

Lions Eye Institute Limited

ACN 106 521 439

General Purpose Financial Statements

For the Year Ended 31 December 2023

Lions Eye Institute Limited

ACN 106 521 439

31 December 2023

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Lions Eye Institute Limited

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Director's Report

The directors present their report together with the financial report of Lions Eye Institute Limited ("the Company") for the financial year ended 31 December 2023 and the auditor's report thereon.

i. Directors

The name of the directors in office at any time during or since the end of the year are:

- Peter Forbes (chair, retired May 2023)
- Margaret Crowley (deputy chair, retired November 2023)
- William Morgan (managing director)
- Ian McAllister
- Anthony Joyner (chair from July 2023)
- Richard Alder (retired May 2023)
- Grant Waterer
- Erica Smyth (retired March 2024)
- Jane den Hollander
- Amanda Williams (commenced June 2023)
- Angus Turner (commenced January 2024)
- Antony Clark (commenced January 2024)

The directors have been in office since the start of the financial year to the date of this report, unless otherwise stated.

Peter Forbes FCA, FAICD – former chair, retired May 2023

Peter Forbes joined the Board in 2014 and was elected Chairperson in 2017. He is a Fellow of the Institute of Chartered Accountants Australia and New Zealand and a Fellow of the Australian Institute of Company Directors. He is board member of the East Metropolitan Health Service, Chair of the Local Government Indemnity Scheme and external member of the Law Society of WA's Professional Indemnity Insurance Management Committee.

Margaret Crowley BA, Dip.Ed., M.Ed.St, PhD, GAICD – former deputy chair, retired November 2023

Dr Margaret Crowley joined the Board in 2016. She is an experienced Chief Executive Officer and Board Director and a graduate of the Australian Institute of Company Directors. She has held senior executive positions in state and national governments, universities and the not-for-profit sector – including 15 years as Chief Executive Officer of the Association for the Blind of WA Inc. She has served on state and Federal health boards and regulatory authorities over the last five years.

William Morgan, MBBS, FRANZCO, FRACS, PhD – Managing Director

Professor William (Bill) Morgan has been an ophthalmologist at the Lions Eye Institute Limited for 25 years and was appointed Managing Director in July 2019 after joining the Board in 2018. He is a consultant ophthalmologist at Royal Perth and Perth Children's Hospitals, Director of the Centre for Ophthalmology and Visual Science at UWA, a visiting professor at the University of Udayana, Indonesia and Co-Director of the Lions Eye Institute Limited's McCusker Glaucoma Centre.

Ian McAllister, DM (Ph.D.), MBBS, FRANZCO, FRACS

Professor Ian McAllister joined the Board in 2010. He is a consultant ophthalmologist at the Lions Eye Institute Limited and the Royal Perth Hospital. He is actively involved in research for cures for vitreoretinal disorders, especially retinal vascular disorders. He has been involved for many years in state-wide diabetic retinopathy screening and treatment and was vice-chairman of the Ophthalmic Research Institute of Australia and chairman of the Research Board.

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Anthony (Tony) Joyner, B. Juris (Hons), LLB – Chair since July 2023

Tony Joyner joined the Board in 2013 and was elected chairperson in 2023. He has more than 30 years' experience as a commercial and corporate lawyer and for nine years was the Managing Partner of the Perth office of international law firm Herbert Smith Freehills, and was until his retirement from the firm in April 2024 the Global Head of Technology. He sat on the global board of the firm for nine years, and chaired its Risk Management and Audit Committee. He is also a board member of the WA Chamber of Commerce and Industry.

Richard Alder, A Fin, FAICD - retired May 2023

Richard Alder joined the Board in 2017. Richard is a Fellow of the Australian Institute of Company Directors and has worked in the securities industry since 1965. He was employed by JBWere for 31 years, consulted to Australia's largest ASX-listed investment company, Australian Foundation Investment Company, and was Employer Director on the Government Employees Superannuation Board.

Grant Waterer, MBBS, FRACP, FCCP, PhD, MBA

Professor Grant Waterer joined the Board in 2018. He is a Fellow of the Royal Australasian College of Physicians and the American College of Chest Physicians. He is Professor of Medicine at UWA and Director of Clinical Services at Royal Perth Bentley Group. He holds a PhD focused on pneumonia and a Master of Business Administration.

Erica Smyth AC, FTSE, FAICD - retired March 2024

Dr Erica Smyth AC joined the Board in 2019. She is a Fellow of both the Australian Institute of Company Directors and the Academy of Technological Science and Engineering. She has 45 years' experience in the mineral and petroleum industries. She is currently a non-executive Director of the MinEx Co-operative Research Centre and is a member of the Advisory Board of the UWA Oceans Institute Foundation.

