



Scouts
SA

**The Scout Association of Australia, South Australian Branch
Incorporated and Controlled Entities**

ABN 35 621 021 366

**Consolidated Financial Report
For the year ended 30 September 2022**

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COMMITTEES' REPORT

The Committee members present their report together with the Consolidated Financial Report of the Scout Association of Australia, South Australian Branch Incorporated ("Scouts SA") and its controlled entities ("The Association"), for the year ended 30 September 2022 and the Auditor's Report thereon.

References in this Consolidated Financial Report to "the Association" are to Scouts SA and its controlled entity, Scout Stadium Incorporated.

Committee members

The Committee members of Scouts SA during the financial year were:

P Dickson APM	President
S Gray	Vice President
J Turbill	Chief Commissioner
S Hill	Supporting Member
L Blight	Supporting Member
J Bates	Adult Leader
J Wall	Adult Leader
M Warne	Young Adult
K Affleck	Young Adult

The Committee members have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The deficit of the Association for the year amounted to \$3,843,310 (six months ended 30 September 2021 \$1,178,638).

Principal activities

The principal activity of the Association during the year was promotion of the interest of members and the development of the Scouting movement in South Australia.

Review of operations

The Association continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the Association's state of affairs that occurred during the financial year, other than those referred elsewhere in this report.

Likely developments

The Association expects to maintain the present status and level of operations.

Environmental regulation

The Association's recycling operations are regulated by the Environment Protection Act 1993, South Australia.

COMMITTEES' REPORT

Coronavirus pandemic (COVID-19)

Judgement has been exercised in considering the impacts that the Coronavirus ("COVID-19") pandemic has had, or may have, on the Association based on known information. This consideration extends to the nature of the services provided, customers, suppliers and geographic regions in which the Association operates.

There does not currently appear to be any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Association unfavourably as at the reporting date as a result of COVID-19. Even though COVID-19 is ongoing, the impact on the Association has receded and is trending back to pre COVID-19 conditions.

After balance date events

On 21 October 2022 the Association purchased the recycling business, Pirie Bottle and Scrap Metal for \$1,575,000 funded from existing financial assets. The business is a bottle and scrap metal recycler. The objective of the acquisition is to optimise and increase the Associations market share in recycling depots and geographical coverage across South Australia, by strategic investment.

The land and buildings currently occupied by Head Office at 211-213 Glen Osmond Road, Frewville, 9 and 11 Avenue Road, Frewville were listed for sale in August 2022. Subsequent to 30 September 2022, sales contracts were executed for all of the properties.

With the sale of the Frewville offices, Head Office is relocating to leased premises. A lease agreement was entered into subsequent to 30 September 2022, commencing 1 January 2023 for an initial term of seven years, subject to annual reviews.

Other than the matters mentioned above, no other matters or circumstances have arisen since the end of the calendar financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in the future financial year.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration in relation to the audit for the financial year is provided with this report.

Signed on behalf of the Committee.

Name: PAUL DICKSON

Signature: _____



Name: LANGDON BLIGHT

Signature: _____



Dated this 19th day of December 2022

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE MEMBERS OF THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND CONTROLLED ENTITY

In accordance with section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Members of The Scout Association of Australia, South Australian Branch.

As lead audit partner for the audit of the financial statements of The Scout Association of Australia, South Australian Branch for the year ended 30 September 2022, 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.



Nexia Edwards Marshall
Chartered Accountants



Jamie Dreckow
Partner

Adelaide
South Australia

19 December 2022

Nexia Edwards Marshall

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Note	12 months ended 30 Sep 2022	6 months ended 30 Sep 2021
		\$	\$
Revenue			
Revenue from contracts with customers	2	34,629,937	17,375,522
Other revenue	2	3,301,471	1,427,565
		<u>37,931,408</u>	<u>18,803,087</u>
Less: expenses			
Materials and consumables used		(18,281,808)	(8,836,896)
Employee benefits		(12,412,929)	(5,422,753)
Repairs and maintenance		(865,182)	(260,318)
Property		(823,412)	(394,939)
Depreciation		(1,088,442)	(596,870)
Amortisation of Right of Use Assets		(796,484)	(447,892)
Amortisation of Intangible Assets		(127,691)	-
Lease payments	3	(7,055)	-
Impairment expenses - related party receivables		-	57,485
Marketing and promotion		(190,930)	(51,652)
Finance costs	3	(257,156)	(108,197)
Administration	3	(2,705,596)	(1,178,366)
Responsibility to our survivors	3	(2,861,795)	(1,768,710)
Other expenses		(1,416,138)	(773,614)
		<u>(41,834,618)</u>	<u>(19,782,722)</u>
Share of net gains/(losses) of joint venture accounted for using the equity method	20	59,900	(199,003)
Surplus/(Deficit) before other comprehensive income		<u>(3,843,310)</u>	<u>(1,178,638)</u>
Other comprehensive income for the year		-	-
Total comprehensive income/(loss)		<u><u>(3,843,310)</u></u>	<u><u>(1,178,638)</u></u>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022**

