

FINANCIAL REPORT
31 DECEMBER 2023

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CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 \$'000	2022 \$'000
Revenue	4	173,322	156,610
Other income	5	5,267	4,752
Salaries and related expenses	6	(110,045)	(99,960)
General operational expenses		(15,180)	(13,376)
Facilities management and maintenance		(7,699)	(8,474)
Utilities and outgoings		(5,383)	(4,302)
Trade purchases		(7,235)	(4,100)
Donations and mission giving		(2,397)	(3,177)
Other expenses from ordinary activities		(9,912)	(8,289)
Earnings before interest, tax, depreciation and amortisation		20,738	19,684
Depreciation and amortisation expenses		(10,860)	(9,963)
Interest expense	7	(2,237)	(1,011)
Net surplus before income tax		7,641	8,710
Income tax expense		-	-
Net surplus for the year		7,641	8,710

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 \$'000	2022 \$'000
Net surplus for the year		7,641	8,710
Other comprehensive income			
<i>Items that will not be reclassified to surplus or deficit</i>			
Gain/(loss) on property revaluation	16	2,507	2,140
Other comprehensive income for the year		2,507	2,140
Total comprehensive income for the year		10,148	10,850

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023 \$'000	2022 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	14,611	14,048
Trade and other receivables	9	3,305	3,545
Prepayments		2,172	1,157
Inventories		1,378	1,342
TOTAL CURRENT ASSETS		21,466	20,092
NON-CURRENT ASSETS			
Property, plant and equipment	10	282,540	259,344
Trade and other receivables		48	63
TOTAL NON-CURRENT ASSETS		282,588	259,407
TOTAL ASSETS		304,054	279,499
LIABILITIES			
CURRENT LIABILITIES			
Borrowings	11	5,997	6,095
Trade and other payables	12	22,865	17,573
Lease Liabilities		1,549	1,648
Provisions	13	10,745	9,249
Income in Advance		282	329
TOTAL CURRENT LIABILITIES		41,438	34,894
NON-CURRENT LIABILITIES			
Borrowings	14	39,320	33,331
Provisions	15	2,009	1,904
Lease Liabilities		5,178	3,409
TOTAL NON-CURRENT LIABILITIES		46,507	38,644
TOTAL LIABILITIES		87,945	73,538
NET ASSETS		216,109	205,961
FUNDS			
Reserves		79,433	76,926
Retained earnings		136,676	129,035
TOTAL FUNDS		216,109	205,961

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

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Reserves \$'000	Retained Earnings \$'000	Total Funds \$'000
Balance at 1 January 2022		75,040	120,071	195,111
Surplus for the year		-	8,710	8,710
Other comprehensive income for the year	16	2,140	-	2,140
Total comprehensive income for the year		2,140	8,710	10,850
Transfers between reserves		-254	254	-
Balance at 31 December 2022		76,926	129,035	205,961
Balance at 1 January 2023		76,926	129,035	205,961
Surplus for the year		-	7,641	7,641
Other comprehensive income for the year	16	2,507	-	2,507
Total comprehensive income for the year		2,507	7,641	10,148
Transfers between reserves		-	-	-
Balance at 31 December 2023		79,433	136,676	216,109

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 \$'000	2022 \$'000
Operating Activities			
Surplus before taxation		7,641	8,710
Adjustment for:			
Depreciation		10,860	9,963
Bad and doubtful debts		198	324
Loss/(Gain) on sale of assets		5	(411)
Interest income		(240)	(55)
Interest expense		2,237	1,011
		20,701	19,542
(Increase)/ Decrease in trade and other receivables		(958)	(1,225)
Decrease/(increase) in inventories		(36)	(249)
Increase/(Decrease) in employee provisions		1,601	35
Increase/(Decrease) in trade and other payables		5,292	(252)
Increase/(Decrease) in income in advance		(47)	(237)
Cash generated from operations		26,553	17,614
Interest paid		(2,237)	(1,011)
Net cash flows from operating activities		24,316	16,603
Investing Activities			
Payments for property, plant and equipment		(28,482)	(18,098)
Proceeds from sale of property, plant and equipment		86	1,566
Interest received	5	240	55
Net cash flows used in investing activities		(28,156)	(16,477)
Financing Activities			
Proceeds/(repayment) of borrowings		5,891	2,818
Proceeds/(repayment) of lease liabilities		(1,488)	(1,100)
Net cash flows used in financing activities		4,403	1,718
Net (decrease)/increase in cash and cash equivalents		563	1,844
Cash and cash equivalents at 1 January		14,048	12,204
Cash and cash equivalents at 31 December		14,611	14,048

