



Scouts
SA

**The Scout Association of Australia, South Australian Branch
Incorporated**

ABN 35 621 021 366

Financial Report

For the year ended 30 September 2023

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COMMITTEES' REPORT

The Committee members present their report together with the Financial Report of the Scout Association of Australia, South Australian Branch Incorporated ("Scouts SA") for the year ended 30 September 2023 and the Auditor's Report thereon.

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	(Resigned 4 April 2023)
G Warnes	Chief Commissioner	(Temporary appointment 5 April 2023 to 8 May 2023)
J Clarke	Chief Commissioner	(Appointed 8 May 2023)
S Hill	Supporting Member	
L Blight	Supporting Member	
B Scroop	Supporting Member	(Appointed 17 April 2023)
J Bates	Adult Leader	
J Wall	Adult Leader	(Resigned 16 March 2023)
S Robinson	Adult Leader	(Appointed 16 March 2023)
M Warne	Young Adult	(Resigned 16 March 2023)
K Affleck	Young Adult	
R Grimshaw	Young Adult	(Appointed 16 March 2023)

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 Scouts SA for the year was \$4,157,982 (prior year \$3,843,310).

Principal activities

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

Review of operations

Scouts SA 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 Scouts SA's state of affairs that occurred during the financial year, other than those referred elsewhere in this report.

Likely developments

Scouts SA expects to maintain the present status and level of operations.

COMMITTEES' REPORT

Environmental regulation

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

After balance date events

There are no matters or circumstances have arisen since the end of the calendar financial year which significantly affected or may significantly affect the operations of Scouts SA, the results of those operations or the state of affairs of Scouts SA 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 18th day of December 2023

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 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



Nexia Edwards Marshall
Chartered Accountants



Jamie Dreckow
Partner

Adelaide
South Australia

18 December 2023

Advisory. Tax. Audit.

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	Note	2023 \$	2022 \$
Revenue			
Revenue from contracts with customers	2	36,242,106	34,629,937
Other revenue	2	4,550,962	3,429,162
		<u>40,793,068</u>	<u>38,059,099</u>
Less: expenses			
Materials and consumables used		17,935,942	18,281,808
Employee benefits		13,881,964	12,412,929
Repairs and maintenance		810,384	865,182
Property		888,459	823,412
Depreciation		1,061,882	1,088,442
Amortisation of Right of Use Assets		860,791	796,484
Amortisation of Intangible Assets		153,845	127,691
Lease payments	3	-	7,055
Marketing and promotion		180,433	190,930
Finance costs	3	438,873	257,156
Administration	3	3,079,954	2,833,287
Responsibility to our survivors	3	4,165,110	2,861,795
Other expenses		1,493,413	1,416,138
		<u>44,951,050</u>	<u>41,962,309</u>
Share of net gains/(losses) of joint venture accounted for using the equity method	20	-	59,900
Surplus/(Deficit) before other comprehensive income		<u>(4,157,982)</u>	<u>(3,843,310)</u>
Other comprehensive income for the year		-	-
Total comprehensive income/(loss)		<u>(4,157,982)</u>	<u>(3,843,310)</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

