Fighting Chance Australia Limited

ABN 85 140 018 702

Consolidated Financial Statements - 30 September 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Fighting Chance Australia Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 September 2022.

Directors
The following persons were directors of Fighting Chance Australia Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Stephen Cake (Chair)
Laura O'Reilly
Robert Buckingham
Tim Powell

Principal activities
During the financial year the principal continuing activities of the company were building and empowering social businesses for people with disability.

Company secretary
Christopher Mottram was appointed as Company Secretary on 1 June 2022. Christine Charron-Doucet resigned as Company Secretary on 1 June 2022.

Contributions on winding up
In the event of the company being wound up, members are required to contribute a maximum of $20 each.

The total amount that members of the company are liable to contribute if the company is wound up is $80, based on 4 current members.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* is set out immediately after this directors' report.

On behalf of the directors

Laura O'Reilly
Director

27 March 2023

Robert Buckingham
Director

LBW & Partners
Chartered Accountants & Business Advisors
ABN 80 618 803443

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Rupa Dharmasiri
George P Rochios
Mark W Willock

Fighting Chance Australia Limited
ABN: 85 140 018 702

Auditor's Independence Declaration to the Directors of Fighting Chance Australia Limited

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as auditor of Fighting Chance Australia Limited for the year ended 30 September 2022, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Dharmasiri

Rupaninga Dharmasiri
Partner

LBW & Partners
Chartered Accountants
Level 3, 845 Pacific Highway
CHATSWOOD NSW 2067

Dated this 27th March 2023

	Note	Consolidated 2022 $	Consolidated 2021 $
Revenue			
Revenue from contracts with customers:			
- Service revenue		23,597,786	17,579,876
- Grants		1,427,097	2,389,206
- Business revenue		3,256,743	1,372,895
Government subsidies (COVID-19)		420,380	2,590,160
Interest		6,538	9,944
Donations		503,865	69,812
Other revenue		140,366	74,547
Total revenue		29,352,775	24,086,440
Expenses			
Administration expenses		(4,817,229)	(3,997,242)
Fundraising expenses		-	(2,011)
Service delivery expenses		(27,296,824)	(19,922,577)
Finance costs	5	(259,305)	(188,076)
Total expenses		(32,373,358)	(24,109,906)
Deficit for the year		(3,020,583)	(23,466)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(3,020,583)	(23,466)

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

	Note	Consolidated 2022 $	Consolidated 2021 $
Assets			
Current assets			
Cash and cash equivalents	6	3,065,856	4,340,508
Trade and other receivables	7	2,412,198	1,846,057
Inventories		7,905	11,829
Other financial assets	8	-	300,000
Other assets	9	366,455	368,575
Total current assets		5,852,414	6,866,969
Non-current assets			
Property, plant and equipment	10	1,803,772	1,699,334
Right-of-use assets	11	7,526,764	6,738,190
Other financial assets	8	732,034	608,555
Total non-current assets		10,062,570	9,046,079
Total assets		15,914,984	15,913,048
Liabilities			
Current liabilities			
Trade and other payables	12	1,974,904	1,236,396
Contract liabilities	13	898,428	240,675
Borrowings	14	525,412	11,301
Lease liabilities	15	1,330,149	983,241
Employee benefits	16	1,013,474	891,469
Total current liabilities		5,742,367	3,363,082
Non-current liabilities			
Borrowings	14	1,412,718	1,855,771
Lease liabilities	15	6,833,563	5,958,718
Employee benefits	16	145,371	60,585
Provisions	17	616,177	489,521
Total non-current liabilities		9,007,829	8,364,595
Total liabilities		14,750,196	11,727,677
Net assets		1,164,788	4,185,371
Equity			
Retained surplus		1,164,788	4,185,371
Total equity		1,164,788	4,185,371

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

Consolidated	Retained surplus $	Total equity $
Balance at 1 October 2020	4,208,837	4,208,837
Deficit for the year	(23,466)	(23,466)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(23,466)	(23,466)
Balance at 30 September 2021	4,185,371	4,185,371

Consolidated	Retained surplus $	Total equity $
Balance at 1 October 2021	4,185,371	4,185,371
Deficit for the year	(3,020,583)	(3,020,583)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(3,020,583)	(3,020,583)
Balance at 30 September 2022	1,164,788	1,164,788

