INTELIFE GROUP LTD

ABN 79 872 326 186

Financial Statements

For the Year Ended 30 June 2022

Contents

INTELIFE GROUP LTD
ABN 79 872 326 186

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The Board of Directors presents the financial statements of Intelife Group Ltd, for the financial year ended 30 June 2022.

Board of Directors

The following persons were directors of the entity during the whole financial year and up to the date of this report:

Mr Zenith Zeeman
Mr Simon Rear
Mrs Karen Whittle-Herbert
Mr David Baughen
Mr George Nicholls
Ms Trudi Chesterton
Mr Christopher How
Ms Kristen Turnbull
Mr Stuart Jenner

Principal activities

The entity's principal activity is to develop and promote each of our clients as valued members of the community through life skills development, including employment. The entity also delivers horticultural and railway protection services to assist in the funding of the entity's principal activity.

There were no significant changes in the nature of the entity's activities during the year, other than the acquisition of the business of Twinkarri Pty Ltd, as set out in note 8 of the financial statements.

Operating result and review of operations

The operating result for the year was a deficit of $2.644m (2021: surplus of $2.273m). Revenue from capital grants was $48k in 2022 (2021: $293k). The entity is exempt from income tax.

Significant Changes in State of Affairs

There were no significant changes in the entity's state of affairs during the financial year other than as disclosed in the financial report.

After Balance Date Events

There were no after balance date events.

Future Developments

The entity expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

Information on Directors

Zenith Zeeman – Board Chairman *BSc, MBA, GAICD*

Zenith is a non-executive director with over 20 years of senior executive management experience in mental health and the aged care sector. An experienced registered nurse, with a Bachelor of Science, Master of Business Administration and is a Graduate of the Australian Institute of Company Directors, Zenith is an accomplished leader, coach, mentor with a passionate commitment to quality, person centred care.

Simon Rear – Deputy Board Chair *LLB BA GradDipAppFin (Sec Inst)*

Simon Rear is a Corporate/M&A Partner at Gilbert + Tobin in Perth. Simon is also an expert in corporate governance.

George Nicholls, Finance and Audit Committee Chair, *CA*

George has over 20 years of finance experience across a diverse range of industries spanning telecommunications, resources and agriculture for both public and private companies. He has experience across a broad range of accountabilities including core financial control, strategic and business planning, mergers and acquisitions, debt and capital markets, taxation, risk management and company secretary responsibilities. George is a fully qualified member of Chartered Accountants of Australia and New Zealand and the Governance Institute of Australia.

Trudi Chesterton – *BComm, MBA, CA*

Trudi is a Chartered Accountant with a Commerce Degree from the Australian National University, and an MBA from Deakin University. Trudi has over 25 years of international commercial, financial and operational experience gained across a number of industries and businesses from both the public and private sectors.

Karen Whittle-Herbert –*BComm(Hons) MSc(AppPsych) GAICD*

Karen is an executive and non-executive director with experience in property, procurement and governance in education, aged care, indigenous land management and the public sector. Karen is a graduate member of the Australian Institute of Company Directors.

Christopher How –*MBA, BA(Sc), MAICD*

Chris has over 25 years experience in management and senior management across a number of industry sectors, positions that have included State Commercial Manager, Regional and General Manager, Chief Operating Officer and as CEO with Bethanie.

A dedicated Health and Community Industry Leader, Chris has participated on a number of industry related boards over the past decade. He is currently a member of the General Council at the WA Chamber of Commerce and Industry (CCI), the WA Department of Health Aged Care Ministiral Advisory Council, the WA Department of Health Care of the Older Person Advisory Group as well as member of the Edith Cowan University School of Nusring and Midwifery Consultative Committee. Chris holds a number of degrees across Science, and Health Management and has also achieved a Master of Business in Health Care Administration.

David Baughen – ***BSc MSc MICE MIStructE***

David has over 40 years' experience in engineering and project management for the energy and resources sectors. He has worked for 20 years as a Company Director and 11 years of those years as a Managing Director. In semi- retirement he works as a coach and mentor in leadership development, project delivery, strategy development, and organisational change. He has been on the Board of Intelife for four years.

Kristen Turnbull – ***GAICD, Executive MBA, BA Journalism***

Kristen is an executive and non-executive director with more than 10 years' experience in commercial management including founding a subsidiary business in WA for the global CoreData Group. A qualified professional researcher (QPR) and Graduate of the Australian Institute of Company Directors, she is focused on driving business performance and improving the customer experience through data and insight.