	Note	2023 \$	2022 \$
Current assets			
Cash and cash equivalents	4	3,586,713	3,063,245
Trade and other receivables	5	1,105,236	1,228,545
Contract assets	6	154,279	214,501
Inventories	7	852,228	508,526
Financial assets	8	5,515,592	4,810,136
Other assets	9	971,438	277,412
Non-current assets classified as held for sale	10	81,516	2,506,840
Total current assets		<u>12,267,002</u>	<u>12,609,205</u>
Non-current assets			
Property, plant and equipment	11	20,089,830	21,345,400
ROU assets	12	3,920,673	1,814,577
Intangible assets	13	1,799,857	614,610
Total non-current assets		<u>25,810,360</u>	<u>23,774,587</u>
Total assets		<u>38,077,362</u>	<u>36,383,792</u>
Current liabilities			
Trade and other payables	14	2,008,523	1,326,285
Contract liabilities	15	980,606	938,230
Borrowings	16	4,859,290	4,993,359
Lease liabilities	17	784,610	657,498
Provisions	18	5,728,775	2,361,150
Total current liabilities		<u>14,361,805</u>	<u>10,276,522</u>
Non-current liabilities			
Borrowings	16	101,136	273,892
Lease liabilities	17	3,199,166	1,219,249
Provisions	18	83,059	123,950
Total non-current liabilities		<u>3,383,360</u>	<u>1,617,091</u>
Total liabilities		<u>17,745,165</u>	<u>11,893,613</u>
Net assets		<u>20,332,197</u>	<u>24,490,179</u>
Equity			
Reserves	19	930,735	897,562
Accumulated surplus		19,401,462	23,592,617
Total equity		<u>20,332,197</u>	<u>24,490,179</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	Note	Reserves \$	Accumulated Surplus \$	Total Equity \$
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>
Balance as at 1 October 2022		897,562	23,592,617	24,490,179
Deficit for the year		-	(4,157,982)	(4,157,982)
Total comprehensive loss		-	(4,157,982)	(4,157,982)
Transfers	19	33,173	(33,173)	-
Balance as at 30 September 2023		<u>930,735</u>	<u>19,401,462</u>	<u>20,332,197</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	Note	2023 \$	2022 \$
Cash flow from operating activities			
Receipts from customers		37,214,736	35,532,614
Payments to suppliers and employees		(39,493,374)	(40,032,263)
Dividends received		283,706	381,117
Interest received		45,054	6,321
Finance costs		(241,401)	(127,062)
Net cash provided by operating activities		<u>(2,191,279)</u>	<u>(4,239,273)</u>
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		6,645,545	4,315,475
Proceeds from sale of investments		89,969	4,094,000
Payment for property, plant and equipment		(911,721)	(675,115)
Payment for business acquisition		(1,339,092)	-
Payment for investments		(462,486)	(2,915,857)
Net cash provided by investing activities		<u>4,022,215</u>	<u>4,818,503</u>
Cash flow from financing activities			
Proceeds from borrowings		-	410,000
Repayment of borrowings		(327,800)	(509,228)
Repayment of lease liabilities		(979,668)	(836,411)
Net cash used in financing activities		<u>(1,307,468)</u>	<u>(935,639)</u>
Reconciliation of cash			
Cash at the beginning of the financial year		3,063,245	3,419,654
Net increase/(decrease) in cash held		523,468	(356,409)
Cash at the end of financial year	4, 22	<u>3,586,713</u>	<u>3,063,245</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Report of the Scout Association of Australia, South Australian Branch Incorporated ("Scouts SA") for the year ended 30 September 2023 was approved by the Committee as at the date of the Committee's report.

Scout Groups within South Australia are not controlled entities of Scouts SA and are not included in the financial report, except where their activities result in a direct transaction with Scouts SA. Independent financials are maintained by each Scout Group, subject to an annual review. There are 85 active Scout Groups in South Australia.

Scouts SA is a not-for-profit entity for the purpose of preparing the Financial Report.

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 from 6th March 2023 is 83 Greenhill, Wayville SA 5034 Australia (formerly 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 Scouts SA 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 Scouts SA'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(x).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

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.

It is expected the current asset position is adequate to cover expenses over the next twelve months notwithstanding current liabilities exceeding current assets at 30 September 2023. Current liabilities conservatively include market rate loan (Note 16) and provision for compensation (Note 18). It is likely neither will be required to be settled in full within the next twelve months. Based on previous experience, there is no reason to not expect the loan will be negotiated for a further term, if required by Scouts SA. The compensation is likely to take more than twelve months to be finalised.

Scouts SA's budget for the year ending 30 September 2024 anticipates that Scouts SA will have sufficient cash flows to operate within its borrowing limits for the next twelve months from the signing date of the Financial Report.