Jane den Hollander AO

Professor Emeritus Jane den Hollander AO joined the Board in 2020. She received an Order of Australia for her distinguished service to tertiary education in the 2017 Australia Day Honours. She is currently a Director of the WA Public Health Authority (WAPHA) Board and Senator on the Board of The University of Western Australia. She is also Chair of the Centre for Stories Board, a Director of Navitas and a Director of the Breakthrough Victoria Pty Ltd Board.

Amanda Williams BCom, CAANZ - commenced June 2023

Amanda Williams joined the board in June 2023. She is a partner at PwC Private in Assurance with over 25 years of auditing experience, including 12 years as a partner. She is a specialist in auditing not-for profit entities, however during her tenure at PwC her portfolio includes both not-for-profit to multinational companies and foreign owned entities. She holds a Bachelor of Commerce from the University of Western Australia and is a Registered Company Auditor in Australia and New Zealand. Amanda has previously served as a Board member and Treasurer for an independent girls' school in Perth.

Angus Turner MSc, FRANZCO - commenced January 2024

Associate Professor Angus Turner joined the Board in January 2024. He is the McCusker Director of Lions Outback Vision and his research is conducted through UWA's Centre for Ophthalmology and Visual Science. He serves as a clinical lecturer for the Rural Clinical School at UWA, Notre Dame University and Curtin University. Associate Professor Turner also sits on the board of the Royal Flying Doctor Service (Western Operations).

Antony Clark MBBS, PhD, FRANZCO - commenced January 2024

Dr Antony Clark joined the board in January 2024. He is a consultant ophthalmologist at the Lions Eye Institute, Sir

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Charles Gairdner and Perth Children's Hospitals with interests in glaucoma and paediatric ophthalmology. Dr Clark has a PhD in public health and has maintained a research focus on paediatric ophthalmology, including in childhood myopia where he lead the WA ATOM (Atropine for the Treatment of Myopia) Study into childhood myopia with Professor David Mackey. He is a senior research fellow with the Centre for Ophthalmology and Visual Science, UWA.

ii. Meetings of Directors

	Held	Attended
R Alder	4	3
M Crowley	8	8
P Forbes	4	4
A Joyner	8	7
W Morgan	8	7
I McAllister	8	4
E Smyth	8	8
G Waterer	8	7
J D Hollander	8	7
A Williams	4	3
A Turner	0	0
A Clark	0	0

iii. Review of operations

The Company's operations for the financial year resulted in a deficit of \$619,146 (2022 \$4,708,035)

iv. Principal activities

The Company's purpose is to prevent and cure blindness and eye disease. It aspires to better vision for all.

It seeks to achieve leadership in scientific research and clinical practice in the prevention of blindness and eye disease through:

- global leadership in scientific research
- translation of research into community outcomes
- a commitment to growing the reach of our research capabilities and clinical services
- development and training of outstanding eye care professionals and researchers
- community engagement and education to build awareness, maintain a high reputation, and increase funding

by:

- delivering excellent eye care
- conducting ongoing research, collaborating and pursuing national and international scientific linkages with other world class research and clinical groups to prevent blindness
- integrating and expanding clinical services and research activities, including in remote and regional areas
- teaching and training new ophthalmologists through the University of Western Australia and other international bodies
- providing strategic advice to state, national and international bodies on the prevention of blindness

v. Company information

The Company is incorporated under the Corporations Act 2001 and is a public company limited by guarantee. If the Company is wound up, each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. As at 31 December 2023 the collective liability of members was \$490 (2023: \$450).

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The Company's constitution does not permit dividends to be paid and thus no dividends were paid or are recommended to be paid.

vi. Environmental regulations

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

vii. Subsequent events

No matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future years.

viii. Indemnification and insurance of directors and officers

Indemnification

The Company has agreed to indemnify the current directors and officers of the Company against all liabilities in defending proceedings against them that may arise from their position as directors and officers of the Company unless the liability arises out of conduct involving a lack of good faith.

Insurance premiums

The Company maintains insurance cover for directors and officers. During the year, the cost of premiums for this insurance was \$10,785 (2022: \$10,270).

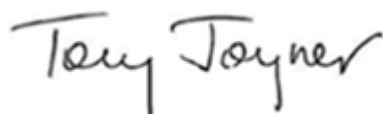
ix. Indemnification and insurance of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during the financial year.

x. Auditor's independence declaration

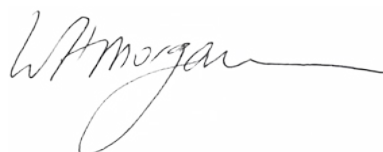
A copy of auditor's independence declaration as required by Subdivision 60-C of the Australian Charities and Not-for-Profits Commission Act 2012 is set out on page 29.