Kristen is founding director of CoreData WA, deputy managing director of CoreData Group, and a 2022 Business News 40 under 40 Award recipient. She was a financial journalist for seven years, prior to transitioning her career into market research.

Stuart Jenner - BSc, MBA, GradDipMgt, PCC, FAIM

Stuart Jenner is General Manager - Capability & Culture at Gold Road Resources and an accredited executive and organisational coach, coaching leaders and teams from the boardroom to the frontline. Stuart has over 20 years of leadership and management experience across a diverse range of industries including Defence, Government (State & Federal), Mining & Resources, Retail, Construction, Not-for-Profit and Information Technology in Australia and Internationally.

Meetings of Directors

During the financial year, 7 meetings of directors were held. Attendance by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	**Number attended**
Zenith Zeeman	7	7
Simon Rear	7	5
Karen Whittle-Herbert	7	7
Trudi Chesterton	7	7
Christopher How	7	3
David Baughen	7	7
Kristen Turnbull	7	7
Stuart Jenner	7	5
George Nicholls	7	6

Indemnifying Officers or Auditor

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

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.
The entity was not a party to any such proceedings during the year.

Members' Guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of $250 each towards meeting any outstanding obligations of the company. As at 30 June 2022, the total amount that members of the company are liable to contribute if the company is wound up is $4,500.

Signed in accordance with a resolution of the Board of Directors.

Zenith Zeeman
Chairman

Dated this 2nd Day of November 2022

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Intelife Group Ltd for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**L Di Giallonardo**
2nd November 2022	**Partner**

INTELIFE GROUP LTD
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2022

	Note	2022 $000	2021 $000
	17		
Revenue		21,829	25,992
Employee benefits expense		(18,420)	(18,282)
Depreciation, amortisation and write-offs		(1,736)	(2,203)
Finance costs		(80)	(78)
Loss on disposal of property, plant and equipment		(603)	-
Other expenses		(3,682)	(3,449)
Surplus / (deficit) from ordinary activities before capital grants		(2,692)	1,980
Capital grants (non-recurrent)	16	48	293
Surplus / (deficit) from ordinary activities after capital grants		(2,644)	2,273
Other Comprehensive Income		-	-
Total Comprehensive Income/(loss)		(2,644)	2,273

The statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

INTELIFE GROUP LTD
Statement of Financial Position
As at 30 June 2022

	Note	**2022** **$000**	**2021** **$000**
Assets			
Current assets			
Cash and cash equivalents	**4**	8,508	8,696
Trade and other receivables	**5**	2,891	2,414
Other assets	**11**	791	555
Property held for sale	**10**	-	4,168
Total current assets		12,190	15,833
Non-current assets			
Property, plant and equipment	**7**	1,651	1,600
Intangible assets	**9**	754	1,142
Right-of-use assets	**6**	1,932	667
Total non-current assets		4,337	3,409
Total assets		16,527	19,242
Liabilities			
Current liabilities			
Trade and other payables	**12**	1,894	1,597
Revenue in advance		276	495
Provisions	**14**	1,330	1,043
Other provisions		-	300
Lease liabilities	**6**	657	282
Total current liabilities		4,157	3,717
Non-current assets			
Interest-bearing liabilities	**13**	-	1,382
Provisions	**14**	293	326
Lease liabilities	**6**	1,323	418
Total non-current liabilities		1,616	2,126
Total liabilities		5,773	5,843
Net assets		10,754	13,397
Equity			
Retained earnings		10,754	13,397
Total equity		10,754	13,397

The Statement of Financial Position is to be read in conjunction with the attached notes.

INTELIFE GROUP LTD
Statement of Changes in Equity
For the year ended 30 June 2022

	Note	2022 $000	2021 $000
Retained earnings			
Balance as at 1 July		13,398	11,125
Total comprehensive income/(loss) for the period		(2,644)	2,273
Balance as at 30 June		10,754	13,398

The Statement of Changes in Equity is to be read in conjunction with the attached notes.