(c) Principles of consolidation

Scouts SA had a 100% controlled entity, Scouts Stadium Incorporated ("SSI") the liquidation of which was finalised on 15 February 2023 (refer Note 21). As a result, the Financial Report for the year ended 30 September 2023 comprise the financial statements of Scouts SA only. The Financial Report for the year ended 30 September 2022 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 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.

The financial statements for SSI were prepared for the period from 1 October through to liquidation, 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.

(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 Scouts SA 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(d) Revenue recognition (cont)

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which Scouts SA is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, Scouts SA: 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 (Scheme), this is generally at the time of taking possession of the product 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.

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 Scouts SA satisfies the performance obligations stated within the grant agreements. If conditions are attached to the grant which must be satisfied before Scouts SA 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(d) Revenue (cont)

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 Scouts SA 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.

(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 Scouts SA'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 Scouts SA'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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(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 cost, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

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

(i) Contract assets

Contract assets are recognised when Scouts SA has transferred goods or services to the customer but where Scouts SA is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

(k) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when Scouts SA becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that Scouts SA 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 (FVTPL), in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by Scouts SA are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether Scouts SA 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 FVTPL on the basis of both:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(k) Financial instruments (cont)*Classification of financial liabilities*

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

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

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 credit 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 Scouts SA has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by Scouts SA. Recoveries, if any, are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(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.

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 Scouts SA 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.

Scouts SA 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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(p) Intangible assets (cont)

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.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to Scouts SA 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.

(r) Contract liabilities

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

(s) Provisions

Provisions are recognised when Scouts SA 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.

(t) 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 Scouts SA'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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(t) Lease liabilities (cont)

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.

(u) 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 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.

(v) 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.

(w) Comparatives

The comparative figures are those of the consolidated entity, comprising the financial statements of Scouts SA and its 100% controlled entity SSI (refer Note 1 (c)). The liquidation of SSI was finalised on 15 February 2023 (refer Note 21) and as a result, the Financial Report for the year ended 30 September 2023 comprise the financial statements of Scouts SA only.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(w) Comparatives (cont)

At 30 September 2022, the estimated value of assets of SSI was \$4,400 which was to be used for payment of expenses of winding up. As a result, there were no revenue, expense, asset or liability transactions or balances included in the 30 September 2022 Consolidated Financial Report in respect to SSI.

(x) Key judgements, estimates and assumptions

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.

Estimation of useful lives of assets

Scouts SA 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

Scouts SA 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 Scouts SA'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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

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

Scouts SA 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 Scouts SA 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.

Employee benefits provision

As discussed in note 1(u), 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

Scouts SA 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.

(y) 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, Scouts SA 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 Scouts SA 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 2023

	2023	2022
	\$	\$
NOTE 2: REVENUE		
Revenue from contracts with customers		
Sale of goods - Recycling	29,309,445	28,928,712
Sale of goods - Retail	2,197,677	2,196,106
Course, event and activity fees	2,298,324	1,656,964
Rent, hire and camping charges	1,754,114	1,434,415
Membership and registration fees	546,891	340,863
Grants and sponsorships	135,655	72,877
	<u>36,242,106</u>	<u>34,629,937</u>

Other revenue		
Dividends and other distributions	354,468	518,760
Interest	45,054	33,102
Donations	89,553	112,507
Insurance premiums	283,403	230,320
Insurance recoveries	17,315	208,089
Gain on sale of property, plant and equipment	3,114,812	2,886,527
Fair value movement on financial assets held at fair value	333,167	(766,120)
Other	313,190	205,977
	<u>4,550,962</u>	<u>3,429,162</u>

NOTE 3: EXPENSES

Surplus/(deficit) has been determined after:

Leases		
- Short term lease payments	-	7,055
	<u>-</u>	<u>7,055</u>
Finance costs		
- Interest on borrowings	277,932	166,441
- Interest on lease liabilities	119,810	62,394
- Bank charges	41,131	28,321
	<u>438,873</u>	<u>257,156</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