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



A Joyner
Chairperson

Dated: 6 May 2024



W H Morgan
Managing Director

Dated: 6 May 2024

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Statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

		2023	2022
Revenue	Note	\$	\$
Revenue from ordinary activities	4	35,436,716	34,555,115
Other income	5	1,617,771	1,955,014
		37,054,487	36,510,129
Net fair value gain/(loss) on financial assets at fair value		2,996,648	(4,390,509)
Expenses			
Community initiatives	6	(7,287,967)	(5,968,170)
Corporate services	6	(7,262,563)	(7,041,930)
Medical and scientific research	6	(9,190,015)	(7,811,837)
Clinical expenses	6	(16,929,736)	(16,005,718)
		(40,670,281)	(36,827,655)
Deficit for the year		(619,146)	(4,708,035)
Other comprehensive income		-	-
Total comprehensive loss for the year		(619,146)	(4,708,035)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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Statement of financial position

As at 31 December 2023

		2023	2022
	Note	\$	\$
Assets			
Current assets			
Cash and cash equivalents	7	2,766,640	4,958,732
Trade and other receivables	8	3,838,773	3,890,330
Inventories		64,283	48,721
Other financial assets		64,000	64,000
Other current assets	9	471,452	352,677
Total current assets		7,205,148	9,314,460
Non-current assets			
Financial assets at fair value through profit and loss	10	40,585,040	37,217,021
Property, plant and equipment	11	19,082,213	19,222,780
Right-of-use assets	12	1,180,584	1,660,022
Other non-current assets		399,481	10,557
Total non-current assets		61,247,318	58,110,380
Total assets		68,452,466	67,424,840
Liabilities			
Current liabilities			
Trade and other payables	13	11,007,502	9,233,967
Lease liabilities	12	519,797	528,563
Employee provisions	14	2,883,627	2,536,990
Total current liabilities		14,410,926	12,299,520
Non-current liabilities			
Lease liabilities	12	902,563	1,377,734
Employee provisions	14	795,875	785,338
Total non-current liabilities		1,698,438	2,163,072
Total liabilities		16,109,364	14,462,592
Net assets		52,343,102	52,962,248
Equity			
Retained earnings		52,343,102	52,962,248
Total equity		52,343,102	52,962,248

The above statement of financial position should be read in conjunction with the accompanying notes.

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Statement of changes in equity
For the year ended 31 December 2023

	Retained earnings	Total
	\$	\$
Balance at 1 January 2023	52,962,248	52,962,248
Deficit for the year	(619,146)	(619,146)
Total comprehensive loss	(619,146)	(619,146)
Balance at 31 December 2023	52,343,102	52,343,102

	Retained earnings	Total
	\$	\$
Balance at 1 January 2022	57,670,283	57,670,283
Deficit for the year	(4,708,035)	(4,708,035)
Total comprehensive loss	(4,708,035)	(4,708,035)
Balance as at 31 December 2022	52,962,248	52,962,248

The above statement of changes in equity should be read in conjunction with the accompanying notes.

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Statement of cash flows

For the year ended 31 December 2023

	Note	2023	2022
		\$	\$
Cash flows from operating activities			
Receipts from customers, donors and grantors		35,526,839	36,148,431
Payments to suppliers and employees		(34,367,214)	(33,923,387)
Net cash provided by operating activities		1,159,625	2,225,044
Cash flows from investing activities			
Interest received		121,233	92,873
Dividends received		1,457,972	1,765,944
Investment in term deposit		-	(64,000)
Additional investments in investment securities, net of proceeds from sale of investment securities		(371,370)	(13,107,047)
Payments for other investments		(388,924)	(10,557)
Payments for property, plant and equipment		(3,559,659)	(7,628,129)
Net cash used in investing activities		(2,740,748)	(18,950,916)
Cash flows from financing activities			
Repayment of lease interest		(89,789)	(107,466)
Repayment of lease liabilities		(521,180)	(480,802)
Net cash used in financing activities		(610,969)	(588,268)
Net decrease in cash and cash equivalents		(2,192,092)	(17,314,140)
Cash and cash equivalents at beginning of year		4,958,732	22,272,872
Cash and cash equivalents at end of year	7	2,766,640	4,958,732

The above statement of cash flows should be read in conjunction with the accompanying notes.