INTELIFE GROUP LTD
Statement of Cash Flows
For the Year Ended 30 June 2022

	Note	**2022 $000**	**2021 $000**
Cash flows from operating activities			
Receipts from grants		10,127	14,517
Receipts from trade customers and clients		10,963	9,514
Receipts from vehicle usage fees		55	28
Payments to suppliers and employees		(21,364)	(21,228)
Interest received		44	45
Interest paid		(80)	(79)
Net cash from / (used in) operating activities		(255)	2,797
Cash flows from investing activities			
Receipts from building sales		4,175	-
Payment for equipment, fixtures and fittings		(183)	(445)
Consideration paid for acquisition of business		(1,784)	(547)
Net cash from / (used in) investing activities		2,208	(992)
Cash flows from financing activities			
Repayment of Borrowings		(1,382)	(387)
Lease Repayments	**6**	(759)	(605)
Net cash used in financing activities		(2,141)	(992)
Net Increase/(decrease) in cash and cash equivalents		(188)	813
Cash and cash equivalents at the beginning of the year		8,696	7,883
Cash and cash equivalents at the end of the year	**4**	8,508	8,696

The statement of cash flows is to be read in conjunction with the attached notes.

1. Statement of significant accounting policies

Basis of preparation

The entity applies Australian Accounting Standards – Simplified Disclosure requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Simplified Disclosure requirements and other applicable Australian Accounting Standards – Simplified Disclosure requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosure requirements of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012.

The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cashflow 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.

The entity is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(a) Cash and cash equivalents

Cash and Cash Equivalents include cash on hand, bank balances and deposits on call.

(b) Financial Instruments

The entity's principal financial instruments comprise cash, bank overdrafts, receivables, payables, other payables and loans.

The main risks arising from the entity's financial instruments are interest rate risk, liquidity risk and credit risk. The entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk.

The Board and management are responsible for the identification and control of financial risks.

AASB 9 requires all recognised financial assets be measured at amortised cost or fair value in subsequent accounting periods following initial recognition. AASB 9 introduces a single, forward looking expected loss impairment model.

INTELIFE GROUP LTD
Notes to the Financial Statements
For the Year Ended 30 June 2022

1. Statement of significant accounting policies (continued)

(b) Financial Instruments (continued)

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the entity expects to receive. The entity assesses all information available, including past due status, credit ratings and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortised cost.

The entity measures expected credit loss by considering the risk of default over the contract period and incorporates forward looking information into its measurement.

(c) Income tax

The entity is exempt from the payment of income tax pursuant to Division 50 of the Income Tax Assessment Act (1997).

(d) Goods and services tax (GST)

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

Cash flows are included in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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

(e) Property, plant and equipment

Basis of measurement of carrying amount

Land and buildings are measured at cost less accumulated depreciation on buildings and less any impairment losses. Plant and equipment is stated at cost less accumulated depreciation and less any impairment losses.

The cost of buildings constructed within the entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

Any property, plant and equipment donated to the entity or acquired for nominal cost is recognised at fair value at the date the entity obtains control of the asset.

Intelife has a policy that only items of greater than $5,000 in value are capitalised in the Statement of Financial Position.

1. Statement of significant accounting policies (continued)

(e) Property, plant and equipment (continued)

Depreciation

Items of Property, Plant and Equipment (other than land) are depreciated over their useful lives to the entity commencing from the date the asset is purchased. Depreciation is calculated on a straight-line basis over the expected useful economic lives of the assets as follows:

Buildings	2.0%
Motor Vehicles	17.5%
Fixtures & Fittings	10.0 - 20.0%
Computer Equipment	33.3%
Other Equipment	20.0%
Low Value Pool Assets	100.0%

All assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal, when the item is no longer used in the operations of the entity or when it has no sale value. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognised.

Any part of the asset revaluation reserve attributable to the asset disposed of or derecognised is transferred to general funds at the date of disposal.

(f) Business combinations

The acquisition method of accounting is used to account for business combinations. The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquire. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value.

Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

1. Statement of significant accounting policies (continued)

(g) Intangible assets

Software

Software with a finite life, is recorded at cost and is carried at cost less any accumulated amortisation and impairment losses. The estimated useful life is between one and five years. Software is amortised on a straight-line basis in the Statement of Profit or Loss and other Comprehensive Income over their estimated useful life. It is assessed annually for impairment.

Customer Contracts

Customer Contracts acquired in a business combination and recognized separately from goodwill are initially recognised at their fair value at the acquisition date (which is regard as their cost).

Subsequent to initial recognition, customer contracts acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as customer contracts that are acquired separately.

