melbourne VIC 3000 Australia. Postal address is PO Box 287, Collins Street West, Melbourne VIC 8007 Australia.

Explanations for 2021

2021 has seen the continued delivery of the Master of Leadership and Management (Organisation Dynamics) to students in years one to three of the course. Student feedback has shown the high level of relevance and quality of the course content and delivery, with exceptional retention rates attesting to this. 2021 has also seen the approval to offer a Doctor of Philosophy. The accredited courses are the reason NIODA was created twelve years ago and is the *raison d'être* for all involved with the Institute - from Board of Governance members, Academic Board of Governance Board members and Ethics Committee members, to professional and academic staff. The commitment of all enabled a very successful year of embedding, refining and meeting this central educational objective.

Surrounding this work has been continued focus on scholarship activities through research, consulting, workshops, seminars, the NIODA Symposium, the NIODA Colloquium and the NIODA Group Relations Conference. Each activity has been well attended and appreciated and has supported the building of NIODA's quality brand.

With recognition of the small size of the entity, fewer than projected enrolments due the pandemic, and the impact of the significant cost of the AAT hearing with TEQSA, a financial loss of \$163,638 was sustained in 2021.

Although the projection for 2021 was to have a deficit budget of \$65,356. The deficit increased due to the following:

- master's student numbers 5.772 EFTSL / 12 students (\$138k) lower than the projected 2021 budget due to fewer enrolments and students electing to study fewer than standard load due to COVID.
- TEQSA/AAT legal expenses of \$72,460 as compared to \$30,000 projected.

The 2022 break even budget estimate is sound because:

- PhD offers have been made to 11 candidates to commence in May. Budget projection of 8 (possible revenue increase of \$37,800).
- From end May 2022, consulting and research percentage model has been grandfathered with staff costs in the new model estimated to be 50.4% of learning programs, a saving of approximately \$35,018, as we transition to 2023 with a full complement of the new model.
- The intake of first year master's students at the beginning of 2022 is the largest ever for NIODA. Projected enrolment for first year Feb intake was 3.750 EFTSL/ 10 students with actual enrolment at the outset of the year 5.000 EFTSL / 13 students, bridging an increased income of \$31,500.
- The graduate certificate and graduate diploma are now approved by TEQSA and are being actively marketed since 30 April to commence in August 2022 (this change has not been included in the 2022 projected budget). Already a prospective student has indicated their interest (additional \$9,450).

Overall, the effect of low enrolments in Year 1 of the master degree for 2020 and 2021 will continue until the end of 2023 (consequent low Year 2 and 3 numbers in 2022 and low Year 3 numbers in 2023). Although this may be a two year recovery process, positive PhD interest (as mentioned above) aims to improve the budget over the next couple of years from a breakeven forecast.

The market sentiment looks to have improved as the external conditions stabilise and it is anticipated that over the next two years NIODA will rebuild its enrolment figures in the master degree. Further in the years from 2024 it is anticipated that there will be a return to an iterative annual increase in student numbers.

The building of master student enrolments will be supported by potential PhD candidates bridging to the PhD in master's subjects and by the market broadening through accreditation of the graduate certificate and graduate diploma nested degrees.

The gaining of the PhD accreditation, the decreased impact of the pandemic on enrolments and NIODA's successes position NIODA to move forward with optimism.

Directors' meetings

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

Director's Name	Board Meetings	
	Meetings the Director was entitled to attend	Meetings the Director attended
Judy Kent	18	18
Paul Dore	4	4
Seth Thomasson	4	3
Rosemary Pacquola	19	18
Michael Carpenter	7	6
Fred Wright	7	7
James Lavery	17	15
Eugene Fernandez	3	3
Kristina Karlsson	5	5
Terri Mandler	8	8

Notes

- Seth Thomasson on leave of absence from 28 February until resignation on 12 July 2021
- Eugene Fernandez, Kristina Karlsson and Terri Mandler were co opted 19 August 2021

Contribution in winding up

The company is limited by guarantee. There are no differing classes of membership. The amount of each member's financial guarantee is \$20.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page five of this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.



Chair of the Board of Governance
Judy Kent

Dated 17 day of May 2022

Auditor's Independence Declaration



/ EST.1905

**NATIONAL INSTITUTE OF ORGANISATION DYNAMICS AUSTRALIA LIMITED
A.B.N 97 897 654 659
AUDITORS INDEPENDENCE DECLARATION UNDER S307C OF THE CORPORATIONS ACT 2001 TO
THE MANAGEMENT COMMITTEE OF NATIONAL INSTITUTE OF ORGANISATION DYNAMICS
AUSTRALIA LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2021 there have been:

- I. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- II. No contraventions of any applicable code of professional conduct in relation to the audit.

Stephen Wight
Director

Dated this 17th day of May, 2022

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I hold this limited liability company agreement under Professional Standards Legislation. Davidson is not licensed to provide financial product advice under the Corporations Act 2001 (Cth).