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Notes to the financial statements

For the year ended 31 December 2023

1 Corporate information

Lions Eye Institute Limited is a not-for-profit company limited by guarantee incorporated on 1 October 2003 and domiciled in Australia. Its registered office and principal place of business is 2 Verdun Street, Nedlands WA 6009.

The financial statements of the Company for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 6 May 2024.

2 Material Accounting Policy Information

2.1 Basis of Preparation

Statement of compliance

These general purpose financial statements have been prepared in compliance with the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* and Australian Accounting Standards – Simplified Disclosures.

The financial statements have been prepared on a historical cost basis, unless disclosed otherwise. The accounting policies that have been adopted in the preparation of this report are appropriate to meet the needs of the members. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar (\$).

Going concern

The financial statements have been prepared on a going concern basis which assumes the Company will be able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future.

For the year ended 31 December 2023, the Company's deficit was \$619,146 (2022: \$4,708,035). At 31 December 2023, the Company was in a net current liability position of \$7,205,778 (2022: \$2,985,060), however the fair value of the Company's financial assets at fair value through profit and loss, which are classified as non-current, was \$40,585,040, of which \$12,352,783 was restricted for specific uses as disclosed in Note 10 (2022: \$37,217,021, of which \$10,405,943 was restricted). The directors are satisfied that, if required, sufficient proceeds will be available from the sale of financial assets at fair value through profit and loss to meet the Company's projected working capital deficit over the twelve-month period from the date of authorising the financial statements.

After taking into account all available information, the directors have concluded there are currently reasonable grounds to believe that the preparation of the 31 December 2023 financial statements on a going concern basis is appropriate.

2.2 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

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

A liability is current when i) it is expected to be settled in the normal operating cycle, ii) it is held primarily for the purpose of trading, iii) it is due to be settled within twelve months after the reporting period or iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Company classifies all other liabilities as non-current.

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Notes to the financial statements

For the year ended 31 December 2023

2 Material Accounting Policy Information (continued)

2.3 Income tax

The Company is a charitable and/or public benevolent institution as described under Section 50-5 of the *Income Tax Assessment Act 1997* and is therefore exempt from income tax.

2.4 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 presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

2.5 Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in profit or loss. During the period of development, the asset is tested for impairment at least annually.

2.6 Changes in accounting policies and disclosures

The new and amended Australian Accounting Standards and Interpretations that apply for the first time in 2023 do not have a significant impact on the Company's financial statements. The Company has not early adopted any standards, interpretations or amendments that has been issued but is not yet effective. The Company intends to adopt the new or amended standards or interpretations when they become effective.

2.7 Comparatives

Certain comparative figures in the statement of profit or loss and other comprehensive income have been reclassified for consistency with current year presentation.

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Notes to the financial statements
For the year ended 31 December 2023

2 Material Accounting Policy Information (continued)

Change in presentation of the statement of profit or loss and other comprehensive income

Following a review of the Company's financial statements, the Company has elected to adjust the presentation of its statement of profit or loss and other comprehensive income for the current reporting period and the comparative period, on the basis that the revised presentation by function of expense is considered more relevant to the users of the financial statements, and no less reliable.

The line items from statement of profit or loss and accompanying notes as previously reported and as reclassified to conform to the current period presentation are as follows:

Item	Previously reported Year ended 31 December 2022 \$	Reclassifications \$	Currently reported Year ended 31 December 2022 \$
Revenue and other income			
Sale of goods and services revenue	19,514,303	-637,244	18,877,059
Grants (including research)	11,363,519	637,244	12,000,763
Other income	1,948,753	6,261	1,955,014
Expenses			
Materials, supplies and consumables	(4,765,883)	4,765,883	-
Direct operating expenses	(18,711,751)	18,711,751	-
Fundraising expenses	(244,161)	244,161	-
Research and development	(4,807,780)	4,807,780	-
Occupancy costs	(1,451,090)	1,451,090	-
Finance cost on lease liability	(107,466)	107,466	-
Administrative expenses	(6,733,263)	6,733,263	-
Community Initiatives	-	(5,968,170)	(5,968,170)
Corporate Services	-	(7,041,930)	(7,041,930)
Medical and Scientific Research	-	(7,811,837)	(7,811,837)
Clinical expenses	-	(16,005,718)	(16,005,718)

There was no change in the reported comprehensive loss for 2022 as a result of the reclassifications.

3 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

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Notes to the financial statements

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Provision for expected credit losses (“ECLs”)

The Company uses a provision matrix to calculate ECLs for trade and other receivables and cash balances. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company’s historical credit loss experience and forecast of economic conditions may also not be representative of the customer’s actual default in the future. The information about the ECLs on the Company’s trade and other receivables is disclosed in Note 8.