	Note	30 Sep 2022 \$	30 Sep 2021 \$
Current assets			
Cash and cash equivalents	4	3,063,245	3,419,654
Trade and other receivables	5	1,228,545	1,306,967
Contract assets	6	214,501	243,761
Inventories	7	508,526	513,504
Financial assets	8	4,810,136	6,727,618
Other assets	9	277,412	60,261
Non-current assets classified as held for sale	10	2,506,840	-
Total current assets		<u>12,609,205</u>	<u>12,271,765</u>
Non-current assets			
Property, plant and equipment	11	21,345,400	25,642,032
ROU assets	12	1,814,577	1,645,645
Intangible assets	13	614,610	742,301
Total non-current assets		<u>23,774,587</u>	<u>28,029,978</u>
Total assets		<u>36,383,792</u>	<u>40,301,743</u>
Current liabilities			
Trade and other payables	14	2,346,955	2,270,838
Contract liabilities	15	938,230	857,598
Borrowings	16	4,993,359	4,689,196
Lease liabilities	17	657,498	534,289
Provisions	18	1,340,480	1,684,854
Total current liabilities		<u>10,276,522</u>	<u>10,036,775</u>
Non-current liabilities			
Borrowings	16	273,892	637,903
Lease liabilities	17	1,219,249	1,151,059
Provisions	18	123,950	142,517
Total non-current liabilities		<u>1,617,091</u>	<u>1,931,479</u>
Total liabilities		<u>11,893,613</u>	<u>11,968,254</u>
Net assets		<u>24,490,179</u>	<u>28,333,489</u>
Equity			
Reserves	19	897,562	937,084
Accumulated surplus		23,592,617	27,396,405
Total equity		<u>24,490,179</u>	<u>28,333,489</u>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Note	Reserves \$	Accumulated Surplus \$	Total Equity \$
Balance as at 1 April 2021		904,532	28,607,595	29,512,127
Deficit for 6 months		-	(1,178,638)	(1,178,638)
Total comprehensive loss		-	(1,178,638)	(1,178,638)
Transfers	19	32,552	(32,552)	-
Balance as at 30 September 2021		<u>937,084</u>	<u>27,396,405</u>	<u>28,333,489</u>
Balance as at 1 October 2021		937,084	27,396,405	28,333,489
Deficit for the year		-	(3,843,310)	(3,843,310)
Total comprehensive loss		-	(3,843,310)	(3,843,310)
Transfers	19	(39,522)	39,522	-
Balance as at 30 September 2022		<u>897,562</u>	<u>23,592,617</u>	<u>24,490,179</u>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Note	12 months ended 30 Sep 2022	6 months ended 30 Sep 2021
		\$	\$
Cash flow from operating activities			
Receipts from customers		35,532,614	17,869,500
Payments to suppliers and employees		(40,032,263)	(18,053,701)
Dividends received		381,117	235,281
Interest received		6,321	40,258
Finance costs		(127,062)	(92,390)
Interest on lease liabilities		-	(9,060)
Net cash provided by operating activities		<u>(4,239,273)</u>	<u>(10,112)</u>
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		4,315,475	2,307,923
Proceeds from sale of investments		4,094,000	1,616,042
Payment for property, plant and equipment		(675,115)	(1,369,821)
Payment for investments		(2,915,857)	(1,714,626)
Net cash provided by investing activities		<u>4,818,503</u>	<u>839,518</u>
Cash flow from financing activities			
Proceeds from borrowings		410,000	18,896
Repayment of borrowings		(509,228)	(1,011,375)
Repayment of lease liabilities		(836,411)	(448,118)
Net cash used in financing activities		<u>(935,639)</u>	<u>(1,440,597)</u>
Reconciliation of cash			
Cash at the beginning of the financial year		3,419,654	4,030,845
Net decrease in cash held		(356,409)	(611,191)
Cash at the end of financial year	4, 22	<u><u>3,063,245</u></u>	<u><u>3,419,654</u></u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Financial Report of the Scout Association of Australia, South Australian Branch Incorporated ("Scouts SA") and its controlled entities ("the Association"), for the year ended 30 September 2022 was approved by the Committee as at the date of the Committee's report.

References in this Consolidated Financial Report to "the Association" are to Scouts SA and its controlled entity, Scout Stadium Incorporated ("SSI").

Scouts SA is a not-for-profit entity purpose of preparing the financial statements.

The financial report is a general purpose financial report that has been prepared in accordance with the *Associations Incorporations Act 1985 (SA)*, the *Australian Charities and Not-for-profits Commission Act 2012*, and Australian Accounting Standards - Simplified Disclosures, Interpretation and other applicable authoritative pronouncements of the Australian Accounting Standards Board.

Scouts SA is an incorporated association domiciled in Australia. The address of Scouts SA's registered office is 211 Glen Osmond Road, Frewville SA 5063 Australia.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated. Where appropriate, amounts shown for prior periods have been reclassified to facilitate comparison.

The following are the significant accounting policies adopted by the Association in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Basis of preparation of the financial report

Historical cost convention

The financial report has been prepared on the basis of historical cost, except for financial assets that have been measured at fair value.

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 Association'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 1(y).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(b) Going concern

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

The Association generated a deficit from ordinary activities of \$3,843,310 during the year ended 30 September 2022.

As described in Note 16 (a) the Association's bank facilities were reviewed at 1 December 2021 and the Association successfully negotiated with the bank to extend the term of this facility beyond their current maturity date for a further 2 years and 6 months to 31 May 2024. This facility is subject to annual review.

The Association's budgets and forecasts for year ended 30 September 2023 anticipate that the Association will have sufficient cash flows to operate within its borrowing limits for the next twelve months from the signing date of these financial statements.

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the Association"), comprising the financial statements of Scouts SA and its 100% controlled entity SSI.