(h) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the entity's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

Any impairment loss for goodwill is recognised directly in profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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.

1. Statement of significant accounting policies (continued)

(i) Leases

Lease Liabilities

Lease liabilities arising from a lease are initially measured on a present value basis by discounting the lease payments to their present value using the entity's weighted average borrowing rate.

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

Subsequently to initial recognition, lease liabilities are carried at amortised cost. Payments are allocated between repayment of principal and borrowing costs, which are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of- use assets

Right-of-use assets are initially recognised at cost, comprising:

- The amount of the lease liability
- Any lease payments made at or before the commencement date, less any incentives received,
- Initial direct costs, and
- Restoration costs.

Subsequently, right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Short term leases and leases of low value assets

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

(j) Employee provisions

Short-term employee benefits

Provision is made for the entity's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The entity's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position.

1. Statement of significant accounting policies (continued)

(j) Employee provisions (continued)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, duration of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Any re-measurement of obligations for other long term employee benefits for changes in assumptions are recognised in profit or loss in the periods in which changes occur.

The entity's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, in which case the obligations are presented as current provisions.

(k) Provisions

Provisions are recognised when the entity 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. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Revenue recognition

Under AASB 1058 and AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed or recognised at the point in time that the control of the services pass to the customer.

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

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration. Judgement is to be applied when determining whether a promise is 'sufficiently specific' to be considered a performance obligation under AASB 15.

All conditions specified in the arrangements regarding the promised goods and services need to be considered (both explicit and implicit) including (but not limited to) those regarding:

- the nature or type of goods or services;
- the cost or value of goods or services;
- the quantity of goods or services; and
- the period of time over which the goods or services must be transferred.

Each promise is assessed separately to determine if it is 'sufficiently specific' enough to qualify as a performance obligation under AASB 15.

1. Statement of significant accounting policies (continued)

(l) Revenue recognition (continued)

Revenue under AASB 15 is recognised by applying a five-step model as follows:
1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue

Generally, the timing of the payment for rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the entity have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Business Services Revenue

Where the consideration for Business Services Revenue consists of a recurring fixed amount over the term of the contract (e.g., monthly payment) and the customer receives and consumes the benefits of the services as the Company provides them then revenue is recognised on a straight-line basis over the term of the contract.

Costs are recognised on an accrual basis.

Revenue from Government Funding – Lifeskills and Employment Supports

Grants received from the Department of Communities (DoC), Department of Social Services (DSS) and National Disability Insurance Agency (NDIA) support the entity's lifeskills and employment programs.

Grants received from DoC and the DSS on the condition that specified services are delivered, or conditions are fulfilled are recognised as services are performed or conditions fulfilled. A contract liability is recognised when the timing of payment is before the delivery of support.

Revenue recognition policy for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Revenue from Government Funding – Other Supports

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash. Once the asset has been recognised, the entity recognises any related liability amounts (e.g., provisions, financial liabilities).

Capital Grants

The entity receives grants from the DoC, Lotterywest and DSS that are capital grants.

Capital grants received under an enforceable agreement to enable the entity to acquire or construct an item of property, plant and equipment to identified specifications which will be controlled by the entity (once complete) are recognised as revenue as and when the obligation to construct or purchase is completed.

1. Statement of significant accounting policies (continued)

(l) Revenue recognition (continued)

Donations

Donations and bequests are recognised as revenue when the entity gains control of the asset

(m) Expenditure

All expenditure is accounted for on an accrual basis.

(n) Trade and other payables

Trade and other payables represent the liability outstanding at reporting date for goods and services received by the entity during the reporting time, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability Goods and Services Tax (GST).

(o) Trade and other receivables

Trade receivables are non-interest-bearing loans and generally on 30-day terms. Expected credit loss is recognised per the requirements of AASB 9 Financial Instruments. The provision rates are based on days past due and historical observed default rates, adjusted for forward looking factors specific to the debtors and the economic environment.

(p) Comparative figures

When required by the Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) New and amended accounting policies adopted by the entity

The entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

The following Accounting Standards and Interpretations are most relevant to the entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)
The entity has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the entity's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
The entity has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs.