	Note	Consolidated 2022 $	Consolidated 2021 $
Cash flows from operating activities			
Income received from donations, fundraising, grants and services (inclusive of GST)		30,272,377	24,002,114
Payments to suppliers and employees (inclusive of GST)		(29,886,353)	(22,187,023)
Interest received		6,538	9,944
Interest on lease liabilities		(188,093)	(144,959)
Interest paid on borrowings		(71,212)	(43,117)
Net cash from operating activities		133,257	1,636,959
Cash flows from investing activities			
Payments for property, plant and equipment		(740,386)	(804,210)
Proceeds from/(Payments) for term deposits		176,521	(145,792)
Net cash used in investing activities		(563,865)	(950,002)
Cash flows from financing activities			
Proceeds from borrowings		102,207	1,606,883
Repayment of borrowings		(31,149)	(210,938)
Repayment of lease liabilities		(915,102)	(1,061,172)
Net cash from/(used in) financing activities		(844,044)	334,773
Net increase/(decrease) in cash and cash equivalents		(1,274,652)	1,021,730
Cash and cash equivalents at the beginning of the financial year		4,340,508	3,318,778
Cash and cash equivalents at the end of the financial year	6	3,065,856	4,340,508

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

Note 1. General information

The financial statements cover Fighting Chance Australia Limited as a consolidated entity consisting of Fighting Chance Australia Limited (parent entity) and the entity it controlled, Jigsaw Group (AUS) Limited (subsidiary), at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Fighting Chance Australia Limited's functional and presentation currency.

Fighting Chance Australia Limited is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. It is registered with Australian Charities and Not-for-profits Commission as charity. Its registered office and principal place of business is:

Unit 5A/10 Rodborough Road
Frenchs Forest NSW 2086

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 March 2023.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standard is most relevant to the consolidated entity:

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
The consolidated entity has adopted AASB 1060 from 1 October 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties and financial instruments.

Going concern

The consolidated entity has sustained a loss for the year ended 30 September 2022 of $3,020,583 (2021: $23,466) and recorded a net operating cash inflow of $133,257 (2021: inflow of $1,636,959). As at September 2022 the consolidated entity's working capital amounted to $649,873. There continue to be cost pressures on labour and supplies under the current economic environment. These factors indicate uncertainty on the consolidated entity's ability to continue as a going concern. The directors have prepared these financial statements on a going concern basis due to the following reasons:

- The consolidated entity has recorded year to date losses in its management accounts to February 2023 and is forecasting a full year loss of $1.7m. The year to date result is tracking slightly behind ($0.1m) the budget forecast set in September 2022. The consolidated entity is forecasting to generate monthly surpluses from normal operations from June 2023 based on management's projections.
- COVID-19 prolonged lockdowns and general mobility levels had an adverse impact on the consolidated entity's operations for the year ended 30 September 2022. The outlook for the next 12 months for the consolidated entity is positive with less disruptions to service under the revised Health guidelines.
- The consolidated entity retained cash and cash equivalents of $3,065,856 at 30 September 2022.
- Included in current liabilities is an amount of $539,826 of grant income that has been received and where the conditions of the grant can be met without incurring any further direct expenditure
- The consolidated entity has taken steps to reduce losses and return to surplus within the next 12 to 18 months. These actions include:
  - Increasing the number of participant activities across all centres where capacity exists
  - Reducing operational costs where efficiency gains can be achieved without impacting outcomes
  - Under its business model, the consolidated entity continues to seek external support from philanthropic donations and grants to fund programs to achieve positive participant outcomes

Note 2. Significant accounting policies (continued)

Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Australian Accounting Standards - Simplified Disclosures* issued by the Australian Accounting Standards Board ('AASB'), the *Australian Charities and Not-for-profits Commission Act 2012* and *New South Wales legislation the Charitable Fundraising Act 1991* and associated regulations, as appropriate for not-for-profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Comparatives

Certain comparatives in the statement of financial position have been realigned to the current period presentation. There has been no effect on the surplus for the year.

Parent entity information

These financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 21.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Fighting Chance Australia Limited ('company' or 'parent entity') as at 30 September 2022 and the results of all subsidiaries for the year then ended. Fighting Chance Australia Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
The consolidated entity recognises revenue under AASB 1058 or AASB 15 when appropriate. In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when it transfers control of a service to a customer). Revenue is measured based on the consideration to which the consolidated entity expects to be entitled in a contract with parties.

In other cases, AASB 1058 applies when a not-for-profit entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives and the excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately.