Scouts SA controls an entity where it has power, for which Scouts SA has exposure or rights to variable returns from its involvement with the entity, and for which Scouts SA has the ability to use its power over the entity to affect the amount of its returns. Subsidiaries are consolidated from the date on which control is obtained by Scouts SA and are derecognised from the date that control ceases.

We have prepared financial statements for SSI for the same reporting period as Scouts SA using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist. All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(d) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Association and the revenue can be reliably measured.

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

The following specific recognition criteria must also be met before revenue is recognised.

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Association is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Association: 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.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. In relation to recycling activities under the Container Deposit Scheme, this is generally at the time collection and sorting occurs as there is legal entitlement to receive income from the super collector under the Scheme at time of possession.

Course, event and activity fees

Revenue from organising and hosting courses, events and activities is recognised in the period in which they are held, based on either a fixed price or an hourly rate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(d) Revenue (cont)

Rent, hire and camping charges

Rent revenue is recognised on a straight-line basis over the rental term. Hire and camping charges are recognised at a rate per use.

Membership and registration fees

Fees are recognised as revenue when no significant uncertainty as to its collectability exists.

Grants

Grant revenue is recognised when the Association satisfies the performance obligations stated within the grant agreements. If conditions are attached to the grant which must be satisfied before the Association is eligible to retain the contribution, the grant revenue will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Dividend and other distributions

Dividend and other distribution revenue is recognised when the right to receive a dividend or other distribution has been established. Dividends and other distributions received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Interest

Interest revenue is recognised as interest accrues using the applicable interest rate. This method calculates the amortised cost of a financial asset and allocates the interest income over the relevant period using the applicable 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.

Donations

Donations, including cash and goods, are recognised as revenue when the Association gains control, economic benefits are probable and the amount of the donation can be reliably measured. Goods donated are measured at fair value.

Insurance Premiums and Recoveries

Insurance revenue is recognised when the right to receive insurance revenue has been established.

Other revenue

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

(e) Income tax

Scouts SA is a charitable institution in terms of subsection 50-5 of the *Income Tax Assessment Act 1997*, as amended, and as such it is exempt from paying income tax.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(f) 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 Association'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 equivalents 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 Association'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.

(g) 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.

(h) 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 Association 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.

(i) Contract assets

Contract assets are recognised when the Association has transferred goods or services to the customer but where the Association is yet to establish an unconditional right to consideration.

Contract assets are treated as financial assets for impairment purposes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(k) Financial instruments*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Association commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the Association are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Association irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVTOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVTOCI are classified as subsequently measured at amortised cost, FVTOCI or fair value through profit or loss (FVTPL) on the basis of both:

- (a) the Association's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the Association for the acquisition of a business, and financial liabilities designated at FVTPL, are subsequently measured at fair value. All other financial liabilities recognised by the Association are subsequently measured at amortised cost.

Impairment of financial assets

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

- (a) debt instruments measured at amortised costs; and
- (b) receivables from contracts with customers, contract assets and lease receivables.

The Association applied the simplified approach to measuring the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables.

The Association determines the allowance for credit losses for receivables from contracts with customers on the basis of the lifetime expected credit losses for the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**(k) Financial instruments (cont)**

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credited losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12 month expected credit losses.

12 month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include the observable data about the following:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) breach of contract;
- (c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (i.e. reduced directly) when the counterparty is in severe financial difficulty and the Association has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the Association. Recoveries, if any, are recognised in profit or loss.

(l) Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**(l) Non-current assets classified as held for sale (cont)**

Non-current assets classified as held for sale are presented separately on the face of the statement of financial position, in current assets.

(m) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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.

Leasehold improvements are depreciated over the unexpired period of the lease.

The depreciation rates used for each class of depreciable asset are shown below:

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings at cost	1.5% - 5.0%	Straight line
Plant and equipment at cost	2.5% - 20%	Straight line
Improvements at cost	2.5%	Straight line
Motor vehicles at cost	12.5% - 20%	Straight line

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 incorporated association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

(n) Right of use ("ROU") assets

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(n) Right of use ("ROU") assets (cont)

ROU 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 Association expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. ROU assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Association has elected not to recognise a ROU 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.

(o) Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about the relevant activities are required. Joint arrangements are classified as either joint operations or joint ventures based on the rights and obligations of the parties to the arrangement.

Joint ventures

The Association's interest in joint ventures are accounted for using the equity method after initially being recognised at cost. Under the equity method, the Association's share of the profits or losses of the joint venture are recognised in the Association's profit or loss and the Association's share of the joint venture's other comprehensive income is recognised in the Association's other comprehensive income.

(p) Intangible assets*Goodwill*

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised. Goodwill is initially recognised at an amount equal to the excess of: (a) the aggregate of the consideration transferred, the amount of any non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in the case of a step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. For accounting purposes, such measurement is treated as the cost of goodwill at that date.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(q) 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 pre-tax 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.

(r) Trade and other payables

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

(s) Contract liabilities

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

(t) Provisions

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(u) Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e. the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Association'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 ROU asset, or to profit or loss if the carrying amount of the ROU asset is fully written down.

(v) Employee benefits*Short-term employee benefits*

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled.

Long-term employee benefits

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before 12 months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, duration of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that are denominated in the currency in which the benefits will be paid. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in periods which the change occurs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(w) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the 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.

(x) Comparatives

In 2021 Scouts SA changed its reporting period to 30 September and prepared a financial report for the 6 months ended 30 September 2021.