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

Note 1. Corporate Information

Christian Outreach Centre is incorporated under Letters Patent issued pursuant to the Religious Education and Charitable Institutions Act 1861-1967 on 9th September, 1976. The organisation is a not-for-profit entity established to pursue charitable purposes only and must apply its income in promoting those purposes.

Christian Outreach Centre has a registered trading name of International Network of Churches which is now in common use for the organisation.

The address of the registered office of Christian Outreach Centre is:

3374 Pacific Highway,
Springwood QLD 4127.

The National Executive is of the view that the Group is a going concern. The Group has a reported working capital deficit of \$19.97 million for the year ended 31 December 2023. External banking facility agreements are in place with Westpac Banking Corporation (Westpac) to manage the Group's cash movement needs.

Included in the working capital deficit is:

- \$5.94 million in Members' investment funds held. It is unlikely that all of the funds would be withdrawn and not replaced in the 2024 financial year. The Group is required to maintain sufficient margin in its multi-option credit agreement with Westpac to cover all Member investments at any given time should the investment funds be called upon.
- \$7.59 million of accrued long service leave entitlements. In the normal course of operations. It is unlikely that this will need to be paid out in full in any one year.

Note 2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The National Executive has determined that Christian Outreach Centre is not a reporting entity because there are no users dependent on general purpose financial statements. The financial report is a special purpose financial report, which has been prepared in accordance with the requirements of the Australian Charities and Not-for-Profits Commission Act 2012 and the following Australian Accounting Standards:

AASB 10 Consolidated Financial Statements

AASB 15 Revenue from Contracts with Customers
AASB 16 Leases
AASB 101 Presentation of Financial Statements
AASB 107 Statement of Cash Flows
AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110 Events After the End of the Reporting Period
AASB 1048 Interpretation of Standards
AASB 1054 Australian Additional Disclosure
AASB124 Related Party Disclosures

The financial report has been prepared in accordance with the recognition and measurement requirements of other applicable accounting standards.

New or amended Accounting Standards and Interpretations adopted

The company 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 financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

(b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Christian Outreach Centre and its subsidiaries and special purpose entities (the Group) as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Specifically, the Group controls a subsidiary if and only if the Group has:

- i) Power over the subsidiary (i.e. existing rights that give it the current ability to direct the relevant activities of the subsidiary);
- ii) Exposure, or rights, to variable returns from its involvement with the subsidiary; and
- iii) The ability to use its power over the subsidiary to affect its returns.

**Note 2. Summary of Significant Accounting Policies
(continued)**

(b) Basis of Consolidation (continued)

When the group has less than a majority of the voting or similar rights of a subsidiary, the Group considers all relevant facts and circumstances in assessing whether it has power over a subsidiary including:

- i) The contractual arrangement with the other vote holders of the subsidiary
- ii) Rights arising from other contractual arrangements
- iii) The Group's voting rights and potential voting rights

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full-on consolidation.

(c) Revenue

Government grants

Revenue from government grants received under enforceable agreements, where there are sufficiently specific performance obligations imposed, is deferred until the obligations are satisfied. If the performance obligations are not sufficiently specific, revenue will be recognised upon receipt.

Donations, Tithes and Offerings

Revenue from fundraising, including donations and tithes and offerings, is recognised when received.

Tuition and Educational Related Income

Fees and other educational related income is recognised on an accruals basis consistent with the provision of the relevant educational service, and taking into consideration the completion of all material performance obligations.

Rendering of Services

Revenue from services provided by the Group is recognised over time as the services are rendered.

Sale of Goods

Revenue from sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of the delivery.

Interest Income

Interest income is recognised as interest accrues using the effective interest method. This is the method of calculating the amortised cost of a financial asset and allocating the interest income

over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the net carrying amount of the financial assets.