Revenue from contracts with customers

Key judgements include determining whether the contract is enforceable, whether the performance obligations are sufficiently specific, the timing of revenue from contracts with customers in terms of timing of satisfaction of performance obligations and determining the transaction price and the amounts allocated to performance obligations. The information about the revenue from contracts with customers is disclosed in Note 4.

Income for not-for-profit entities

Key judgements include determining whether funds are restricted and whether there is an obligation to repay unspent funds. The information about other income is disclosed in Note 5.

Impairment of non-financial assets

The Company determines whether non-financial assets are impaired at least on an annual basis. If an indicator of impairment exists, then this requires an estimate of the recoverable amount of the asset or cash-generating unit to which the non-current asset is allocated to be determined. The Company’s accounting policy with regards to impairment of non-financial assets is discussed in Note 11.

Annual leave

Liabilities for annual leave expected to be settled within twelve months of the reporting date are recognised in provisions in respect of employees’ services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using the maturity rates of corporate bonds and inflated using a long-term rate.

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Notes to the financial statements
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4 Revenue from ordinary activities

	2023	2022
	\$	\$
Sale of goods and services revenue	20,111,138	18,877,059
Grant funding	10,852,406	12,000,763
Donations and bequests	1,990,461	2,094,069
Other ancillary income	2,482,711	1,583,224
	35,436,716	34,555,115
Point in time recognition	24,584,310	23,191,596
Over time recognition	10,852,406	11,363,519
	35,436,716	34,555,115

All revenue is derived in Australia.

Revenue recognition policy

The Company recognises revenue under AASB 15 *Revenue from contracts with customers* ("AASB 15") or AASB 1058 *Income for not-for-profit entities* ("AASB 1058"), where appropriate. In cases where there is an enforceable contract with a customer with sufficiently specific performance obligations, the transaction is accounted under AASB 15 where income is recognised when the performance obligations are satisfied. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

AASB 1058 applies when a not-for-profit entity enters into a transaction where the consideration paid to acquire an asset is significantly less than the fair value of the asset acquired principally to enable the Company to further its objectives. Any excess over the carrying amount of the asset acquired is recognised in profit or loss as income. Income is recognised when the Company obtains control of the asset.

Revenue from sale of goods and services, clinical income and other ancillary income

Revenue from sale of goods and services, clinical income, and other ancillary income are recognised at the point in time when either control of the good sold is transferred to the customer or the service is rendered. This is reflective of the transfer of control of the good or service to the customer.

Grants (including research)

The Company receives various grants for purposes of funding specific research and other activities. Revenue is measured at the amount of consideration to which the Company expects to be entitled to in exchange for the provision of the various milestones. Revenue is recognised over time as the services are provided with reference to the input method over the period during which the milestones are achieved. When there are conditions attached to funds received for specific purposes then these funds are recognised in the statement of financial position as a contract liability until such conditions are met or the services provided.

The Company also receives grants to be used for its principal activities with no restrictions. As there are no sufficiently specific performance obligation under these arrangements, grant revenue is recognised at the point in time when the amount is received by the Company or when the Company becomes entitled to the amount.

For capital grants such as grants received to acquire or construct an asset, income is recognised when or as the obligations of the capital grants are met which will be when the asset is acquired or over the construction period.

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Notes to the financial statements

For the year ended 31 December 2023

4 Revenue from ordinary activities (continued)

Donations and bequests

The Company receives donations or bequests with no restrictions to enable the Company to further its objectives. Donation or bequest income is measured at the fair value of the consideration or asset received. Donation or bequest income is recognised at the point in time when the Company obtains control over the asset.

Contract liabilities

A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the relevant contract (i.e., transfers control of the related goods or services to the customer).

5 Other income

	2023	2022
	\$	\$
Other income		
Interest income	121,234	99,133
Dividend income	1,457,972	1,765,944
Other income	38,565	89,937
	<u>1,617,771</u>	<u>1,955,014</u>

Dividend income

Dividend income is earned from the investments in equity funds and shares, which are classified as financial assets at fair value through profit or loss.

Dividend income is recognised when the Company has established that it has a right to receive a dividend.

Interest income

Interest income is recognised as interest accrues using the effective interest rate ("EIR") method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the EIR.