As a result, for these financial statements, the comparative figures are for the 6 months ended 30 September 2021 and the current period amounts are for the 12 months ended 30 September 2022.

(y) Key judgements, estimates and assumptions

Coronavirus pandemic ("COVID-19")

Judgement has been exercised in considering the impacts that COVID-19 has had, or may have, on the Association based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Association operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Association unfavourably as at the reporting date or subsequently as a result of COVID-19.

Even though COVID-19 is ongoing, the impact on the Association has receded and is trending back to pre COVID-19 conditions.

Allowance for expected credit losses

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(y) Key judgements, estimates and assumptions (cont)*Estimation of useful lives of assets*

The Association 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.

Goodwill

The Association tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(p). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Lease term

The lease term is a significant component in the measurement of both the ROU 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 Association'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 Association 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 Association estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the ROU asset, with similar terms, security and economic environment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(y) Key judgements, estimates and assumptions (cont)

Employee benefits provision

As discussed in note 1(v), 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.

Fair value measurement hierarchy

The Association is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as Level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

(z) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Association elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Association acquires a business, it assesses the financial assets and liabilities for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

	12 months ended 30 Sep 2022	6 months ended 30 Sep 2021
	\$	\$
NOTE 2: REVENUE		
Revenue from contracts with customers		
Sale of goods - Recycling	28,928,712	13,822,707
Sale of goods - Retail	2,196,106	1,291,477
Course, event and activity fees	1,656,964	1,050,160
Rent, hire and camping charges	1,434,415	616,710
Membership and registration fees	340,863	135,912
Grants	72,877	458,556
	<u>34,629,937</u>	<u>17,375,522</u>
Other revenue		
Dividends and other distributions	518,760	235,281
Interest	33,102	40,258
Donations	112,507	7,812
Insurance Premiums	102,629	98,965
Insurance recoveries	208,089	5,791
Gain on sale of property, plant and equipment	2,886,527	731,482
Fair value movement on financial assets held at fair value	(766,120)	251,548
Other	205,977	56,428
	<u>3,301,471</u>	<u>1,427,565</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

	12 months ended 30 Sep 2022	6 months ended 30 Sep 2021
	\$	\$
NOTE 3: EXPENSES		
Surplus/(deficit) has been determined after:		
Leases		
- Short term lease payments	7,055	-
	<u>7,055</u>	<u>-</u>
Finance costs		
- Interest on borrowings	166,441	83,330
- Interest on lease liabilities	62,394	9,060
- Bank charges	28,321	15,807
	<u>257,156</u>	<u>108,197</u>
Administration		
- Administration	36,373	20,944
- Audit statutory fees	97,800	17,878
- Legal and consultancy	360,321	59,011
- Telecommunications	142,907	65,272
- IT and membership systems	407,373	195,391
- Insurance premiums	394,685	243,132
- Printing, postage and stationery	85,990	43,861
- Claims	25,055	4,903
- Donations	5,300	-
- Vehicle expenses	912,202	410,878
- Travel	62,518	25,083
- Other administration	175,072	92,013
	<u>2,705,596</u>	<u>1,178,366</u>
Responsibility to our survivors		
- Claims paid and payable through the National Redress Scheme and directly to survivors	2,861,795	1,768,710
	<u>2,861,795</u>	<u>1,768,710</u>

Scouts SA is a member of the National Redress Scheme and is committed to supporting survivors of historical child sexual abuse.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

	12 months ended 30 Sep 2022	6 months ended 30 Sep 2021
	\$	\$
NOTE 4: CASH AND CASH EQUIVALENTS		
Cash on hand	312,457	164,970
Cash at bank	2,750,788	3,254,684
	<u>3,063,245</u>	<u>3,419,654</u>
NOTE 5: TRADE AND OTHER RECEIVABLES		
CURRENT		
Receivables from contracts with customers	747,482	1,159,487
Less: Provision for impairment	(2,732)	(313,504)
Other receivables	483,795	460,984
	<u>1,228,545</u>	<u>1,306,967</u>
NOTE 6: CONTRACT ASSETS		
CURRENT		
Contract assets	214,501	243,761
	<u>214,501</u>	<u>243,761</u>
NOTE 7: INVENTORIES		
CURRENT		
<i>At cost</i>		
Finished goods	508,526	513,504
	<u>508,526</u>	<u>513,504</u>
NOTE 8: FINANCIAL ASSETS		
CURRENT		
<i>Financial assets at fair value through profit or loss</i>		
Shares in listed corporations	4,316,901	5,806,266
Investment in unlisted entities	9,963	10,036
Managed Cash Fund	82,384	470,000
Ken Maguire Trust	54,793	60,013
G J Ware Trust	289,783	319,626
DD Harris	56,312	61,677
Total financial assets at fair value through profit or loss	<u>4,810,136</u>	<u>6,727,618</u>

All financial assets at fair value through profit or loss are held for trading.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

	12 months ended 30 Sep 2022	6 months ended 30 Sep 2021
	\$	\$
NOTE 9: OTHER ASSETS		
CURRENT		
Prepayments	277,412	60,261
	<u>277,412</u>	<u>60,261</u>

NOTE 10: NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

CURRENT		
Land		
At cost	797,335	-
Buildings		
At cost	2,371,045	-
Accumulated depreciation	(661,540)	-
	<u>1,709,505</u>	<u>-</u>
Total land and buildings held for sale	<u>2,506,840</u>	<u>-</u>

The land and buildings at 211-213 Glen Osmond Road, Frewville, 9 and 11 Avenue Road, Frewville were listed for sale in August 2022. Subsequent to 30 September 2022, sales contracts were executed for all of the properties.

