Silks Darwin Racing

ABN 21 373 066 193

Annual Report - 31 December 2023

Silks Darwin Racing
Contents
31 December 2023

Statement of profit or loss and other comprehensive income	2
Statement of financial position	3
Notes to the financial statements	4
Directors' declaration	13

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

	Note	2023 $	2022 $
Revenue			
Sales of Goods		4,500,711	4,557,372
Gaming Operation Income		6,719,627	6,705,492
Membership income		26,298	34,701
Other Income		349,094	383,055
Total revenue		11,595,730	11,680,620
Expenses			
Cost of sales		4,396,391	4,432,937
Gaming Expenses		1,115,299	1,103,584
Marketing		311,122	448,704
Finance costs		98,725	179,949
Depreciation and impairment		1,625,065	1,023,414
Gaming Tax		2,799,731	2,793,059
Occupancy Expenses		586,520	612,434
Administration expenses		1,699,770	1,572,025
Other Expenses		88,079	140,198
Loss on disposal of assets		67,622	-
Total expenses		12,788,324	12,306,304
Net Result for the Reporting Period for the year	12	(1,192,594)	(625,684)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(1,192,594)	(625,684)

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

Silks Darwin Racing
Statement of financial position
As at 31 December 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	3	851,395	772,840
Trade and other receivables	4	29,507	60,732
Inventories	5	92,421	74,528
Prepayments		72,841	66,828
Total current assets		1,046,164	974,928
Non-current assets			
Property, plant and equipment	6	8,098,495	9,768,219
Other financial assets	7	2,630	2,630
Total non-current assets		8,101,125	9,770,849
Total assets		9,147,289	10,745,777
Liabilities			
Current liabilities			
Trade and other payables	8	754,411	1,293,111
Provisions	9	110,634	82,380
Borrowings	10	1,034,105	811,986
Total current liabilities		1,899,150	2,187,477
Non-current liabilities			
Borrowings	10	125,920	420,998
Total non-current liabilities		125,920	420,998
Total liabilities		2,025,070	2,608,475
Net assets		7,122,219	8,137,302
Accumulated Funds			
Contributed equity	11	8,494,605	8,317,094
Accumulated deficits	12	(1,372,386)	(179,792)
Total accumulated funds		7,122,219	8,137,302

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

Note 1. Material accounting policy information

The accounting policies that are material to the Entity which is a division of Darwin Turf Club Inc are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

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

Basis of preparation

These are special purpose financial statements that have been prepared for the purposes of providing stakeholders with relevant financial information on the divisions performance and financial position. The Directors have determined that the accounting policies adopted are appropriate to meet the needs of the Board of Directors of Silks Darwin Racing.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for not-for profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires Directors to exercise its judgement in the process of applying the 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 2.

Revenue recognition

The Entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Grant income
When the Association receives government grants, donations and bequests that are in the scope of AASB 1058 (being a transaction where the consideration paid to acquire an asset is significantly less than fair value principally to enable the Association to further its objectives), it performs an assessment to determine if the contract is ‘enforceable’ and contains ‘sufficiently specific’ performance obligations.

Note 1. Material accounting policy information (continued)

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.

In all other cases (where the contract is not 'enforceable' or the performance obligations are not 'sufficiently specific'), the transaction is accounted for under AASB 1058 where the Association:

- Recognises the asset in accordance with the requirements of other relevant applicable Australian Accounting Standards (e.g. AASB 9, AASB 16, AASB 116 and AASB 138)
- Considers whether any other financial statement elements should be recognised ('related amounts') in accordance with the relevant applicable Australian Accounting Standard including:
  - contributions by owners (AASB 16)
  - a lease liability (AASB 16)
  - revenue, or a contract liability arising from a contract with a customer (AASB 15)
  - a financial instrument (AASB 9)
  - a provision (AASB 137)
- Recognises income immediately in profit or loss for the excess of the initial carrying amount of the asset over any related amounts recognised.