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Notes to the financial statements
For the year ended 31 December 2023

6 Expenses

6(a) Community initiatives	2023	2022
	\$	\$
Consumable and other expenses	1,171,163	980,567
Depreciation	228,021	117,620
Employment expenses	5,078,253	4,149,752
Lions Outback Vision travel expenses	810,530	720,231
	<u>7,287,967</u>	<u>5,968,170</u>

6(b) Corporate services	2023	2022
	\$	\$
Depreciation	878,348	984,153
Employment expenses	3,740,397	4,376,720
Fundraising expenses	289,515	289,022
Office and administration expenses	872,600	403,866
Infrastructure and maintenance expenses	1,192,828	988,169
Loss on sale of assets	288,875	-
	<u>7,262,563</u>	<u>7,041,930</u>

6(c) Medical and scientific research	2023	2022
	\$	\$
Depreciation	302,661	182,355
Employment expenses	5,367,329	4,196,883
Research expenses	3,520,025	3,432,599
	<u>9,190,015</u>	<u>7,811,837</u>

6(d) Clinical expenses	2023	2022
	\$	\$
Consumables and other expenses	5,658,767	5,520,410
Depreciation	1,052,944	857,175
Employment expenses	10,218,025	9,628,133
	<u>16,929,736</u>	<u>16,005,718</u>

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Notes to the financial statements
For the year ended 31 December 2023

7 Cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank and on hand	967,055	2,778,425
Short-term deposits	-	-
Total cash at bank, on hand and deposits	967,055	2,778,425
Restricted cash	1,799,585	2,180,307
Total restricted cash	1,799,585	2,180,307
Total cash and cash equivalents	2,766,640	4,958,732

The general cash available is as follows:

Short term cash at bank and at call deposits	2,766,640	4,958,732
Research grant and other funds held on behalf of others (see Note 13)	(1,799,585)	(2,180,307)
General cash available	967,055	2,778,425

Cash and cash equivalents in the statement of financial position comprises cash at banks and on hand and short-term deposits with maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. The carrying amounts of cash and cash equivalents approximate their fair value.

Restricted cash represents funds earmarked for specific purposes that are spent at the discretion of the Company.

Research grant and other funds held on behalf of others

Research grant and other funds held on behalf of others represent funds received for research purposes and on behalf of researchers with the Company as the research institution.

8 Trade and other receivables

	2023	2022
	\$	\$
Trade and other receivables	3,913,645	3,932,077
Provision for expected credit losses ("ECL")	(74,872)	(41,747)
	3,838,773	3,890,330

Trade and other receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Recognition and measurement

Trade and other receivables are initially recognised at the fair value of the consideration receivable including directly attributable transaction costs. Trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient are measured at the original transaction price.

Lions Eye Institute Limited
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Notes to the financial statements
For the year ended 31 December 2023

8 Trade and other receivables (continued)

Subsequent measurement

Considering that trade and other receivables are settled within the short term, the Company does not consider the effect of time value of money to be material. Trade and other receivables are therefore subsequently measured at cost and considered for impairment in line with the ECL model as described below.

Impairment

The Company recognises an allowance for ECL for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

9 Other current assets

	2023	2022
	\$	\$
Prepayments	471,452	352,677

Prepayments include prepaid insurance and other prepayments.

10 Financial assets at fair value through profit or loss

	2023	2022
	\$	\$
Financial assets at fair value through profit or loss*	40,585,040	37,217,021

Fair values of these investments are determined by reference to the most recent available published prices of the respective funds.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments which the Company had not elected to classify at fair value through other comprehensive income. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

*Includes restricted balances as follows:

	2023	2022
	\$	\$
Ian Constable Chair Fund*	8,494,152	7,915,405
Joyce Henderson Bequest**	2,630,966	2,490,538
Research grant held on behalf of others***	1,227,665	-
Total – restricted balances	12,352,783	10,405,943

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Notes to the financial statements

For the year ended 31 December 2023

***Restricted investment – Ian Constable Chair in Discovery and Translational Ophthalmic Science**

Donations received in response to a fundraising campaign to endow the Ian Constable Chair in Discovery and Translational Ophthalmic Science at the University of Western Australia have been designated by the Company as restricted use and the balance invested in investments in equity funds and shares as approved by the Finance, Audit and investment Committee.

****Restricted investment – Joyce Henderson bequest**

The Company manages the Joyce Henderson Bequest Fund for Children's Eye Research, which was established in December 2011. The fund is used to fund in perpetuity a Paediatric Ophthalmology Fellowship position. This has been designated by the Company as restricted use and the balance invested in investments in equity funds and shares as approved by the Finance, Audit and Investment Committee.

*****Research grant held on behalf of others**

Research grant held on behalf of others represent funds received for research purposes and on behalf of researchers with the Company as the research institution.