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

Land		
At cost	10,748,969	12,475,671
Buildings		
At cost	8,970,285	11,602,374
Accumulated depreciation	(2,717,753)	(3,206,127)
	<u>6,252,532</u>	<u>8,396,247</u>
Total land and buildings	<u>17,001,501</u>	<u>20,871,918</u>
Plant and equipment		
Plant and equipment at cost	7,562,245	7,305,922
Accumulated depreciation	(4,886,010)	(4,496,845)
	<u>2,676,235</u>	<u>2,809,077</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

	12 months ended 30 Sep 2022	6 months ended 30 Sep 2021
	\$	\$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONT)		
Improvements at cost	843,907	716,009
Accumulated depreciation	(347,359)	(314,385)
	<u>496,548</u>	<u>401,624</u>
Vehicles at cost	4,035,351	4,264,389
Accumulated depreciation	(2,979,906)	(2,880,443)
	<u>1,055,445</u>	<u>1,383,946</u>
Capital work in progress	115,671	175,467
Total plant and equipment	<u>4,343,899</u>	<u>4,770,114</u>
Total property, plant and equipment	<u>21,345,400</u>	<u>25,642,032</u>

(a) Reconciliations

Reconciliation of the carrying amounts of property plant and equipment at the beginning and end of the current financial year:

Freehold land

Opening carrying amount	12,475,671	12,480,171
Disposals	(929,367)	(4,500)
Transfer to assets held for sale	(797,335)	-
Closing carrying amount	<u>10,748,969</u>	<u>12,475,671</u>

Buildings

Opening carrying amount	8,396,247	7,471,270
Additions	-	5,508
Disposals	(206,654)	(10,461)
Depreciation expense	(255,480)	(128,014)
Transfer of capital work in progress	27,924	1,057,944
Transfer to assets held for sale	(1,709,505)	-
Closing carrying amount	<u>6,252,532</u>	<u>8,396,247</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

	12 months ended 30 Sep 2022	6 months ended 30 Sep 2021
	\$	\$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONT)		
(a) Reconciliations (cont)		
<i>Plant and equipment</i>		
Opening carrying amount	2,809,077	2,757,571
Additions	325,968	279,838
Disposals	(120,630)	(7,384)
Depreciation expense	(468,490)	(220,948)
Transfer of capital work in progress	130,310	-
Closing carrying amount	<u>2,676,235</u>	<u>2,809,077</u>
<i>Improvements</i>		
Opening carrying amount	401,624	412,488
Additions	11,993	-
Depreciation expense	(32,974)	(10,864)
Transfer of capital work in progress	115,905	-
Closing carrying amount	<u>496,548</u>	<u>401,624</u>
<i>Vehicles</i>		
Opening carrying amount	1,383,946	1,466,977
Additions	122,811	273,031
Disposals	(119,814)	(162,743)
Depreciation expense	(331,498)	(193,319)
Closing carrying amount	<u>1,055,445</u>	<u>1,383,946</u>
<i>Capital work in progress</i>		
Opening carrying amount	175,467	745,261
Additions	214,343	811,444
Transfers of capital work in progress	(274,139)	(1,381,238)
Closing carrying amount	<u>115,671</u>	<u>175,467</u>

(b) Property, plant and equipment pledged as security

Land and buildings with a book value of \$7,653,494 (bank valuation of \$11,266,000) are secured by mortgage with Commonwealth Bank (Note 16(a)).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

	12 months ended 30 Sep 2022	6 months ended 30 Sep 2021
	\$	\$
NOTE 12: RIGHT OF USE ("ROU") ASSETS		
Land and buildings	4,283,509	6,342,662
Accumulated amortisation	(2,547,993)	(4,803,913)
	<u>1,735,516</u>	<u>1,538,749</u>
Office equipment	217,967	202,135
Accumulated amortisation	(138,906)	(95,239)
	<u>79,061</u>	<u>106,896</u>
Total carrying amount of ROU assets	<u><u>1,814,577</u></u>	<u><u>1,645,645</u></u>

Reconciliations

Reconciliation of the carrying amounts of ROU assets at the beginning and end of the current financial year:

Right of use land and buildings

Opening carrying amount	1,538,749	2,005,394
Additions	413,782	-
Modifications	535,802	(37,314)
Amortisation	(752,817)	(429,331)
Closing carrying amount	<u><u>1,735,516</u></u>	<u><u>1,538,749</u></u>

Right of use office equipment

Opening carrying amount	106,896	125,457
Additions	15,832	-
Amortisation	(43,667)	(18,561)
Closing carrying amount	<u><u>79,061</u></u>	<u><u>106,896</u></u>

NOTE 13: INTANGIBLE ASSETS

Goodwill at cost	460,765	460,765
New Youth Program at cost	323,295	323,295
Accumulated amortisation	(169,450)	(41,759)
	<u><u>614,610</u></u>	<u><u>742,301</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

	12 months ended 30 Sep 2022	6 months ended 30 Sep 2021
	\$	\$

NOTE 13: INTANGIBLE ASSETS (CONT)

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year:

Goodwill

Opening balance	460,765	460,765
Closing balance	<u>460,765</u>	<u>460,765</u>

New Youth Program

Opening balance	281,536	323,295
Amortisation expense	127,691	41,759
Closing balance	<u>153,845</u>	<u>281,536</u>