Revenue recognition policy for principal revenue sources of the consolidated entity are as follows:

Note 2. Significant accounting policies (continued)

Service revenue (NDIS)
The consolidated entity provides a range of NDIS services to eligible individuals. It is a fee for service program, that the consolidated entity claims the fees from the funding body, National Disability Insurance Agent (NDIA), for services provided to NDIS participants.

Service revenue is recognised when the related services have been delivered and the right to claim the fees is established.

Grants
When the consolidated entity receives grants, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, the consolidated entity:
- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Business revenue
The consolidated entity provides training to people with disability and services for digitisation program to businesses. Business revenue is recognised when the services have been delivered.

Donations
Donation income is recognised when the consolidated entity obtains control over the funds which is generally at the time of receipt.

Interest
Interest revenue is recognised as interest accrues using the effective interest method.

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

Financial instruments
All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification
The consolidated entity's financial assets represent cash and equivalents, trade and other receivables and term deposits. These financial assets are measured at amortised cost.

Amortised cost
Subsequent to initial recognition, consolidated entity's financial assets are carried at amortised cost using the effective interest rate method less provision for impairment. Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets
Impairment of financial assets is recognised on an expected credit loss (ECL) basis

For assets measured at amortised cost, credit losses are measured as the present value of the difference between the cash flows due to the consolidated entity in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach. For trade receivables impairment has been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The consolidated entity determines the probability of non-payment of the receivable and multiplying this by the amount of the expected loss arising from default.

Note 2. Significant accounting policies (continued)

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities
The consolidated entity measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method. The financial liabilities of the consolidated entity comprise of trade and other payables, borrowings and lease liabilities.

Income tax
As the parent entity and the controlled entity are registered charities, they are exempt from paying income tax.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Fixtures & fittings	4 - 20 years
Motor vehicles	5 years
Office equipment	2 - 10 years

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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

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.

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 remeasurement of lease liabilities.

Note 2. Significant accounting policies (continued)

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.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

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

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

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities
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.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 2. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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

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

Note 3. Critical accounting judgements, estimates and assumptions (continued)

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

Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 4. Revenue

Revenue includes the following amounts from government sources:

	Consolidated 2022 $	Consolidated 2021 $
Revenue received from the Government		
Commonwealth government		
National Disability Insurance Agency - NDIS payments	23,597,786	17,579,876
National Disability Insurance Agency - Provider Reimbursement	472,542	-
Commonwealth government - JobKeeper subsidy	-	1,749,400
	24,070,328	19,329,276
State government		
Service NSW - JobSaver subsidy	420,380	840,760
	24,490,708	20,170,036

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2022 $	Consolidated 2021 $
Timing of revenue recognition		
Services transferred at a point in time	26,854,529	18,952,771
Services transferred over time	1,427,097	2,388,956
	28,281,626	21,341,727

Note 5. Expenses

	Consolidated 2022 $	Consolidated 2021 $
Deficit includes the following specific expenses:		
Employee benefits expense		
Wages and salaries	23,470,903	17,334,179
Defined contribution superannuation expense	2,331,427	1,615,457
Other employee benefits	206,791	138,146
	26,009,121	19,087,782
Depreciation and amortisation		
Motor vehicle - Right-of-use	95,532	63,965
Office premises - Right-of-use	1,302,749	1,140,553
Property, plant and equipment	417,549	368,306
	1,815,830	1,572,824
Finance costs		
Interest and finance charges paid/payable on borrowings	71,212	43,117
Interest and finance charges paid/payable on lease liabilities	188,093	144,959
Finance costs expensed	259,305	188,076
Net loss on disposal		
Net loss on disposal of property, plant and equipment	217,844	-

Note 6. Cash and cash equivalents

	Consolidated 2022 $	Consolidated 2021 $
Current assets		
Cash on hand	2,397	82
Cash at bank	2,763,459	4,340,426
Cash on deposit	300,000	-
	3,065,856	4,340,508

Note 7. Trade and other receivables

	Consolidated 2022 $	Consolidated 2021 $
Current assets		
Trade receivables	2,277,485	1,195,826
Other receivables	51,780	533,802
GST receivable	82,933	116,429
	2,412,198	1,846,057

Note 8. Other financial assets

	Consolidated 2022 $	2021 $
Current assets		
Term deposits	-	300,000
Non-current assets		
Term deposits	732,034	608,555
	732,034	908,555

Term deposits amounting to $732,029 (2021: $608,555) are held by the bank as security for performance on office leases.