INTELIFE GROUP LTD
Notes to the Financial Statements
For the Year Ended 30 June 2022

1. Statement of significant accounting policies (continued)

(r) Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the entity based on known information. This consideration extends to the nature of the services offered, customers, supply chain, staffing and geographic regions in which the entity operates. Other than as addressed in note 3, 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 entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Employee benefits

For the purpose of measurement, AASB 19: Employee Benefits (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the entity expects that all of its employees would use all of their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, the entity believes that obligations for annual leave entitlements satisfy the definition of short-term employee benefits and, therefore, can be measured at the (undiscounted) amounts expected to be paid to employees when the obligations are settled.

Revenue recognition

For many of the grant agreements received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgement involving discussions with several parties at the company, review of the proposal documents prepared during the grant application phase and consideration of the terms and conditions.

Grants received by the company have been accounted for under both AASB 15 and AASB 1058 depending on the terms and conditions and decisions made. If this determination was changed then the revenue recognition pattern would be different from that recognised in this financial report.

1. Statement of significant accounting policies (continued)

(r) Significant accounting judgments, estimates and assumptions (continued)

Goodwill and other indefinite life intangible assets

The entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1. 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. Refer to Note 8 for further information.

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 entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security, and economic environment.

Estimation of useful lives of assets

The entity 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.

2. Related parties and related party transactions

(a) Directors' compensation

The directors act in an honorary capacity and receive no compensation for their services.

(b) Transactions with director-related entities

During the year payments were made to the following Director-related entities:

- Squire Patton Boggs payments of $50,526 inc GST (2021: $71,326), an entity associated with Simon Rear, for legal services.

These services were provided under normal commercial terms and conditions. No amounts are payable or are receivable from directors or director related entities at the reporting date.

2. Related parties and related party transactions (continued)

(c) Key management personnel

Remuneration during the year ended 30 June 2022 of key management personnel (KMP) who had authority for planning, directing and controlling the entity's activities, directly or indirectly (other than directors), is $991,789. KMP comprised of the Chief Executive Officer, General Manager – Support Services, General Manager – Commercial Services and General Manager – Finance & Strategy.

3. COVID-19 Impact

Given the uncertainty of the duration and impact of COVID-19 pandemic, the entity has taken steps to reduce cash outflows and extend its cash operating runway.

Further specific actions taken during the financial period include:

- Reduction in costs including staff hours and motor vehicles in areas where activities were scaled back;
- Successful application for Federal Government's Job Keeper Wage Subsidy for all eligible staff with eligible roles; and
- Temporary freeze on all non-essential office and utility costs.

These actions reflect the continued focus of the Board and Management on preserving cash and long-term value while maintaining focus on services for existing and prospective customers. The entity will continue to closely monitor developments related to COVID-19, and take appropriate actions as required.

4. Cash and cash equivalents

	2022	2021
	$000	$000
Cash at bank and in hand	8,158	739
Short term deposits	350	7,957
	8,508	8,696

Cash at bank earns interest at floating rates based on daily deposit rates. Short term deposits are made for varying periods of up to three months, depending on the entity 's cash requirements. These deposits earn interest at market rates.

5. Trade and other receivables

	2022 $000	2021 $000
Trade receivables	1,910	1,538
Other receivables	1,181	999
Less Expected credit losses	(200)	(123)
	2,891	2,414

Trade receivables are non-interest bearing and are on settlement terms of 14 to 30 days.

Recognition and measurement

Trade receivables are classified at, initial recognition, and subsequently measured at amortised cost, less an allowance for expected credit losses ("ECLs").

The entity applies a simplified approach in calculating the ECLs on trade receivables. The entity does not track changes in credit risk of customers but instead recognises a loss of allowance based on the lifetime ECLs at balance date using a provision matrix. The provision rates are based on days past due and historical observed default rates, adjusted for forward looking factors specific to the debtors and the economic environment.

6. Leases

Amounts recognised in the statement of financial position

	2022 $000	2021 $000
Right-of-use assets		
Right-of-use assets	3,922	1,986
Less Accumulated Depreciation	(1,990)	(1,319)
	1,932	667
Lease Liabilities		
Current	657	282
Non-current	1,323	418
	1,980	700

Amounts recognised in the statement of profit or loss

	2022 $000	2021 $000
Amortisation charge of right-of-use assets		
Buildings	389	195
Motor Vehicles	240	348
	629	543

6. Leases (continued)

	2022 $000	2021 $000
Borrowing costs	57	38
Total cash flow for leases	759	643

7. Property, plant and equipment

	2022 $000	2021 $000
Motor vehicles, at cost	561	437
Less accumulated depreciation	(293)	(251)
	268	186
Leasehold improvements, at cost	167	163
Less accumulated depreciation	(152)	(150)
	15	13
Fixtures and fittings, at cost	432	2,176
Less accumulated depreciation	(362)	(1,433)
	70	743
Computer and other equipment, at cost	2,576	1,708
Less accumulated depreciation	(1,278)	(1,050)
	1,298	658
Net carrying amount	1,651	1,600

Movements in the net carrying amounts for each class of property, plant and equipment are shown below from the beginning to the end of the year.