NOTE 14: TRADE AND OTHER PAYABLES

CURRENT

Unsecured liabilities

Trade payables	606,281	753,830
Sundry payables and accruals	720,004	608,108
Provision for Compensation	1,020,670	849,000
Arena Stadium Management Pty Ltd (Note 20)	-	59,900
	<u>2,346,955</u>	<u>2,270,838</u>

NOTE 15: CONTRACT LIABILITIES

CURRENT

Contract liabilities	938,230	857,598
	<u>938,230</u>	<u>857,598</u>

NOTE 16: BORROWINGS

CURRENT

Secured liabilities

Market rate loan	4,715,803	3,945,803
CBA better business loan	-	450,000
Commercial equipment loan	277,556	293,393
	<u>4,993,359</u>	<u>4,689,196</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

	12 months ended 30 Sep 2022	6 months ended 30 Sep 2021
	\$	\$
NOTE 16: BORROWINGS (CONT)		
NON-CURRENT		
<i>Secured liabilities</i>		
Commercial equipment loan	273,892	637,903
	<u>273,892</u>	<u>637,903</u>

(a) Assets pledged as security

Hire purchase liabilities and commercial equipment loan liabilities are secured by the assets purchased.

The Market rate loan obtained from the Commonwealth Bank with an approved limit of \$4,720,000, was renewed on 1 December 2021 with a loan term of 2 years and 6 months. The interest rate is variable, linked to BBSY. Additional fees charged are facility line fees of 1.3% and usage fee of 0.6%. The facility is subject to annual review.

As part of the Market rate loan renewal on 1 December 2021, Scouts SA negotiated to have the Better Business loan with the Commonwealth Bank cancelled and the approved limit of \$450,000 added to the Market rate loan on 1 December 2021.

In respect to the Market rate loan, the Commonwealth Bank hold security over a number of properties and a first ranking charge over all present and acquired property. Refer to Note 11 (b).

(b) Bank guarantee

Scouts SA has a bank guarantee in place with the Commonwealth Bank for \$66,012 in respect to the security deposit regarding the lease of premises at 134A The Parade, Norwood. The expiry date of the guarantee is 1 February 2025 and is secured with mortgage security.

NOTE 17: LEASE LIABILITIES

CURRENT		
Land and buildings	609,339	489,841
Office equipment	48,159	44,448
	<u>657,498</u>	<u>534,289</u>
NON CURRENT		
Land and buildings	1,184,823	1,084,753
Office equipment	34,426	66,306
	<u>1,219,249</u>	<u>1,151,059</u>
Total carrying amount of lease liabilities	<u>1,876,747</u>	<u>1,685,348</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

	12 months ended 30 Sep 2022	6 months ended 30 Sep 2021
	\$	\$
NOTE 18: PROVISIONS		
CURRENT		
Employee benefits	1,340,480	1,684,854
NON-CURRENT		
Employee benefits	123,950	142,517
Total carrying amount of provisions	<u>1,464,430</u>	<u>1,827,371</u>

NOTE 19: RESERVES

James Russell Fund	5,244	5,244
DD Harris Fund	56,312	61,677
G J Ware Trust	781,214	810,151
Ken Maguire Trust	54,792	60,012
	<u>897,562</u>	<u>937,084</u>

(a) James Russell Fund

The James Russell Fund represents funds received that are to be used to facilitate inclusion for members with a disability.

Movement in reserve

Opening balance	5,244	5,244
Closing balance	<u>5,244</u>	<u>5,244</u>

(b) DD Harris Fund

The DD Harris Fund represents funds received that are to be used to fund the development of Leaders.

Movement in reserve

Opening balance	61,677	57,399
Transfers	(5,365)	4,278
Closing balance	<u>56,312</u>	<u>61,677</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

	12 months ended 30 Sep 2022	6 months ended 30 Sep 2021
	\$	\$

NOTE 19: RESERVES (CONT)

(c) G J Ware Trust

The G J Ware Trust represents funds received that are to be used to fund future expansion of the organisation through capital acquisitions.

Movement in reserve

Opening balance	810,151	786,039
Transfers	(28,937)	24,112
Closing balance	781,214	810,151

(d) Ken Maguire Trust

The Ken Maguire Trust represents funds received that are to be used to fund future expansion and training initiatives.

Movement in reserve

Opening balance	60,012	55,850
Transfers	(5,220)	4,162
Closing balance	54,792	60,012

NOTE 20: INTERESTS IN JOINT ARRANGEMENTS

(a) Associates and Joint Ventures

Joint arrangement	Nature of relationship	Ownership interest		Measurement basis
		30 Sep 2022	30 Sep 2021	
Arena Stadium Management P/L	Joint venture	50%	50%	Equity accounted

Country of incorporation: Australia

Arena Stadium Management Pty Ltd ("ASM") was involved in managing and operating the jointly controlled asset known as Titanium Security Arena.

Following the settlement of the sale of Titanium Security Arena in May 2021, all external liabilities of ASM were settled or provided for and Scout SA's share of the excess proceeds returned.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

	12 months ended 30 Sep 2022	6 months ended 30 Sep 2021
	\$	\$

NOTE 20: INTERESTS IN JOINT ARRANGEMENTS (CONT)

On 25 July 2022, the Directors of ASM resolved that the company be wound up voluntarily and a liquidator was appointed for the purposes of winding up the company. The liquidation is expected to be finalised by 30 September 2023.