	2023	2022
	\$	\$
NOTE 3: EXPENSES (CONT)		
Administration		
- Administration	37,707	36,373
- Audit statutory fees	38,000	97,800
- Legal and consultancy	330,106	360,321
- Telecommunications	113,070	142,907
- IT and membership systems	488,112	407,373
- Insurance premiums	578,593	522,376
- Printing, postage and stationery	70,351	85,990
- Claims	35,184	25,055
- Donations	9,443	5,300
- Vehicle expenses	1,103,984	912,202
- Travel	88,172	62,518
- Other administration	187,232	175,072
	<u>3,079,954</u>	<u>2,833,287</u>

Responsibility to our survivors		
- Claims paid and payable through the National Redress Scheme and directly to survivors	4,165,110	2,861,795
	<u>4,165,110</u>	<u>2,861,795</u>

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

NOTE 4: CASH AND CASH EQUIVALENTS

Cash on hand	370,589	312,457
Cash at bank	3,216,124	2,750,788
	<u>3,586,713</u>	<u>3,063,245</u>

NOTE 5: TRADE AND OTHER RECEIVABLES

CURRENT		
Receivables from contracts with customers	317,808	747,482
Less: Provision for impairment	(6,529)	(2,732)
Other receivables	793,957	483,795
	<u>1,105,236</u>	<u>1,228,545</u>

NOTE 6: CONTRACT ASSETS

CURRENT		
Contract assets	154,279	214,501
	<u>154,279</u>	<u>214,501</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

	2023	2022
	\$	\$
NOTE 7: INVENTORIES		
CURRENT		
<i>At cost</i>		
Finished goods	852,228	508,526
	<u>852,228</u>	<u>508,526</u>

NOTE 8: FINANCIAL ASSETS

CURRENT		
<i>Financial assets at fair value through profit or loss</i>		
Shares in listed corporations	3,249,928	4,316,901
Investment in unlisted entities	1,371,356	9,963
Managed Cash Fund (Other)	462,807	82,384
Managed Cash Fund (Ken Maguire Trust)	60,373	54,793
Managed Cash Fund (G J Ware Trust)	310,589	289,783
Managed Cash Fund (DD Harris)	60,539	56,312
Total financial assets at fair value through profit or loss	<u>5,515,592</u>	<u>4,810,136</u>

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

NOTE 9: OTHER ASSETS

CURRENT		
Prepayments	971,438	277,412
	<u>971,438</u>	<u>277,412</u>

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

CURRENT		
Land		
At cost	76,354	797,335
Buildings		
At cost	7,000	2,371,045
Accumulated depreciation	(1,838)	(661,540)
	<u>5,162</u>	<u>1,709,505</u>
Total land and buildings held for sale	<u>81,516</u>	<u>2,506,840</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

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

At 30 September 2023, management has committed to a plan to sell vacant land at Naracoorte together with land and buildings at Crystal Brook and Kingston. The assets are available for immediate sale and an active program to locate buyers has been initiated. The assets are being actively marketed for sale at a price that is reasonable in relation to their current fair value. It is expected that contracts for sale will be executed and settlements completed by 30 September 2024.

The land and buildings at 211-213 Glen Osmond Road, Frewville and 9 and 11 Avenue Road, Frewville were listed for sale in August 2022 and classified as "Held for Sale" at 30 September 2022. Subsequent to 30 September 2022, sales contracts were executed for all of the properties. The sales have been included in disposals for the year ended 30 September 2023 (refer Note 11).