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

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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

Going concern
As disclosed in the financial statement, Silks Darwin Racing deficit for the year is $1,192,594 (2022: deficit $625,684) with net current liabilities of $852,986 (2022: $1,212,549). Not withstanding these events and conditions, the financial statements of Silks Darwin Racing have been prepared on the basis that the entity is a going concern and will continue to operate. The entity relies on funding provided through Darwin Turf Club (DTC) and Alice Springs Turf Club (ASTC) and the financial statements are prepared on a going concern basis on the understanding that such funding will continue.

Income tax
As the Entity is a tax-exempt institution in terms of subsection 50-10 of the *Income Tax Assessment Act 1997*, as amended, it is exempt from paying income tax.

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 Entity'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.

Note 1. Material accounting policy information (continued)

A liability is classified as current when: it is either expected to be settled in the Entity'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.

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 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.

Inventories
Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Financial assets
Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets
The Entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Note 1. Material accounting policy information (continued)

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Construction Costs
Construction costs are recognised as Construction (Work in Progress) in the reporting period in which the construction activity is performed and transferred to the appropriate asset class upon construction completion.

Property, plant and equipment
Property, 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 (excluding land) over their expected useful lives as follows:

Buildings	3.30% - 20.00%
Building Improvements	6.70%
Land Improvements	5.00%
Plant & Equipment	6.70% - 33.33%
Furniture & Fittings	10.00% - 20.00%

As a general policy, only assets with a value of $4,000 or more are capitalised, items under this value being charged as an expense in the Statement of Comprehensive Income in the year of purchase.

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

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

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

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 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.

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.

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.

Note 1. Material accounting policy information (continued)

Provisions
Provisions are recognised when the Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the 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.

A provision for Gaming Jackpot is recognised in the Statement of Financial Position at the end of the financial year based on the value of all linked jackpots. During the year, non-linked jackpots are recognised as an expense in the Statement of Comprehensive Income as they are won.

The Association also contributes to various accumulating Employee Superannuation Plans.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.

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

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Entity for the annual reporting period ended 31 December 2023. The Entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. 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.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets
The Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 3. Cash and cash equivalents

	2023 $	2022 $
Current assets		
Cash on hand	306,647	262,315
Cash at bank	544,748	510,525
	851,395	772,840

Note 4. Trade and other receivables

	2023 $	2022 $
Current assets		
Debtors	13,683	56,653
Accrued Income	15,824	4,079
	29,507	60,732

Note 5. Inventories

	2023 $	2022 $
Current assets		
Bar	61,351	53,950
Catering	30,395	20,578
Merchandise	675	-
	92,421	74,528

Note 6. Property, plant and equipment

	2023 $	2022 $
Non-current assets		
Land improvement- at cost	118,695	118,695
Less: Accumulated depreciation	(17,393)	(11,458)
Less: Impairment	(6,762)	-
	94,540	107,237
Buildings - at cost	8,750,290	8,746,099
Less: Accumulated depreciation	(1,594,890)	(1,148,153)
Less: Impairment	(477,608)	-
	6,677,792	7,597,946
Plant and equipment - at cost	2,035,876	2,141,309
Less: Accumulated depreciation	(927,826)	(681,782)
Less: Impairment	(73,960)	-
	1,034,090	1,459,527
Fixtures and fittings - at cost	803,971	797,787
Less: Accumulated depreciation	(494,044)	(347,518)
Less: Impairment	(20,687)	-
	289,240	450,269
Right of use assets - at fair value	450,603	450,603
Less: Accumulated depreciation	(447,567)	(297,363)
Less: Impairment	(203)	-
	2,833	153,240
	8,098,495	9,768,219

	2023	2022
Total Property, Plant and Equipment		
Total at Cost	12,159,435	12,254,493
Accumulated Depreciation	(3,481,720)	(2,486,274)
Impairment	(579,220)	-
	8,098,495	9,768,219