Note 9. Other assets

	Consolidated 2022 $	2021 $
Current assets		
Prepayments	320,513	334,276
Security deposits	30,000	30,000
Other current assets	15,942	4,299
	366,455	368,575

Note 10. Property, plant and equipment

	Consolidated 2022 $	2021 $
Non-current assets		
Leasehold improvements - at cost	1,869,575	1,655,409
Less: Accumulated depreciation	(544,196)	(417,460)
	1,325,379	1,237,949
Fixtures and fittings - at cost	368,238	349,320
Less: Accumulated depreciation	(126,711)	(75,662)
	241,527	273,658
Motor vehicles - at cost	52,182	52,182
Less: Accumulated depreciation	(26,644)	(16,207)
	25,538	35,975
Office equipment - at cost	383,953	293,476
Less: Accumulated depreciation	(172,625)	(141,724)
	211,328	151,752
	1,803,772	1,699,334

Note 10. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Leasehold improvements $	Fixture & fittings $	Motor vehicles $	Office equipment $	Total $
Balance at 1 October 2021	1,237,949	273,658	35,975	151,752	1,699,334
Additions	608,805	25,362	-	106,219	740,386
Disposals	(217,843)	(556)	-	-	(218,399)
Depreciation expense	(303,532)	(56,937)	(10,437)	(46,643)	(417,549)
Balance at 30 September 2022	1,325,379	241,527	25,538	211,328	1,803,772

Note 11. Right-of-use assets

	Consolidated 2022 $	Consolidated 2021 $
Non-current assets		
Motor vehicles - right-of-use	423,904	325,660
Less: Accumulated depreciation	(193,821)	(98,289)
	230,083	227,371
Office premises - right-of-use	10,200,045	8,111,434
Less: Accumulated depreciation	(2,903,364)	(1,600,615)
	7,296,681	6,510,819
	7,526,764	6,738,190

The consolidated entity leases land and buildings for its offices under agreements of between 2 to 10 years with, in some cases, options to extend. and motor vehicles up to 7 years. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Motor vehicles - right-of-use $	Office premises - right-of-use $	Total $
Balance at 1 October 2021	227,371	6,510,819	6,738,190
Additions	98,244	2,088,611	2,186,855
Depreciation expense	(95,532)	(1,302,749)	(1,398,281)
Balance at 30 September 2022	230,083	7,296,681	7,526,764

Note 12. Trade and other payables

	Consolidated 2022 $	Consolidated 2021 $
Current liabilities		
Trade payables	432,743	550,258
PAYG & Superannuation payable	547,571	250,461
Accrued expenses	806,761	208,463
GST payable	36,054	91,016
Other payables	151,775	136,198
	1,974,904	1,236,396

Note 13. Contract liabilities

	Consolidated 2022 $	Consolidated 2021 $
Current liabilities		
Contract liabilities - Grants	761,274	212,524
Contract liabilities - Business income	25,404	27,558
Contract liabilities - Other	111,750	593
	898,428	240,675

Note 14. Borrowings

	Consolidated 2022 $	Consolidated 2021 $
Current liabilities		
Secured loan - equipment	5,771	11,301
Secured loan - SEFA	437,282	-
Unsecured loan - Premium funding	82,359	-
	525,412	11,301
Non-current liabilities		
Secured loan - equipment	-	5,771
Secured loan - SEFA	1,412,718	1,850,000
	1,412,718	1,855,771
	1,938,130	1,867,072

Unsecured liabilities:
Premium funding has been entered into to fund insurance premiums over the life of the respective policies matching the benefit with the cost. Repayable in monthly instalments of $10,628 and expires on 30 April 2023.

Note 14. Borrowings (continued)

Total secured liabilities
The total secured liabilities are as follows:

	Consolidated	
	2022 $	2021 $
Secured loan - equipment	5,771	17,072
Secured loan - SEFA	1,850,000	1,850,000
	1,855,771	1,867,072

Assets pledged as security
Equipment loan is secured by computer equipment with a written down value of $12,196 as at 30 September 2022.

The SEFA loan is secured by a General Security Deed of the subsidiary. The loan bears interest at 3.75% per annum. Interest is payable quarterly and the principal is repayable in four equal annual instalments commencing on 31 March 2023.