(b) Summarised financial information for joint venture

Current assets	8,117	(30,017)
Current liabilities	(3,610)	(89,783)
Net assets	<u>4,507</u>	<u>(119,800)</u>
Revenue	-	68,044
Loan forgiveness	957,366	-
Expenses	(10,504)	(465,498)
Interest expense	(316)	(553)
Income tax expense	(14,990)	-
Total comprehensive profit/(loss)	<u>931,556</u>	<u>(398,007)</u>
Shareholder Equity Contribution/(Return)	(807,249)	-
Share of net assets not recognised	(4,507)	-
	<u>119,800</u>	<u>(398,007)</u>
50% Share of net gains/(losses)	59,900	(199,004)
Reconciliation to carrying amount of interest in joint ventures:		
Opening net assets	(119,800)	(531,279)
Current year profit/(loss)	931,556	(398,007)
Shareholder Equity Contribution/(Return)	(807,249)	809,486
Closing net assets	<u>4,507</u>	<u>(119,800)</u>
50% interest	2,254	(59,900)
Carrying value in the statements (Note 14)	-	(59,900)

As the company is in liquidation, the 50% interest has not been disclosed as an asset of the Association as at 30 September 2022. The remaining assets are expected to be used to pay the liquidator fees. The share of ASM at 30 September 2021 was disclosed as a liability of the Association, refer to Note 14.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

		12 months ended 30 Sep 2022	6 months ended 30 Sep 2021
	Note	\$	\$

NOTE 21: INTEREST IN SUBSIDIARIES

The details of Scouts SA's subsidiary are as follows:

Subsidiary	Country of incorporation
Scouts Stadium Incorporated ("SSI")	Australia

On 23 August 2022, the Directors of SSI resolved that the subsidiary be wound up voluntarily and a liquidator was appointed for the purposes of winding up the subsidiary. The estimated value of assets was \$4,400 which will be used for the payment of expenses of winding up. The liquidation is expected to be finalised by 30 September 2023.

NOTE 22: CASH FLOW INFORMATION

Reconciliation of cash

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position is as follows:

Cash on hand	4	312,457	164,970
Cash at bank	4	2,750,788	3,254,684
		<u>3,063,245</u>	<u>3,419,654</u>

NOTE 23: RELATED PARTY TRANSACTIONS

Transactions with key management personnel of the Association or Scouts SA and their personally related entities.

Ms J Turbill (Chief Commissioner) - Honorarium	51,900	25,000
Mr G Coates AM (Finance Committee member until 8/7/2022) - Mindvision Interactive Pty Ltd for IT Services provided	158,732	85,385
Mr G Coates AM (Finance Committee member until 8/7/2022) - Mindvision Interactive Pty Ltd for IT Services provided	10,235	5,196
Mr J Smart (Young Adult until 17/9/2021) - Smart Event Management for Audio & Visual Services provided	-	3,750
Ms S Hill (Supporting Member) - Foster Hill for Public Relations Advice provided	5,885	3,630

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

	12 months ended 30 Sep 2022	6 months ended 30 Sep 2021
	\$	\$

NOTE 24: KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Committee members

The Committee member roles are unpaid other than the honorarium for reimbursement of expense paid paid to the Chief Commissioner and disclosed in Note 23.

The Committee members who have held office during the year are:

Name	Position
P Dickson APM	President
S Gray	Vice President
J Turbill	Chief Commissioner
S Hill	Supporting Member
L Blight	Supporting Member
J Bates	Adult Leader
J Wall	Adult Leader
M Warne	Young Adult
K Affleck	Young Adult

The Committee members have been in office since the start of the year to the date of this report unless otherwise stated.

(b) Key management personnel

The aggregate compensation made to key management personnel of the Association

– Short-term employee benefits	349,369	224,223
	349,369	224,223

NOTE 25: CONTINGENT LIABILITIES

The Association has a contingent liability in respect of self-insurance of certain risks. The Association has elected to self-insure between \$10,000 to \$50,000 per single claim, dependent on the nature of the claim.

There are ongoing litigation matters relating to potential claims arising from survivors of historical child sexual abuse. The outcome of future claims is not known and any potential losses cannot be reliability measured. All costs associated with these matters are expensed within the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

	12 months ended 30 Sep 2022	6 months ended 30 Sep 2021
	\$	\$

NOTE 26: FAIR VALUE MEASUREMENT

(a) Fair value hierarchy

The following tables detail the Association's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

The following table provides the fair value classification of those assets and liabilities held by the Association that are measured either on a recurring or non-recurring basis at fair value.

Financial assets	Level		
<i>Financial assets at fair value through profit or loss</i>			
Shares in listed corporations	1	4,316,901	5,806,266
Investment in unlisted entity	2	9,963	10,036
Managed Cash Fund	1	82,384	470,000
Ken Maguire Trust	1	54,793	60,013
G J Ware Trust	1	289,783	319,626
DD Harris Fund	1	56,312	61,677
Total financial assets		4,810,136	6,727,618

NOTE 27: EVENTS SUBSEQUENT TO REPORTING DATE

The following have arisen since 30 September 2022 which affect the results of the operations of the Association in future financial year.

(a) Relocation of Head Office

The land and buildings currently occupied by Head Office at 211-213 Glen Osmond Road, Frewville and 11 Avenue Road, Frewville were listed for sale in August 2022. Subsequent to 30 September 2022, sales contracts were executed for all of the properties. The land and buildings have been classified as held for sale. Refer to Note 10.