As the Darwin Turf Club (DTC) operates as a not-for-profit entity, impairment calculations on its assets are generally excluded. However, an exception is made for the Silks assets, which are considered a cash-generating unit as this segment of the business was specifically established to generate cash flows.
Silk assets are measured at fair value, determined by their ability to generate economic benefits through their highest and best use or by selling them to another market participant that would utilize the assets similarly. The value in use of the Silks assets is measured internally each year, forecasting future cash flows and discounting them to calculate the present value. If there are any indications of impairment, Silks assets are to be independently reviewed. For the year ending 31 December 2023, indications of impairment were identified, prompting the DTC board to engage Knight Frank for an independent valuation of the Silks assets. Both the internal and independent valuations confirmed the impairment of Silks assets.
Based on these valuations, the DTC recognized an impairment expense of $579,220 in the Profit and Loss statement for the reporting period. This impairment expense reflects the difference between the carrying amount of the Silks' assets and their recoverable amount, as determined by the internal value in use calculation.

Note 7. Other financial assets

	2023 $	2022 $
Non-current assets		
Silks Trust Loan	2,630	2,630

Note 8. Trade and other payables

	2023 $	2022 $
Current liabilities		
Creditors and Accrued Expenses	739,704	1,276,506
Receipts in Advance	14,707	16,605
	754,411	1,293,111

Note 9. Provisions

	2023 $	2022 $
Current liabilities		
Provision for Gaming Jackpot	110,634	82,380

Note 10. Borrowings

	2023 $	2022 $
Current liabilities		
Loans - Building	574,080	-
Loans - EGM	215,785	328,656
Loans - Equipment	230,070	349,716
Lease liabilities	14,170	133,614
	1,034,105	811,986
Non-current liabilities		
Loans - Building	125,920	-
Loans - EGM	-	198,731
Loans - Equipment	-	215,172
Lease liabilities	-	7,095
	125,920	420,998
	1,160,025	1,232,984

As at 31 December 2023, the total Loans – Building balance, current and non-current, is disclosed as $700,000. Funds contributed from DTC & ASTC have been placed on the building loan offset facility. The funds were received from TRNT for capital works and were placed in the offset facility to reduce interest before the works progressed. The total funds sitting in the Facility with Westpac at 31 December 2023 was $3,450,220 (2022 $4,676,460).

Note 11. Contributed equity

	2023 $	2022 $
Darwin Turf Club	8,494,605	8,317,094

Note 12. Accumulated deficits

	2023 $	2022 $
Retained profits/(accumulated deficits) at the beginning of the financial year	(179,792)	445,892
Net Result for the Reporting Period for the year	(1,192,594)	(625,684)
Accumulated deficits at the end of the financial year	(1,372,386)	(179,792)

Silks Darwin Racing
Directors' declaration
31 December 2023

In the Directors' opinion:

- the Entity is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Northern Territory legislation the *Associations Act 2003* and associated regulations;

- the attached financial statements and notes comply with the Accounting Standards as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Entity's financial position as at 31 December 2023 and of its performance for the financial year ended on that date; and

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

On behalf of the Directors

Craig Trezise
Chairperson

Tony Morgan
Vice-Chairperson

26 April 2024

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INDEPENDENT AUDITOR'S REPORT

To the members of Darwin Turf Club Incorporated

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Silks Darwin Racing ("the Entity") being a division of Darwin Turf Club, which comprises the statement of financial position as at 31 December 2023 and the statement of profit or loss and other comprehensive income for the year then ended, and notes to the financial report, including material accounting policy information, and the Statement by the Directors.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Entity as at 31 December 2023 and of its financial performance and its cash flows for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for opinion

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

Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Entity to meet the requirements of the Directors of Silks Management Pty Ltd, Darwin Turf Club Incorporated and Alice Springs Turf Club Incorporated. 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 Directors for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report, and have determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the Recipients and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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/ar4.pdf

This description forms part of our auditor's report.

BDO Audit (NT)

BDO

C Garland

Audit Partner

Darwin: 26 April 2024