Note 15. Lease liabilities

	Consolidated	
	2022 $	2021 $
Current liabilities		
Lease liability - Office premises	1,224,544	824,925
Lease liability - Motor vehicles	105,605	158,316
	1,330,149	983,241
Non-current liabilities		
Lease liability - Office premises	6,699,875	5,883,182
Lease liability - Motor vehicles	133,688	75,536
	6,833,563	5,958,718
	8,163,712	6,941,959
Future lease payments		
Future lease payments are due as follows:		
Within one year	1,538,976	1,079,414
One to five years	5,814,765	5,370,578
More than five years	1,604,715	1,072,176
	8,958,456	7,522,168

Note 16. Employee benefits

	Consolidated 2022 $	Consolidated 2021 $
Current liabilities		
Annual leave	1,011,774	891,469
Long service leave	1,700	-
	1,013,474	891,469
Non-current liabilities		
Long service leave	145,371	60,585
	1,158,845	952,054

Note 17. Provisions

	Consolidated 2022 $	Consolidated 2021 $
Non-current liabilities		
Lease make good	350,000	300,000
Other	266,177	189,521
	616,177	489,521

Note 18. Financial instruments

	Consolidated 2022 $	Consolidated 2021 $
Financial assets		
Financial assets held at amortised cost		
Cash and cash equivalents	3,065,856	4,340,508
Trade and other receivables	2,412,198	1,846,057
Other financial assets - term deposits	732,034	908,555
Total financial assets	6,210,088	7,095,120
Financial liabilities		
Financial liabilities held at amortised cost		
Trade and other payables	1,974,904	1,236,396
Borrowings	1,938,130	1,867,072
Lease liabilities	8,163,712	6,941,959
Total financial liabilities	12,076,746	10,045,427

Note 19. Key management personnel disclosures

Compensation
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, is considered key management personnel (KMP).

The totals of remuneration paid to KMP of the consolidated entity during the year are as follows:

	Consolidated	
	2022	2021
	$	$
Aggregate compensation	852,508	963,619

Note 20. Related party transactions

Parent entity
Fighting Chance Australia Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 22.

Key management personnel
Disclosures relating to key management personnel are set out in note 19.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2022	2021
	$	$
Sale of services:		
Services rendered - Work carried out by Fighting Chance's employees with a disability for Hireup, a director related entity. This arrangement was entered into to provide work experience opportunities for employees participating in the Jigsaw program	893,410	280,695
Payment for services:		
Purchase of services from Hireup Pty Ltd	211,154	108,345
Purchase of services from Edit by Visceral (director related entity)	-	6,520

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 21. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2022 $	Parent 2021 $
Surplus/(deficit)	(2,025,739)	303,331
Other comprehensive income for the year	-	-
Total comprehensive income	(2,025,739)	303,331

Statement of financial position

	Parent 2022 $	Parent 2021 $
Total current assets	4,466,412	4,794,312
Total non-current assets	8,334,333	7,208,352
Total assets	12,800,745	12,002,664
Total current liabilities	4,578,418	3,001,335
Total non-current liabilities	6,204,744	4,958,007
Total liabilities	10,783,162	7,959,342
Net assets	2,017,583	4,043,322
Equity		
Retained surplus	2,017,583	4,043,322
Total equity	2,017,583	4,043,322

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 September 2022 and 30 September 2021.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 September 2022 and 30 September 2021.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity.

Note 22. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Jigsaw Group (AUS) Limited	Australia	100%	100%

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by LBW & Partners, the auditor of the company:

	Consolidated 2022 $	Consolidated 2021 $
Audit services - LBW & Partners		
Audit of the financial statements	28,000	24,650
Other services - LBW & Partners		
Taxation	1,450	1,500
	29,450	26,150

Note 24. Fundraising - Information to be Furnished under the Charitable Fundraising Act, 1991

	Consolidated 2022 $	Consolidated 2021 $
Gross income and total expenses in fundraising appeals		
General donations	503,865	69,812
Corporate and other non-government grants	954,555	2,389,206
Gross proceeds from fundraising appeals (A)	1,458,420	2,459,018
Gross proceeds from fundraising appeals	1,458,420	2,459,018
Less: Direct costs of fundraising (B)	-	(2,011)
Surplus of fundraising (C)	1,458,420	2,457,007
Application of funds for charitable purposes		
Total revenue (D)	29,352,775	24,086,440
Revenue received was applied as follows:		
Cost of fundraising	-	2,011
Cost of service and others (E)	27,556,129	20,105,310
Administrative expenses	4,817,229	3,997,242
Total expenditure (F)	32,373,358	24,104,563
Surplus/(deficit) transferred to retained surplus	(3,020,583)	(18,123)

Note 24. Fundraising - Information to be Furnished under the Charitable Fundraising Act, 1991 (continued)

	%	%
Gross comparisons		
Total direct cost of fundraising / Gross proceeds from fundraising (B/A)	-	-
Surplus from fundraising / Gross proceeds from fundraising (C/A)	100%	100%
Total cost of services / Total expenditure (E/F)	85%	83%
Total cost of services / Total revenue (E/D)	94%	83%

Note 25. Contingent liabilities

The company had no contingent liabilities as at 30 September 2022 and 30 September 2021.