With the sale of the Frewville offices, Head Office is relocating to leased premises. A lease agreement was entered into subsequent to 30 September 2022, commencing 1 January 2023 for an initial term of seven years and lease payments are \$197,505 per annum, subject to annual reviews.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

NOTE 27: EVENTS SUBSEQUENT TO REPORTING DATE (CONT)

(b) Acquisition of business Port Pirie Bottle and Scrap Metal

On 21 October 2022 the Association purchased the recycling business, Pirie Bottle and Scrap Metal ("the business") for cash consideration of \$1,575,000. The business is a bottle and scrap metal recycler. The objective of the acquisition is to optimise and increase the Associations market share in recycling depots and geographical coverage across South Australia, by strategic investment.

As the business was acquired after the 30 September 2022, the acquisition will be reflected in the 30 September 2023 balances and transactions.

(i) Purchase consideration	\$
Purchase price	1,575,000
Settlement adjustments	(24,209)
Net cash outflow	1,550,791

The acquisition was funded from existing financial assets.

(ii) Assets and liabilities acquired

	Fair value at acquisition date
	\$
The Association acquired the following identifiable assets and liabilities:	
Property, plant and equipment	231,721
Total assets	231,721
Provision for employee entitlements	18,560
Total liabilities	18,560
Fair value of identifiable net assets	213,161
Goodwill arising on acquisition	1,339,092
Total net assets acquired	1,552,253
Total operational expenses funded at settlement	(1,462)
Net cash outflow	1,550,791

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

	12 months ended 30 Sep 2022	6 months ended 30 Sep 2021
	\$	\$

NOTE 27: EVENTS SUBSEQUENT TO REPORTING DATE (CONT)

(iii) Lease commitment

On 21 October 2022, the lease with Port Pirie Regional Council for the site which the business operates from, was assigned to Scouts SA, expiring 31 March 2025. Scouts SA entered into a lease agreement with the Port Pirie Regional Council commencing 1 April 2025 for a term of 7 years. The rent is \$12,500 per annum with a rent review every 12 months on the basis of CPI.

NOTE 28: SCOUTS SA INFORMATION

Set out below is the supplementary information about Scouts SA.

Statement of profit or loss and other comprehensive income

Total comprehensive loss	(3,843,310)	(1,169,357)
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Statement of financial position

Total current assets	12,609,205	12,248,831
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Total non-current assets	23,774,587	28,029,978
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Total assets	36,383,792	40,278,809
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Total current liabilities	10,276,522	10,036,775
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Total non-current liabilities	1,617,091	1,931,479
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Total liabilities	11,893,613	11,968,254
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Equity

Reserves	897,562	937,084
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Accumulated surplus	23,592,617	26,971,512
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Total equity	24,490,179	27,908,596
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STATEMENT BY MEMBERS OF THE COMMITTEE

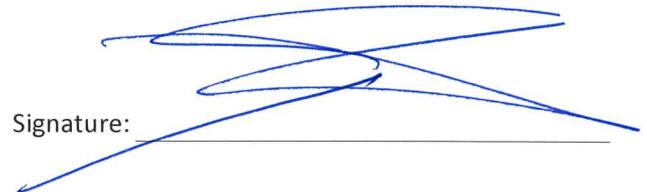
The Committee of the registered Association declare that, in the Committee's opinion:

- 1 the financial statements and notes, as set out on pages 5 to 39, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:
 - a. comply with Australian Accounting Standards – Simplified Disclosures; and
 - b. give a true and fair view of the financial position of the registered Association as at 30 September 2022 and of its performance for the year ended on that date.
- 2 there are reasonable grounds to believe that the registered Association will be able to pay its debts as and when they become due and payable.

This declaration is made in signed in accordance with regulation 60-15 (2) of the *Australian Charities and Not-for-profits Commission Regulation 2013* .

Signed on behalf of the Committee.

Name: PAUL DICKSON

Signature: 

Name: LANGDON BLIGHT

Signature: 

Dated this 19th day of December 2022

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND
CONTROLLED ENTITY**

Opinion

We have audited the financial report of The Scout Association of Australia, South Australian Branch and its controlled entity, "the Association", which comprises the consolidated statement of financial position as at 30 September 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity 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 statement by the Committee.

In our opinion, the accompanying financial report of the Association, is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*; including:

- (i) giving a true and fair view of the Association's financial position as at 30 September 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Association, 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 Committee is responsible for the other information. The other information comprises of the information in the Committee's report for the year ended 30 September 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 the other information we are required to report that fact. We have nothing to report in this regard.

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND
CONTROLLED ENTITY(CONT)**

Committee Members' responsibility for the financial report

The Committee members are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Committee members determine is necessary, to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee members are responsible for assessing the entity'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 Committee members either intend to liquidate the entity, or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used, the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of the Committee members' 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 entity'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 entity to cease to continue as a going concern.

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE SCOUT ASSOCIATION OF AUSTRALIA, SOUTH AUSTRALIAN BRANCH AND
CONTROLLED ENTITY (CONT)**

Auditor's responsibility for the audit of the financial report (Cont)

- 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.

We communicate with the Committee members 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.



Nexia Edwards Marshall
Chartered Accountants



Jamie Dreckow
Partner

Adelaide
South Australia

19 December 2022

Nexia Edwards Marshall

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