	2023	2022
	\$	\$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT		
Land		
At cost	10,021,115	10,748,969
Buildings		
At cost	8,800,716	8,970,285
Accumulated depreciation	(2,880,171)	(2,717,753)
	5,920,545	6,252,532
Total land and buildings	15,941,660	17,001,501
Plant and equipment		
Plant and equipment at cost	7,175,564	7,562,245
Accumulated depreciation	(4,612,299)	(4,886,010)
	2,563,265	2,676,235
Improvements at cost	869,646	843,907
Accumulated depreciation	(384,141)	(347,359)
	485,505	496,548
Vehicles at cost	3,875,168	4,035,351
Accumulated depreciation	(3,062,145)	(2,979,906)
	813,023	1,055,445
Capital work in progress	286,377	115,671
Total plant and equipment	4,148,170	4,343,899
Total property, plant and equipment	20,089,830	21,345,400

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

	2023	2022
	\$	\$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONT)		
(a) Reconciliations		
Reconciliation of the carrying amounts of property plant and equipment at the beginning and end of the current financial year:		
<i>Freehold land</i>		
Opening carrying amount	10,748,969	12,475,671
Disposals	(651,500)	(929,367)
Transfer from/(to) assets held for sale	(76,354)	(797,335)
Closing carrying amount	<u>10,021,115</u>	<u>10,748,969</u>
<i>Buildings</i>		
Opening carrying amount	6,252,532	8,396,247
Additions	201,862	-
Disposals	(273,285)	(206,654)
Depreciation expense	(255,297)	(255,480)
Transfer of capital work in progress	-	27,924
Transfer from/(to) assets held for sale	(5,267)	(1,709,505)
Closing carrying amount	<u>5,920,545</u>	<u>6,252,532</u>
<i>Plant and equipment</i>		
Opening carrying amount	2,676,235	2,809,077
Additions	367,986	325,968
Disposals	(61,622)	(120,630)
Depreciation expense	(465,776)	(468,490)
Transfer of capital work in progress	46,442	130,310
Closing carrying amount	<u>2,563,265</u>	<u>2,676,235</u>
<i>Improvements</i>		
Opening carrying amount	496,548	401,624
Additions	25,738	11,993
Depreciation expense	(36,781)	(32,974)
Transfer of capital work in progress	-	115,905
Closing carrying amount	<u>485,505</u>	<u>496,548</u>
<i>Vehicles</i>		
Opening carrying amount	1,055,445	1,383,946
Additions	98,988	122,811
Disposals	(53,789)	(119,814)
Depreciation expense	(287,621)	(331,498)
Closing carrying amount	<u>813,023</u>	<u>1,055,445</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

	2023	2022
	\$	\$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONT)		
(a) Reconciliations (cont)		
<i>Capital work in progress</i>		
Opening carrying amount	115,671	175,467
Additions	217,148	214,343
Transfers of capital work in progress	(46,442)	(274,139)
Closing carrying amount	<u>286,377</u>	<u>115,671</u>

The disposals for the year ended 30 September 2023 include the sale of land and buildings at 211-213 Glen Osmond Road, Frewville and 9 and 11 Avenue Road, Frewville. The assets were classified as "Held for Sale" as at 30 September 2022 (refer Note 10).

(b) Property, plant and equipment pledged as security

Land and buildings with a book value of \$7,590,900 (bank valuation of \$16,230,000) are secured by mortgage with the Commonwealth Bank (Note 16(a)).

NOTE 12: RIGHT OF USE ("ROU") ASSETS

Land and buildings	5,760,099	4,283,509
Accumulated amortisation	(2,134,845)	(2,547,993)
	<u>3,625,254</u>	<u>1,735,516</u>
Office equipment	195,735	217,967
Accumulated amortisation	(159,217)	(138,906)
	<u>36,518</u>	<u>79,061</u>
Vehicle	293,095	-
Accumulated amortisation	(34,194)	-
	<u>258,901</u>	<u>-</u>
Total carrying amount of ROU assets	<u>3,920,673</u>	<u>1,814,577</u>