11 Property, plant and equipment

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year were as follows:

	Land	Buildings	Leasehold Improvements	Building improvements	Plant, equipment & motor vehicles	Capital works in progress	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
At 1 January							
2023	1,350,000	12,954,452	748,070	5,742,799	16,390,704	1,307,913	38,493,938
Additions	-	-	-	60,412	4,837	1,797,309	1,862,558
Disposals	-	-	-	-	(138,999)	-	(138,999)
Transfers	-	12,505	-	-	1,684,595	(1,697,100)	-
At 31 December 2023	1,350,000	12,966,957	748,070	5,803,211	17,941,137	1,408,122	40,217,497
Depreciation							
At 1 January							
2023	-	4,506,765	3,117	2,162,023	12,599,253	-	19,271,158
Depreciation	-	259,110	37,403	285,674	1,363,105	-	1,945,292
Disposals	-	-	-	-	(81,166)	-	(81,166)
At 31 December 2023	-	4,765,875	40,520	2,447,697	13,881,192	-	21,135,284
Carrying amounts							
At 31 December 2023	1,350,000	8,201,082	707,550	3,355,514	4,059,945	1,408,122	19,082,213
At 31 December 2022	1,350,000	8,447,687	744,953	3,580,776	3,791,451	1,307,913	19,222,780

Lions Eye Institute Limited

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Notes to the financial statements

For the year ended 31 December 2023

11 Property, plant and equipment (continued)

Recognition and measurement

Property, plant and equipment is initially recognised at acquisition cost, including any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by the management. Property, plant and equipment that has been contributed at no cost, or for nominal cost, is valued and recognised at the fair value of the asset at the acquisition date. Capital work in progress is stated at cost, net of accumulated impairment losses, if any. Depreciation of the asset begins when construction is complete and the asset is available for use.

Subsequent measurement

Property, plant and equipment is subsequently measured using the cost model, less accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated on a straight-line basis over the useful lives of the assets, commencing from the time the asset is held ready for use. Land is not depreciated.

The useful lives of the assets are determined on an individual basis but in general the annual depreciation rates used for each class of depreciable assets are:

	2023	2022
	%	%
Class of property, plant and equipment		
Buildings	2 - 4	2 - 4
Building improvements	5 - 20	5 - 20
Plant and equipment (including motor vehicles)	5 - 25	5 - 25

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

Impairment

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Derecognition

Any gain or loss 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 when the asset is derecognised.

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Notes to the financial statements
For the year ended 31 December 2023

12 Leases

Right-of-use assets

	2023	2022
	\$	\$
Right-of-use assets – at cost	3,015,535	2,978,292
Accumulated depreciation	(1,834,951)	(1,318,270)
	1,180,584	1,660,022
At 1 January 2023	1,660,022	2,021,736
Additions	-	155,272
Modifications/lease remeasurement	37,242	33,220
Depreciation	(516,680)	(550,206)
At 31 December 2023	1,180,584	1,660,022

Lease liabilities

	2023	2022
	\$	\$
At 1 January 2023	1,906,297	2,186,637
Additions	-	155,272
Modifications	37,243	45,190
Payments	(610,969)	(588,268)
Accretion of interest	89,789	107,466
At 31 December 2023	1,422,360	1,906,297

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Where the Company has a number of leases that have significantly below-market terms and conditions then these are also recognised at cost.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Depreciation expense has been included in direct operating expense and administration expenses. The Company also assesses the right-of-use asset for impairment when impairment indicators exist.

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Notes to the financial statements
For the year ended 31 December 2023

12 Leases (continued)

The Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the incremental borrowing rate where the rate implicit in the lease is not readily determinable. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the statement of profit or loss on a straight-line basis over the lease term.

The Company's leases are both commercial leases and peppercorn leases, but the values above do not contain any component of the peppercorn leases. Management has opted to use the cost approach for the accounting treatment of both peppercorn leases of which the values were \$0 and \$1 and therefore any values of those leases are not recognised in the financial statements. The peppercorn leases relate to facilities used for medical and scientific research to achieve the Company's principal activities. These leases are automatically renewed upon termination, unless terminated by the lessors.

Presented below is a maturity analysis of future lease payments:

	2023	2022
	\$	\$
Within 1 year	581,221	616,097
Later than 1 year but not more than 5 years	953,786	1,480,833
	1,535,007	2,096,930

The amount of expense relating to short-term leases and leases of low-value assets recognised in profit or loss for the year ended 31 December 2023 is \$975 (2022: \$17,325).

13 Trade and other payables

	2023	2022
	\$	\$
Trade creditors and accruals	5,757,312	3,690,327
Deferred income	2,222,940	3,363,333
Unspent research grant funds (see Note 7)	1,799,585	2,180,307
Unspent research grant funds (see Note 10)	1,227,665	-
	11,007,502	9,233,967

Recognition and measurement

Trade and other payables are initially measured at fair value including transaction costs.