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

(d) Pastors and Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the reporting date.

Short term employee benefits

Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows based on Australian corporate bonds at the reporting date. Contributions are made by the Group to employees' superannuation funds and are charged as expenses when incurred.

Other long term employee benefits

The long service leave is managed by the local church and local Global Care operations for their staff. The Colleges manage the long service leave for their staff. An employee's period of service is measured across the Group.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(e) Right-of-use assets

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

**Note 2. Summary of Significant Accounting Policies
(continued)**

(e) Right-of-use assets (continued)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(f) Impairment of Assets

Assets are tested 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. As a not-for-profit entity, value in use of property, plant and equipment and intangible assets at cost includes depreciated replacement cost.

(g) Income Tax

Christian Outreach Centre is exempt from income tax under section 50-5 of the Income Tax Assessment Act 1997.

(h) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(i) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less, and overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

(j) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit loss. Refer to note 2(f) for further discussion on the determination of impairment losses.

(k) Property, Plant and Equipment

Property, plant and equipment is carried at cost less, when applicable, any accumulated depreciation and impairment loss, and is depreciated on a basis and rates designed to write off the cost of the assets over their useful lives, commencing from the time the asset is available for use.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

Land and buildings are revalued by independent externally qualified valuations on a selective basis in agreement with the Group's lender, Westpac Banking Corporation. Because not all assets within a class are valued within a short period of time, INC does not comply with AASB 116 Property, Plant and Equipment. It is not feasible to comply with this standard for the Group at this point.

**Note 2. Summary of Significant Accounting Policies
(continued)**

(k) Property, Plant and Equipment (continued)

Depreciation

Items of property, plant and equipment (other than land) are depreciated over their useful lives to the Group commencing from the time the asset is available for use. Depreciation is calculated on a straight-line basis over the expected useful economic lives of the assets as follows:

CATEGORY	RATE (%)	RATE (%)
Freehold buildings	0.5	- 5.0
Plant and equipment	5.0	- 25.0
Furniture and fittings	7.5	- 25.0
Computer equipment	25.0	- 33.3
Motor vehicle	10.0	- 25.0
Library resources	20.0	- 50.0

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

(l) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(m) Lease Liability

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

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 Group has elected to account for short-term lease assets by recognising the payments in relation to short term leases as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, lease liabilities have been included in current and non-current liabilities.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

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

(o) Reclassification

Prior period amounts are reclassified in order to conform to the current period's presentation.

(p) Accounting Standards Issued Not Yet Effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management have assessed all standards and amendments to standards that have been issued but are not yet effective for the year ended 31 December 2023 and do not believe any will have a material impact on the group's financial statements and have therefore not early adopted any of these standards.

Note 3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. 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. The National Executive evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

(a) Incremental Borrowing Rate

The Group has applied as a key judgement on the calculation of right-of-use assets and lease liabilities. The lease liabilities are measured at amortised cost using the incremental rate 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 of 6% for 31 December 2023.

(b) Employee benefits

Employee benefits are accrued at the current rate of earnings. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows based on Australian corporate bonds at the reporting date.

(c) Impairment

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(d) Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The depreciation and amortisation charge will increase where the useful lives are less than the previously estimated lives, or the asset is technically obsolete.

(e) Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in

the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liabilities because it is not reasonably certain that leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which effects this assessment and that is within the control of the lessee.

(f) Determining whether a grant contains enforceable and sufficiently specific obligations

The interaction between AASB 15 and AASB 1058 require management to assess whether the government grants and other funding received need to be accounted for under AASB 15 or AASB 1058. Key to this assessment is whether the government grants and other funding agreements contain:

- a contract with a customer that creates 'enforceable' rights and obligations, and
- the contract includes 'sufficiently specific' performance obligations.

Critical judgement was applied by management in assessing whether a promise is 'sufficiently specific', taking into account all facts and circumstances and any conditions specified in the arrangement (whether explicit or implicit) regarding the promised goods or services. This involves firstly identifying all the activities the Group is required to perform under the contract, and determining which activities transfer goods and services to the customer. Where there are multiple goods or services transferred, the management must assess whether each good or service is a distinct performance obligation or should be combined with other goods or services to form a single performance obligation.