Operating Statement

	Note	2021 \$	2020 \$
INCOME			
Student Fees		292,940	327,406
Workshops and Short Courses		75,662	44,203
Other teaching		3,000	-
Research		120,273	-
Fundraising		535	6,463
Conference and Symposium		43,514	19,535
Consulting and coaching		61,389	36,877
Pre-Doctoral		16,000	-
Interest Income		1,009	1,277
Grant Income	7	59,000	268,300
Other Income		<u>2,366</u>	<u>4,430</u>
Total Income		675,687	708,491
EXPENDITURE			
Employees		545,007	423,580
Consultants and contractors		54,286	83,009
Research associates		51,591	-
Direct Cost of Course Delivery		78,316	62,748
TEQSA Applications		72,460	46,289
Depreciation		2,030	1,170
Other Expenditure		<u>35,636</u>	<u>56,306</u>
Total Expenditure		839,325	673,102
Net Surplus/(Deficit)		(163,638)	35,389

The accompanying notes form part of these financial statements.

Balance Sheet

	Note	2021	2020	2019
		\$	\$	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		149,167	262,287	
Receivables	2	<u>(10,485)</u>	<u>33,165</u>	
Total Current Assets		138,683	295,452	
NON CURRENT ASSETS				
Property, plant and equipment	3	<u>3,044</u>	<u>5,073</u>	
Total Non-Current Assets		3,044	5,073	
Total Assets		141,727	300,525	
LIABILITIES				
CURRENT LIABILITIES				
Trade and other Payables		9,017	13,755	
Provisions	4	86,480	76,902	
Borrowings		<u>50,000</u>	<u>50,000</u>	
Total Current Liabilities		145,497	99,311	
NON CURRENT LIABILITIES				
Borrowings		-	-	
Total Non-Current Liabilities		<u>-</u>	<u>-</u>	
Total Liabilities		145,497	140,657	
NET ASSETS		(3,770)	159,868	
MEMBERS' FUNDS				
Accumulated Surpluses		(104,770)	58,868	
Tuition Assurance Reserve		<u>101,000</u>	<u>101,000</u>	
Total Members' Funds		(3,770)	159,868	

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

	Note	2021	2020	2019
		\$	\$	\$
Opening balance		159,868	124,479	145,437
Tuition Assurance Reserve		101,000	101,000	101,000
Accumulated Surpluses		<u>(163,638)</u>	<u>35,389</u>	<u>(20,958)</u>
Total at 31 December		(3,770)	159,868	124,479

The accompanying notes form part of these financial statements.

Cash Flow Statement

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		675,527	470,523
Receipts from government		42,800	252,100
Payments to suppliers and employees		(832,456)	(680,586)
Interest received		<u>1,009</u>	<u>1,277</u>
Net cash provided by operating activities	6	(113,120)	43,314
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		<u>-</u>	<u>(4,496)</u>
Net cash inflow/(outflow) from investing activities		-	(4,496)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		<u>-</u>	<u>-</u>
Net cash inflow/(outflow) from financing activities		-	-
Net increase/(decrease) in cash held		(113,120)	38,818
Cash at beginning of financial year		<u>262,287</u>	<u>223,469</u>
Cash at end of financial year		149,167	262,287

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

Note 1 Summary of Significant Accounting Policies

These financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the Australian Charities and Not-for-profits Commission Act 2012. The board has determined that the organisation is not a reporting entity and have prepared special purpose financial statements due to the significant disclosures required for a general purpose financial report which in the opinion of the board adds little or no value to the content of the financial statements.

The degree of non-compliance with the recognition and measurement requirements set out in accounting standards for each material accounting policy is disclosed within each policy noted below. An assessment of the impact of non-compliance has not been made.

The financial statements have been prepared on an accrual basis, are based on historic costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of the financial statements.

(a) Income Tax

The organisation is exempted from income tax under the provisions of the Income Tax Assessment Act - 1997 Subdivision 50-5.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(c) Property, Plant and Equipment (PPE)

The depreciable amount of all PPE is depreciated over the useful lives of the assets to the company commencing from the time the asset is held ready for use.

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the assets and liabilities statement are shown inclusive of GST.

(e) Employee Benefits

Provision is made for the liability for employee benefits 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.

Long Service leave is provided for when the employee reaches 5 years of service.

Employee benefits have not previously been brought to account as they were determined to have an immaterial effect to the overall results of the company. The impact of the change on accounting policy was to increase employee provisions on the balance sheet as disclosed in Note 4 and to bring to account an expense in 2020 of \$15,021 and a retrospective adjustment to the 2019 result of \$24,300.

The accounting policy for employee benefits is not in accordance with accounting standards in that on-costs have not been included and the calculation is assessed at the current obligation to pay out entitlements.

(f) Revenue and Other Income

Grant and donations revenue is recognised in the statement of comprehensive income when the entity obtains control of the revenue, it is probable that the economic benefits gained from the revenue will flow to the entity and the amount of the grant or donation can be measured reliably.