Note 26. Commitments

The company had no commitments as at 30 September 2022 and 30 September 2021.

Note 27. Economic dependency

The company is dependent on the Government for the majority of its revenue used to operate the business. At the date of this report the directors have no reason to believe the Government will not continue to support the company.

Note 28. Members guarantee

The parent entity is limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of $20 each towards meeting any outstanding obligations of the company.

As at 30 September 2022 the number of members was 4 (2021: 4).

Note 29. Coronavirus (COVID-19) Pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the services offered, customers, suppliers, staffing and geographic regions in which the consolidated entity operates. The Coronavirus (COVID-19) pandemic resulted in interruptions to the services provided by the consolidated entity during the reporting period. The consolidated entity sought and received JobKeeper support in accordance with the Coronavirus Economic Response Package (Payments and Benefits) Rules 2020 and COVID-19 JobSaver Payment Program support delivered by the Department of Customer Service, Service NSW, Revenue NSW, the Commonwealth Government and NSW Treasury. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Note 30. Events after the reporting period

No matter or circumstance has arisen since 30 September 2022 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.

The directors of the company declare that:

The attached financial statements and notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*:

(a) comply with *Australian Accounting Standards - Simplified Disclosures* and the *Australian Charities and Not-for-profits Commission Regulation 2013*;

(b) give a true and fair view of the financial position as at 30 September 2022 and of the financial performance for the year ended on that date of the consolidated entity; and

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

In the directors' opinion:

(a) the financial statements give a true and fair view of all income and expenditure with respect to fundraising;

(b) the statement of financial position gives a true and fair view of the state of affairs of the consolidated entity with respect to fundraising appeals;

(c) the provisions of the *Charitable Fundraising Act 1991 (NSW)*, the regulations under the Act and the conditions attached to the fundraising authority have been complied with by the company; and

(d) the internal controls exercised by the company are appropriate and effective in accounting for all income received and applied by the company from any of its fundraising appeals.

This declaration is signed in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013* and *Charitable Fundraising Act 1991 (NSW) & Regulations.*

On behalf of the directors

Laura O'Reilly
Director

27 March 2023

Robert Buckingham
Director

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Chartered Accountants & Business Advisors
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Fighting Chance Australia Limited
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Independent Auditor's Report to the members of Fighting Chance Australia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Fighting Chance Australia Limited and its controlled entity (the 'consolidated entity'), which comprises the consolidated statement of financial position as at 30 September 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effects of the matter described in the *Basis of Qualified Opinion* section of our report, the accompanying financial report of the consolidated entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the consolidated entity 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.

Responsibilities of 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 the *Australian Accounting Standards – Simplified Disclosures* and the *Australian Charities* and *Not-for-profits Commission Act 2012* and for such internal control as the directors determine 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.

Independent Auditor’s Report to the members of Fighting Chance Australia Limited

In preparing the financial report, the directors are responsible for assessing the consolidated entity’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the consolidated entity’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity’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.

Independent Auditor's Report to the members of Fighting Chance Australia Limited

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.

Report on the requirements of the *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulation 2021 (NSW)*

Opinion

In our opinion:

a) the financial report of the consolidated entity has been properly drawn up and associated records have been properly kept during the financial year ended 30 September 2022, in all material respects, in accordance with:

   i. sections 20(1), 22(1-2), 24(1-3) of the *Charitable Fundraising Act 1991 (NSW)*;
   ii. section 11 of the *Charitable Fundraising Regulation 2021 (NSW)*;

b) the money received as a result of fundraising appeals conducted by the consolidated entity during the financial year ended 30 September 2022 has been properly accounted for and applied, in all material respects, in accordance with the above-mentioned Act and Regulation.

Responsibilities

The directors of the company are responsible for the preparation and presentation of a report that gives a true and fair view of the financial result of fundraising appeals in accordance with the *Charitable Fundraising Act 1991 (NSW).* Our responsibility is to express an opinion on the matters above in accordance with Australian Auditing Standards.

Rupaninga Dharmasiri
Partner

LBW & Partners
Chartered Accountants
Level 3, 845 Pacific Highway
CHATSWOOD NSW 2067

Dated this 27th March 2023