Reconciliations

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

	2023 \$	2022 \$
NOTE 12: RIGHT OF USE ("ROU") ASSETS (CONT)		
<i>Right of use land and buildings</i>		
Opening carrying amount	1,735,516	1,538,749
Additions	3,160,487	413,782
Modifications	358,079	535,802
Amortisation	(782,560)	(752,817)
Expired leases	(846,268)	-
Closing carrying amount	<u>3,625,254</u>	<u>1,735,516</u>
<i>Right of use office equipment</i>		
Opening carrying amount	79,061	106,896
Additions	-	15,832
Modifications	1,494	-
Amortisation	(44,037)	(43,667)
Closing carrying amount	<u>36,518</u>	<u>79,061</u>
<i>Right of use vehicles</i>		
Opening carrying amount	-	-
Additions	293,095	-
Amortisation	(34,194)	-
Closing carrying amount	<u>258,901</u>	<u>-</u>

NOTE 13: INTANGIBLE ASSETS

Goodwill at cost	1,799,857	460,765
New Youth Program at cost	323,295	323,295
Accumulated amortisation	(323,295)	(169,450)
	<u>-</u>	<u>153,845</u>
Total intangible assets	<u>1,799,857</u>	<u>614,610</u>

(a) Reconciliations

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

<i>Goodwill</i>		
Opening balance	460,765	460,765
Business acquisition (refer to Note 27)	1,339,092	-
Closing balance	<u>1,799,857</u>	<u>460,765</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

	2023	2022
	\$	\$
NOTE 13: INTANGIBLE ASSETS (CONT)		
<i>New Youth Program</i>		
Opening balance	153,845	281,536
Amortisation expense	(153,845)	(127,691)
Closing balance	<u>-</u>	<u>153,845</u>

NOTE 14: TRADE AND OTHER PAYABLES

CURRENT

Unsecured liabilities

Trade payables	1,369,675	606,281
Sundry payables and accruals	638,848	720,004
	<u>2,008,523</u>	<u>1,326,285</u>

NOTE 15: CONTRACT LIABILITIES

CURRENT

Contract liabilities

980,606	938,230
<u>980,606</u>	<u>938,230</u>

NOTE 16: BORROWINGS

CURRENT

Secured liabilities

Market rate loan	4,715,803	4,715,803
Commercial equipment loan	143,487	277,556
	<u>4,859,290</u>	<u>4,993,359</u>

NON-CURRENT

Secured liabilities

Commercial equipment loan	101,136	273,892
	<u>101,136</u>	<u>273,892</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 (CBA) has an approved limit of \$4,720,000. The loan was renewed on 1 December 2021 with a loan term of 2 years and 6 months through to May 2024. The interest rate is variable, linked to BBSY. Additional fees charged are facility line fees of 1.3% and usage fee of 0.6%. There are ongoing discussions with CBA and based on previous experience, there is no reason to not expect the loan will be negotiated for a further term, if required by Scouts SA.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 16: BORROWINGS (CONT)

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 bank guarantees in place with the Commonwealth Bank for the following which are held against the interest bearing accounts balance:

\$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.

\$45,000 in respect to the security deposit regarding the lease of premises at 670 Port Wakefield Road, Greenfields. The expiry date of the guarantee is 31 July 2038.

\$60,551 in respect to the security deposit regarding the lease of premises at 83 Greenhill Road, Wayville. The expiry date of the guarantee is 30 June 2030.

	2023 \$	2022 \$
NOTE 17: LEASE LIABILITIES		
CURRENT		
Land and buildings	697,387	609,339
Office equipment	33,066	48,159
Vehicle	54,157	-
	<u>784,610</u>	<u>657,498</u>
NON CURRENT		
Land and buildings	2,985,079	1,184,823
Office equipment	5,420	34,426
Vehicle	208,667	-
	<u>3,199,166</u>	<u>1,219,249</u>
Total carrying amount of lease liabilities	<u><u>3,983,776</u></u>	<u><u>1,876,747</u></u>

NOTE 18: PROVISIONS

CURRENT		
Employee benefits	1,343,870	1,340,480
Provision for Compensation	4,384,905	1,020,670
	<u>5,728,775</u>	<u>2,361,150</u>
NON-CURRENT		
Employee benefits	<u>83,059</u>	<u>123,950</u>
Total carrying amount of provisions	<u><u>5,811,834</u></u>	<u><u>2,485,100</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