	2023 \$'000	2022 \$'000
Note 4. Revenue		
Government Grants – Recurring	69,296	64,146
Government Grants – Non-recurring	3,014	822
Tuition revenue	46,824	43,151
Tithes and offering	26,834	25,644
Donations	8,925	8,613
Sales	10,624	7,504
Rental of premises	2,342	2,313
Fund raising	3,257	3,022
Departmental income	1,775	1,025
Events	303	232
Conferences	65	36
Management fees	63	102
	173,322	156,610

Note 4(a). Government Grants

Commonwealth government		
- Department of Education	55,945	49,759
State Government		
- Department of Education	16,365	15,209
	72,310	64,968

Note 5. Other Income

Other income	5,032	4,286
Interest	240	55
Net (loss)/profit on sale of assets	(5)	411
	5,267	4,752

Note 6. Expenses*Salaries and related expenses*

Operating salaries and related expenses	99,369	90,633
Superannuation expense	9,306	8,239
Long service leave expense	1,370	1,088
	110,045	99,960

Note 7. Interest Expense

Interest expense – Westpac Banking Corporation	1,588	747
Interest expense - Members & Related Parties	270	81
Interest expense – Leases	231	71
Interest expense – Other	148	112
	2,237	1,011

Interest expenses – Westpac Banking Corporation includes Line Fee of \$356,893 (2022 - \$245,229).

	2023 \$'000	2022 \$'000
Note 8. Current Assets – Cash and Cash Equivalents		
Cash at bank	13,736	13,364
Term deposits	830	608
Cash on hand	45	76
	14,611	14,048
Note 9. Current Assets – Trade and Other Receivables		
Trade receivables	3,418	3,430
Less: Provision for impairment of trade receivables	(1,285)	(1,304)
Other receivables	1,172	1,419
	3,305	3,545
Note 10 – Non-Current Assets – Property, Plant and Equipment		
Land and buildings	302,332	279,505
Less: Accumulated depreciation	(45,821)	(42,201)
	256,511	237,304
Plant and equipment – at cost	32,335	29,110
Less: Accumulated depreciation	(22,937)	(21,222)
	9,398	7,888
Furniture and fittings – at cost	18,754	17,176
Less: Accumulated depreciation	(13,986)	(12,485)
	4,768	4,691
Computer Equipment – at cost	5,760	4,829
Less: Accumulated depreciation	(3,791)	(3,151)
	1,969	1,678
Motor Vehicles – at cost	13,983	12,441
Less: Accumulated depreciation	(8,586)	(7,620)
	5,397	4,821
Right-of-Use Assets	7,751	6,241
Less: Accumulated amortisation	(3,254)	(3,279)
	4,497	2,962
Total property, plant and equipment	282,540	259,344

	2023 \$'000	2022 \$'000
Note 11. Current Liabilities – Borrowings		
Funds from members & related parties	5,942	5,813
Bank loans and overdrafts	55	282
	5,997	6,095

As at 31 December 2023, the Group has a \$66.25 million multi-option facility with Westpac to cover all member investments at any given time should the funds from members and related parties be called upon (refer to Note 1).

	2023 \$'000	2022 \$'000
Note 12. Current Liabilities – Trade and other payables		
Trade payables	19,557	15,367
Accrued expenses	3,308	2,206
	22,865	17,573

	2023 \$'000	2022 \$'000
Note 13. Current Liabilities – Provisions		
Employee benefits – long service leave	7,588	6,780
Employee benefits – annual leave	3,157	2,469
	10,745	9,249

	2023 \$'000	2022 \$'000
Note 14. Non-Current Liabilities – Borrowings		
Bank loans	38,540	32,745
Other borrowings	780	586
	39,320	33,331

	2023 \$'000	2022 \$'000
Note 15. Non-Current Liabilities – Provisions		
Employee benefits – long service leave	2,009	1,904
	2,009	1,904

	Reserves \$'000	Retained Earnings \$'000	Total \$'000
Note 16. Analysis of amounts recognised in other comprehensive income			
Year to 31 December 2023			
Asset revaluation	2,507	-	2,507
	2,507	-	2,507
Year to 31 December 2022			
Asset revaluation	2,140	-	2,140
	2,140	-	2,140

The asset revaluation arises from an increase in the independently assessed value of a number of properties within the Group.