When grants and donations revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant or donations revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant or donation is recognised as income on receipt.

Fees charged for consulting and research services provided to clients are recognised when the service is provided.

Fees charges for student fees provided to enrolled students are recognised when the service is provided.

Interest revenue is recognised on an accruals basis.

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

(g) Going Concern

The financial report has been prepared on a going concern basis which assumes that NIODA will be able to pay its debts as and when they fall due.

NIODA has a negative net asset position as at the end of December 2021 with the 2021 financial result impacted by COVID. The directors believe that the going concern basis is appropriate given the strong cash position as at the end of December and is budgeting for a return to surplus in the 2023.

Note 2 Receivables

	2021	2020
	\$	\$
Accounts Receivable	16,913	22,715
FEE-HELP	(27,398)	(5,750)
Government Grant - JobKeeper	-	16,200
	<u>(10,485)</u>	<u>33,165</u>

Note 3 Property, Plant and Equipment

	2021	2020
	\$	\$
Equipment at Cost	12,214	12,214
Less accumulated depreciation	<u>(9,170)</u>	<u>(7,141)</u>
Total Property, Plant & Equipment	3,044	5,073

Note 4 Provisions

	2021	2020
	\$	\$
Provision for Annual Leave	42,995	33,953
Provision for Long Service Leave	<u>43,486</u>	<u>42,949</u>
	86,480	76,902

Note 5 Events after the balance sheet date

Since 31 December 2021, there are no matters or circumstances that have arisen which require adjustments to or disclosure in the financial statements.

The end date of the \$50,000 loan is 12 November 2022.

Note 6 Reconciliation of Net cash provided by operating activities to operating surplus

	2021	2020
	\$	\$
Operating surplus/(deficit)	(163,638)	35,389
Non-cash items		
Profit/(Loss) on disposal of fixed assets	-	-
Depreciation	2,030	1,170
Movement in assets and liabilities		
Increase/(decrease) in payables	(4,739)	(23,675)
Increase/(decrease) in provisions	9,578	15,021
(Increase)/decrease in receivables	<u>43,649</u>	<u>15,409</u>
Net Cash provided by operating activities	(113,120)	43,314

Note 7 Impact of COVID-19

7.1 Operational impacts

The NIODA COVID safe plan was established and is reviewed monthly at the Finance and Risk Management meeting with decisions made about continuing online or returning to onsite classes and all other aspects relating to risk and COVID. See COVID Safe Plan.

7.2 Financial impacts

The COVID impact on student number had a significant impact which will continue for several years as the lower numbers progress through the three year degree.

7.3 Future impact

NIODA offering all classes live interactive online in 2022 with optional onsite classes in Melbourne.

Note 8 Members' Guarantee

The organisation is a company limited by guarantee. There are no differing classes of membership. The amount of each member's financial guarantee is \$20.

Note 9 Regulatory Compliance

It is a requirement of NIODA's regulatory compliance to report on any incidence of Sexual Assault or Sexual Harassment at the Institute. Since gaining Higher Education Provider status in October 2016 there have been no reported incidence of Sexual Assault or Sexual Harassment at NIODA.

Note 10 Auditors Remuneration

Auditor remuneration for the 2020 financial year was \$3,960.

Directors' Declaration

The Directors have determined that the organisation is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statement.

In the opinion of the Directors the financial report comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements:

1. presents a true and fair view of the financial position as at 31 December 2021 and its performance for the year ended on that date;
2. the financial statements and notes comply with the requirements of the *Australian Charities and Not-for-profits Act 2012*; and
3. at the date of this statement, there are reasonable grounds to believe that the organisation will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board made pursuant with subsection 60.15 (2) of the *Australian Charities and Not-for-profits Commission Regulations 2013* and is signed for and on behalf of the Board by:



Chair of the Board of Governance
Judy Kent

Dated 17 day of May 2022



Chair Finance and Risk Committee
James Lavery

Dated 17 day of May 2022



INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMMITTEE OF NATIONAL INSTITUTE OF ORGANISATION DYNAMICS AUSTRALIA LIMITED

Opinion

We have audited the financial report of National Institute of Organisation Dynamics Australia Limited (the company), which comprises the balance sheet as at 31 December 2021, and the operating statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the accompanying financial report of the company is prepared, in all material respects, in accordance with the Corporations Act 2001.

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 company 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 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.

Emphasis of Matter – Going Concern Basis of Accounting

Without modifying our opinion, we draw attention to note 1 (g) which indicates that the company had a negative net asset position as at the end of December 2021 and the company's assessment that the going concern basis is appropriate.

Restriction on Distribution

The financial report has been prepared for the company for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 31 December 2021 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.

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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 Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report in accordance with the Corporations Act 2001, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the company'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 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/Home.aspx>. This description forms part of our auditor's report.

Stephen Wight
Director

Dated this 18th day of May, 2022

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