	2023 \$	2022 \$
NOTE 19: RESERVES		
James Russell Fund	5,244	5,244
DD Harris Fund	60,539	56,312
G J Ware Trust	804,579	781,214
Ken Maguire Trust	60,373	54,792
	<u>930,735</u>	<u>897,562</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	56,312	61,677
Transfers	4,227	(5,365)
Closing balance	<u>60,539</u>	<u>56,312</u>

(c) G J Ware Trust

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

Movement in reserve

Opening balance	781,214	810,151
Transfers	23,365	(28,937)
Closing balance	<u>804,579</u>	<u>781,214</u>

(d) Ken Maguire Trust

The Ken Maguire Trust represents funds received that are to be used to support and develop leaders.

Movement in reserve

Opening balance	54,792	60,012
Transfers	5,581	(5,220)
Closing balance	<u>60,373</u>	<u>54,792</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 20: INTERESTS IN JOINT ARRANGEMENTS

(a) Associates and Joint Ventures

Joint arrangement	Nature of relationship	Ownership interest		Measurement basis
		30 Sep 2023	30 Sep 2022	
Arena Stadium Management P/L	Joint venture	0%	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.

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 was finalised 20 February 2023 with no return of capital or dividends. The company was deregistered 23 May 2023.

	2023 \$	2022 \$
(b) Summarised financial information for joint venture		
Current assets	-	8,117
Current liabilities	-	(3,610)
Net assets	-	4,507
Loan forgiveness	-	957,366
Expenses	(4,507)	(10,504)
Interest expense	-	(316)
Income tax expense	-	(14,990)
Total comprehensive profit/(loss)	(4,507)	931,556
Shareholder Equity Contribution/(Return)	-	(807,249)
Share of net assets not recognised	4,507	(4,507)
	-	119,800
50% Share of net gains/(losses)	-	59,900

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

	2023	2022
	\$	\$
NOTE 20: INTERESTS IN JOINT ARRANGEMENTS (CONT)		
Reconciliation to carrying amount of interest in joint ventures:		
Opening net assets	4,507	(119,800)
Current year profit/(loss)	(4,507)	931,556
Shareholder Equity Contribution/(Return)	-	(807,249)
Closing net assets	<u>-</u>	<u>4,507</u>
50% interest	-	2,254
Carrying value in the statements	-	-

As ASM was in liquidation at 30 September 2022, the 50% interest was not disclosed as an asset of Scouts SA as at 30 September 2022.

NOTE 21: INTEREST IN SUBSIDIARIES

Scouts SA had a 100% controlled entity, Scouts Stadium Incorporated ("SSI") which was incorporated in 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 liquidation was finalised on 15 February 2023 with no return of capital or dividends. As a result, there were no revenue, expense, asset or liability transactions or balances included in the 30 September 2023 Financial Report.

The estimated value of assets of SSI was \$4,400 at 30 September 2022 which was to be used for payment of expenses of winding up. As a result, there were no revenue, expense, asset or liability transactions or balances included in the 30 September 2022 Consolidated Financial Report in respect to SSI.

NOTE 22: CASH FLOW INFORMATION

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position is as follows:

Cash on hand	4	370,589	312,457
Cash at bank	4	3,216,124	2,750,788
		<u>3,586,713</u>	<u>3,063,245</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

	2023	2022
	\$	\$
NOTE 23: RELATED PARTY TRANSACTIONS		
Transactions with key management personnel of Scouts SA and their personally related entities.		
Ms J Turbill (<i>Chief Commissioner until 4 April 2023</i>)		
Honorarium	25,700	51,900
Ms S Hill (<i>Supporting Member</i>)		
Foster Hill for Public Relations Advice provided	5,000	5,885
Mr G Coates (<i>Finance & Audit Committee member until 8/7/2022</i>)		
Mindvision Interactive Pty Ltd for IT Services provided	-	158,732
Mr G Coates for IT Services provided	-	10,235

James Sellers (Chief Executive Officer) purchased a vehicle from Scouts SA at an independently verified market value, which was included as part of his salary package in his former role at Scouts SA.