	2023 \$'000	2022 \$'000
Note 17. Key Management Personnel Remuneration		
The aggregate compensation made to key management personnel of the group is set out below:		
Aggregate compensation	2,276	1,894

Note 18. Related Parties

The Group's main related parties are:

- Those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) are considered key management personnel.
- Other related parties include immediate family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their immediate family members.

Other than the remuneration of key management personnel disclosed in Note 17, there were no material transactions with related parties during the financial year.

Note 19. Contingent Liabilities

The educational institutions in the group providing P-12 education receive grants from both the Australian and Queensland Governments. Under the arrangements entered into between Christian Outreach Centre and the Australian and Queensland Governments there are conditions which if breached in a 20-year period can result in repayment of grant monies. The National Executive are of the opinion that the educational institutions will continue in their current capacities and therefore the liability is unlikely to eventuate.

On 6 May 2021, the Federal Minister for Social Services entered Christian Outreach Centre into the National Redress Scheme (NRS). One claim of \$96,000 was accepted and is payable after year end. Nine claims are pending a decision and there is a potential liability of \$461,000 based on management's estimates.

There are three claims that have been made outside the NRS. These claims are still subject to the process of investigation and assessment, and it is too early in the investigation stage to estimate the amount of any potential claims.

Note 20. Events Occurring After the Reporting Period

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

	2023 \$'000	2022 \$'000
Note 21. Capital Commitments		
Major capital commitments contracted for but not capitalised in the financial statements:		
Suncoast Christian College Primary School Building project	2,099	13,875
Riverside Church Dubbo Refurbishment Works	794	-
	2,893	13,875

Note 22. Auditor Remuneration

Audit and review of Group Financial Statements (including Component Auditors)	384	375
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**Financial Statements For
the Year Ended 31 December 2023**

DECLARATION BY THE NATIONAL EXECUTIVE

The National Executive have determined that Christian Outreach Centre trading as International Network of Churches is not a reporting entity and that these special purpose consolidated financial statements should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The National Executive of Christian Outreach Centre trading as International Network of Churches declare that in the National Executive's opinion:

1. The financial statements, comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, and accompanying notes, are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012 and:
 - a. comply with Accounting Standards to the extent as described in Note 1 to the financial statements; and
 - b. give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. There are reasonable grounds to believe that the Group will be able to pay all of its debts, as and when they become due and payable.

This statement is made in accordance with the resolution of the National Executive and is signed for and on behalf of the National Executive by:

Chairman: 

Secretary: 

Dated: 11 JUNE, 2024

INDEPENDENT AUDITOR'S REPORT

To the members of Christian Outreach Centre trading as International Network of Churches

Report on the Audit of the Financial Report

Qualified opinion

We have audited the financial report of Christian Outreach Centre trading as International Network of Churches (the registered entity) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in funds and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, and the declaration by the National Executive.

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial report of Christian Outreach Centre trading as International Network of Churches, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 2 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

Basis for qualified opinion

Donations, Tithes and Offerings Revenue are a significant source of fundraising revenue for the Group. The Group has determined that it is impracticable to establish control over the collection of Donations, Tithes and Offerings Revenue prior to entry into its financial records. Accordingly, as the evidence available to us regarding fundraising revenue from this source was limited, our audit procedures with respect to Donations, Tithes and Offerings Revenue had to be restricted to the amounts recorded in the financial records amounting to \$35.8 million (2022: \$34.2 million). We therefore are unable to express an opinion whether Donations, Tithes and Offerings Revenue the Group recorded are complete.

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 Group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and 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 qualified opinion.

Emphasis of matter - Basis of accounting

We draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Group's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the National Executive for the Financial Report

The National Executive of the registered entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the requirements of the ACNC Act. The National Executive's responsibility also includes such internal control as the National Executive determine is necessary to enable the preparation of a 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 National Executive are responsible for assessing the Group'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 National Executive either intend to liquidate the registered entity 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd





A J Whyte
Director

Brisbane, 11 June 2024

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