	2022 $000	2021 $000
Land and buildings		
Carrying amount at beginning of the year	-	4,040
Depreciation/write off	-	(453)
Transfer to Property held for sale	-	(3,587)
Carrying amount at end of the year	-	-

7. Property, plant and equipment (continued)

	2022 $000	2021 $000
Motor vehicles		
Carrying amount at beginning of the year	186	-
Additions	124	-
Transfer from Other Assets	-	222
Depreciation	(42)	(36)
Carrying amount at end of the year	268	186
Leasehold improvements		
Carrying amount at beginning of the year	13	10
Additions	4	6
Disposals	-	-
Depreciation	(2)	(3)
Carrying amount at end of the year	15	13
Fixtures and fittings		
Carrying amount at beginning of the year	743	826
Additions	12	28
Transfer from Other Assets	-	4
Disposals	(583)	-
Depreciation	(102)	(115)
Carrying amount at end of the year	70	743
Computer and other equipment		
Carrying amount at beginning of the year	658	259
Additions	868	365
Transfer to Intangible assets	-	(67)
Transfer from Other Assets	-	257
Depreciation	(228)	(156)
Carrying amount at end of the year	1,298	658
Net carrying amount at end of the year	1,651	1,600

8. Business Combinations

	2022 $000	2021 $000
Purchase Acquisition		
Cash consideration	1,422	1,647
Deferred consideration	-	300
Total purchase acquisition	1,422	1,947
Fair value of assets and liabilities		
At acquisition date		
Plant and equipment and other	1,056	482
Customer Contracts (Note 9)	-	1,153
Employee Provisions	(51)	(72)
Total identifiable net assets at fair value	1,005	1,563
Goodwill on purchase		
Total purchase consideration	1,422	1,947
Net assets acquired	(1,005)	(1,563)
Acquisition costs	(71)	0
Goodwill on purchase	346	384

On 28th January 2022 the entity acquired the business of Twinkarri Pty Ltd for consideration of $1.422m. The nature of the business is mulching, firebreaks, tree pruning and rail safe working services.

The entity has determined the acquisition constitutes a business combination in accordance with the definitions and guidance provided by AASB 3 Business Combinations.

In the previous year, the entity acquired the business of Westland Works for consideration of $1.947m, of which a deposit of $1.1m was paid in the 2020 year and $547k was paid in the 2021 year. Deferred consideration of $300k was payable by 30 June 2022, contingent on performance parameters.

9. Intangible assets

	2022 $000	2021 $000
Computer software		
At cost	1,177	1,177
Less accumulated depreciation	(1,153)	(923)
	24	254
Customer Contracts		
At cost	1,153	1,153
Less accumulated depreciation	(1,153)	(649)
	-	504

9. Intangible assets (continued)

	2022 $000	2021 $000
Goodwill		
At cost	384	384
Acquired	346	-
	730	384
Total Intangible Assets	754	1,142

Amortisation methods and periods

The entity has changed the useful life of the software held to one year due to a change in the end life for support.

The entity amortises customer contracts over the life of the contract.

The recoverable amount of the entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 12-month projection approved by management and extrapolated for a further 4 years using a steady rate, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model:

• 10.5% pre-tax discount rate;

• 2.5% per annum increase in revenues and operating costs and overheads

The discount rate 10.5% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the risk-free rate and the volatility of the share price relative to market movements.

There were no other key assumptions.

From our above assessment for the reporting period 30 June 2022, we are satisfied that there is no indication that Goodwill may be impaired.

10. Property held for sale

	2022 $000	2021 $000
Carrying amount at beginning of the year	4,168	581
Additional Property held for sale	-	3,587
Disposal	(4,168)	-
Carrying amount at end of the year	-	4,168

Three properties were sold during the year, with rent back arrangements in place:

- Offer for sale of 11 Kirke Street, Balcatta was accepted on 1st October 2021
- Offer for sale of 10 Fremantle Road, Gosnells was accepted on 18th October 2021

- Offer for sale of Unit 13, 200 Winton Road, Joondalup was accepted on 2nd November 2021.