NOTE 24: KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Committee members

The Committee member roles are unpaid other than the honorarium for reimbursement of expense 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	<i>Resigned 4 April 2023</i>
G Warnes	Chief Commissioner	<i>Temporary appointment 5 April 2023 to 8 May 2023</i>
J Clarke	Chief Commissioner	<i>Appointed 8 May 2023</i>
S Hill	Committee Member	
L Blight	Committee Member	
J Bates	Committee Member	
J Wall	Committee Member	<i>Resigned 16 March 2023</i>
S Robinson	Committee Member	<i>Appointed 16 March 2023</i>
M Warne	Committee Member	<i>Resigned 16 March 2023</i>
K Affleck	Committee Member	
R Grimshaw	Committee Member	<i>Appointed 16 March 2023</i>
B Scroop	Committee Member	<i>Appointed 17 April 2023</i>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

	2023	2022
	\$	\$

NOTE 24: KEY MANAGEMENT PERSONNEL COMPENSATION (CONT)

(b) Key management personnel

The aggregate compensation made to key management personnel of Scouts SA

– Short-term employee benefits	476,664	490,756
	476,664	490,756
	476,664	490,756

Prior year has been restated to include amounts incorrectly omitted from the 30 September 2022 report.

NOTE 25: CONTINGENT LIABILITIES

Scouts SA has a contingent liability in respect of self-insurance of certain risks. Scouts SA 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 abuse. The outcome of future claims is unknown and any potential losses cannot be reliably measured. All costs associated with these matters are expensed within the period in which they are incurred.

NOTE 26: FAIR VALUE MEASUREMENT

(a) Fair value hierarchy

The following tables detail Scouts SA'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 Scouts SA 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	3,249,928	4,316,901
Investment in unlisted entity	2	1,371,356	9,963
Managed Cash Fund (Other)	1	462,807	82,384
Managed Cash Fund (Ken Maguire Trust)	1	60,373	54,793
Managed Cash Fund (G J Ware Trust)	1	310,589	289,783
Managed Cash Fund (DD Harris)	1	60,539	56,312
Total financial assets		5,515,592	4,810,136

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

NOTE 27: BUSINESS COMBINATIONS

On 21 October 2022 Scouts SA 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 Scouts SA's market share in recycling depots and geographical coverage across South Australia, by strategic investment.

The acquisition has been reflected in the 30 September 2023 balances and transactions.

<i>(i) Purchase consideration</i>	\$
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
	\$
Scouts SA 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

NOTE 28: EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances have arisen since the end of the calendar financial year which significantly affected or may significantly affect the operations of Scouts SA, the results of those operations or the state of affairs of Scouts SA in the future financial year.

STATEMENT BY MEMBERS OF THE COMMITTEE

The Committee of Scouts SA declare that, in the Committee's opinion:

- 1 the financial statements and notes, as set out on pages 5 to 36, 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 Scouts SA as at 30 September 2023 and of its performance for the year ended on that date.

- 2 there are reasonable grounds to believe that Scouts SA will be able to pay its debts as and when they become due and payable.

This declaration is made and signed in accordance with regulation 60-15 (2) of the *Australian Charities and Not-for-profits Commission Regulation 2022* .

Signed on behalf of the Committee.

Name: PAUL DICKSON

Signature: 

Name: LANGDON BLIGHT

Signature: 

Dated this 18th day of December 2023

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 2023, 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 2023 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 Regulations 2022*.

Basis for opinion

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

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

Other information

The 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.

Advisory. Tax. Audit.

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.

Advisory. Tax. Audit.

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)

- 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.
- 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

18 December 2023

Advisory. Tax. Audit.

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