Subsequent measurement

After initial measurement, trade and other payables are subsequently measured at amortised cost using the EIR method.

Lions Eye Institute Limited

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Notes to the financial statements

For the year ended 31 December 2023

13 Trade and other payables (continued)

Terms and conditions

Trade payables are non-interest bearing and are normally settled on 60-day terms.

Deferred income represents unspent grant funds for unfulfilled performance obligations.

Unspent research grant funds represent funds received for research purposes and on behalf of researchers with the Company as the research institution.

14 Employee provisions

	2023	2022
	\$	\$
14(a) Current		
Annual leave	1,778,923	1,632,615
Long service leave - current	1,104,704	904,375
	<u>2,883,627</u>	<u>2,536,990</u>
14(b) Non-current		
Long service leave – non-current	795,875	785,338
	<u>795,875</u>	<u>785,338</u>
Aggregate employee benefits	<u>3,679,502</u>	<u>3,322,328</u>

Provision for employee benefits arising from services rendered by employees have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

15 Commitments and contingencies

Capital commitments

Capital commitments in relation to contracts for property, plant and equipment at the reporting date but not recognised as liabilities amount to \$888,500 (2022: \$nil).

In order to comply with the WA Department of Health Licensing and Accreditation Regulatory Unit (LARU) licensing conditions for the Lions Eye Institute Day Surgery Centre and increase throughput of the day surgery, re-development of the Company's day surgery unit will be required. The Company is at the stage of concept planning for the re-development, with an Approval In Principle submission due to LARU by 30 November 2024. The approximate capital cost of the program has not yet been determined but may be in the range of \$7 million over the following 24 months.

Lions Eye Institute Limited
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Notes to the financial statements
For the year ended 31 December 2023

16 Member's guarantee

The Company is incorporated under the *Corporations Act 2001* and is a public company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding and obligations of the Company. At 31 December 2023, the number of members is 49 (2022: 45).

	2023	2022
Number of members	49	45

17 Related party disclosure

	2023	2022
Compensation of key management personnel	\$	\$
Compensation expense of key management personnel	1,644,559	2,018,682

18 Auditor's remuneration

The auditor of the Company is Ernst & Young Australia.

	2023	2022
	\$	\$
Audit services	97,480	87,000
Other services	13,600	12,800
	111,080	99,800

19 Subsequent events

The Company established a \$1m overdraft facility with National Australia Bank in January 2024 to assist with short term cash requirements . At report date the outstanding balance of this facility remains nil.

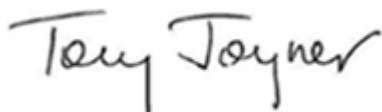
Lions Eye Institute Limited
ACN 106 521 439

Notes to the financial statements
For the year ended 31 December 2023

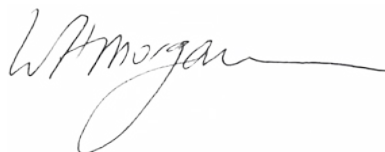
In accordance with a resolution of the Directors of Lions Eye Institute Limited (“the Company”), we state that in the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the *Australian Charities and Not-For-Profits Commission Act 2012*, including:
 - (i) giving a true and fair view of the Company’s financial position as at 31 December 2023 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Simplified Disclosures and the *Australian Charities and Not-for-Profits Commission Regulations 2022*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with the resolution of the Board of Directors:



A Joyner
Chairperson



W H Morgan
Managing Director

Signed at Perth this 6 day of May 2024



**Building a better
working world**

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Independent auditor's report to the members of Lions Eye Institute Limited

Opinion

We have audited the financial report of Lions Eye Institute Limited (the Company), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Act 2015*, including:

- a. Giving a true and fair view of the Company's financial position as at 31 December 2023 and of its financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards - Simplified Disclosures and 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 Company 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.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures, the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Act 2015* and for such internal control as the directors 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 directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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 Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- ▶ Conclude on the appropriateness of the directors' 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 Company'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 Company 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 directors 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.



Ernst & Young



Pierre Dreyer
Partner
Perth
6 May 2024



**Building a better
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Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's independence declaration to the directors of Lions Eye Institute Limited

In relation to our audit of the financial report of Lions Eye Institute Limited for the financial year ended 31 December 2023, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of any applicable code of professional conduct; and
- b. No non-audit services provided that contravene any applicable code of professional conduct.

A stylized, handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'P. Dreyer'.

Pierre Dreyer
Partner
6 May 2024