11. Other Assets

	2022 $000	2021 $000
Current		
Prepayments	722	500
Deposit bonds held	15	16
GST receivable	54	39
	791	555

12. Trade and other payables

	2022 $000	2021 $000
Trade payables and accruals	434	796
Other payables	1,460	801
	1,894	1,597

13. Interest bearing borrowings

	2022 $000	2021 $000
Long term borrowings	-	1,382
	-	1,382

14. Provisions

	2022 $000	2021 $000
Current		
Annual leave	909	754
Long service leave	421	289
	1,330	1,043
Non-current		
Long service leave	293	326
	293	326
	1,623	1,369

14. Provisions (continued)

	2022 $000	2021 $000
Carrying amount at beginning of the year	1,369	1,182
Arising during the year	1,011	883
Utilised during the year	(757)	(696)
Carrying amount at end of the year	1,623	1,369

15. Economic dependency

Intelife Group Ltd received significant grants from the Federal Government of Australia and the Western Australian State Government. If these grants were not received, the entity would not be able to maintain the current level of services. The Board of Directors have no reason to believe that the funding from the Australian Government Department of Social Services (DSS) together with the State Department of Communities- Disability Services and the National Disability Insurance Agency (NDIA) will not continue.

16. Capital grants (non-recurrent)

	2022 $000	2021 $000
Department of Social Services	48	293
	48	293

17. Income Statement

	2022 $000	2021 $000
Revenue from ordinary activities		
Revenue - grants (government)		
National Disability Insurance Scheme	9,820	9,383
Department of Community Disability Service	117	701
Department of Social Security	309	273
Other grant income	7	5,296
	10,253	15,653

17. Income Statement (continued)

	2022	2021
Revenue - other	**$000**	**$000**
Business services	11,447	10,158
Other fees and charges	80	136
Interest received	44	45
Donations received	5	-
	11,576	10,339
Total revenue	21,829	25,992
Expenditure from ordinary activities		
Salaries and wages	18,420	18,282
Vehicle expenses	989	700
Marketing	17	65
Cost of services	695	715
Administration	603	464
Office (Facilities)	336	412
Sundry	1,042	1,093
Total operating expenditure	22,102	21,731
Surplus / (deficit) before depreciation, amortisation, write-off, interest and capital grants	(273)	4,261
Less:		
Depreciation, amortisation and write-off	1,736	2,203
Loss on disposal of property, plant and equipment	603	-
Interest expense	80	78
Surplus / (deficit) from ordinary activities before capital grants	(2,692)	1,980

18. Subsequent Events

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial periods.

19. Members' Guarantee

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of $250 each towards meeting any outstanding obligations of the company. As at 30 June 2022, the total amount that members of the company are liable to contribute if the company is wound up is $4,500.

20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditors of the company:

	2022 $	2021 $
Audit of the financial statements:		
William Buck Audit (WA) Pty Ltd	-	$24,358
HLB Mann Judd	25,000	-

21. Registered office, principal place of business and principal activities

The company's registered office and principal place of business is as follows:

11 Kirke Street
Balcatta WA 6021

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

INTELIFE GROUP LTD
ABN 79 872 326 186

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2022

In the opinion of the Board of Directors of Intelife Group Ltd:

1) At the date of this statement there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, so long as the Australian Government Department of Social Services (DSS), together with the State Department of Communities - Disability Services and the National Disability Insurance Agency (NDIA) continue to provide funding to the Group as described in note 15; and

2) The attached financial statements COMPLY WITH THE Corporations Act 2001, the Australian Accounting Standards – Simplified Disclosures and the Australian Charities and Not-for-profits Commission Act 2012.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board of Directors by:

Zenith Zeeman
Chairman

George Nicholls
Director

Dated this 2nd day of November 2022
Perth, WA

INDEPENDENT AUDITOR'S REPORT

To the members of Intelife Group Ltd.

Opinion

We have audited the financial report of Intelife Group Ltd ("the entity") which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by members of the board.

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

(a) giving a true and fair view of the entity's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

(b) 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 entity in accordance with the auditor independence 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.

Responsibilities of Management and Those Charged with Governance for the Financial Report

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

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

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
2nd November 2022