



# Local Leaders International and Controlled Entity

(ACNC Reporting Group)

ABN 68 092 388 746

Financial Report

For the Year Ended 31 December 2023

# Local Leaders International and Controlled Entity

ABN 68 092 388 746

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## **Local Leaders International and Controlled Entities**

### **Directors' Report**

**January – December 2023**

In respect of the financial period of 12 months ended 31 December 2023, the directors of Local Leaders International (Local Leaders) submit the following report made out in accordance with a resolution of the directors:

#### **Directors**

The names of directors of the company in the office as the date of this report are:

David Barrie Brown  
Sandra Clarke-Errey  
Nicola Grace Gibbs  
Alan Jeffrey Hall  
Stephen Robert Kerr  
Frederick Kuan Hean Lee  
Perry William Howard Shaw  
Andrew Alexander Peter Simpkin

#### **Purpose and Principal Object**

The Company has been established to be a charity the purpose of which is to advance religion and education.

The principal object of the Company is to advance the mission of Jesus Christ of "making disciples of all nations", and in particular -

- (a) to achieve this by partnering with theological colleges, students and others in developing countries to train and develop outstanding Christian leaders in their own context; and
- (b) to encourage excellence in theological education by supporting theological colleges which are or have the potential to be leaders within their own countries and to raise the standards of theological education and Christian leadership throughout their own countries and regions.

#### **Key highlights of the year included:**

- Our total income was \$3.55 million which was again an exceptional outcome for the ministry.
- Funds totalling \$2.66 million were distributed, donated or applied for the purposes of our partner Bible colleges.
- We directly supported around 230 students in 21 bible colleges. We received a large donation to student support at the end of the year so will increase this number by about 40 students for the next few years.
- Forty-seven individual faculty members were supported to upgrade their qualifications, primarily to doctoral level with some at master's level. Additionally, we provided support for faculty to upskill through MTh programs in Egypt and Papua New Guinea.
- We secured significant funding for the third year for our online strategy (\$1.6 million) to continue Local Online: A Global Strategy (LOGS). We have applied for, and been granted, an extension of two more years from a foundation for this strategy, totalling \$2 million.
- As part of the Africa Mile Deep Strategy the sixth conference was held in February 2023. This was in Uganda with 20 key leaders from the continent and was able to continue building this 15-year strategy.
- We continued to support our partners in Indonesia through the PASTI consortium of 45 bible colleges, with funding for various conferences and research grants for senior faculty in a dozen of the PASTI colleges.
- We welcomed two international speakers, Dr George Mombi from Christian Leaders' Training College (CLTC) focussing on our Pasifika Strategy and Dr Joanna Soberano from the Asian Theological Seminary (ATS) focussing on our LOGS strategy.

- We expanded our staff and board members as indicated elsewhere in this report.

## **Strategy**

Our principal focus continues to be help partner Bible colleges build their capacity to serve their communities through Christian leadership and scholarship. We do this college by college, country by country, region by region, and globally. We continue to work with like-minded organisations internationally, especially in the Overseas Council (“OC”) Network. The opportunities to cooperate are expanding as we explore the Grassroots to Canopy strategy.

## **Local Online: A Global Strategy (LOGS)**

We have completed 2.5 years of this three-year strategy having secured most of the KPIs early. We provided funds to many more bible colleges (over 120) and training to many more faculty (over 800) than projected. We also managed to increase the number of students in training across the colleges by 10,000 students which was six months early for our year-three goal. We still lag in one KPI, the creation of video resources for online education and so we will continue our efforts to achieve this goal.

In Q4 2023 we applied for and were granted two further years of funding from the foundation which has been the primary supporter for LOGS. The focus of our activity in 2024 will be to complete the programmed activities and then to implement strategies to maintain the gains which have been achieved throughout the colleges in the Majority World. Our focus will shift from providing IT resources and move to more training of trainers and equipping of the accrediting agencies to ensure that high standards are built into the environment of theological education for online education. We hope by this timely investment to secure online education as a quality option for many more students in the decades to come.

## **The Pasifika Strategy**

The strategy has continued to expand under the leadership of Dr George Mombi, our Pasifika Strategy Director. George visited bible colleges in PNG, Solomon Islands and Vanuatu. He assessed their standards, provided relevant training, and helped some to plan to become formal affiliates with the hub college, Christian Leaders Training College in PNG. He will repeat this activity in 2024 to strengthen the engaged colleges and he will expand his visitation to include Fiji, Samoa and Tonga.

## **The Africa Mile Deep Strategy (AMDS)**

The AMDS completed its sixth year in 2023. This year marked a shift in the organisation of the conference and agenda from the Local Leaders Executive Director, to leading members of the strategy themselves. The many ministry themes we have developed continue to roll out strongly amongst an increasing number of colleges on the continent.

## **Francophone Africa Strategy**

With the prior secondment of Dr Pauline Golder from SIM to the Local Leaders team we have been able to research further the needs of Francophone Africa. This includes both French-speaking countries in West Africa and in Madagascar. We have now devised a strategy to focus on a dozen key colleges who will be the gateway to over 100 other smaller bible schools. In the first instance we are focussed on lifting the pedagogy and online competence of the colleges. We are also providing faculty study grants to key faculty members in the region.

## **PASTI Indonesia**

This relationship continues to drive our investments in the consortium of 45 theological colleges in Indonesia. A visit to the group in September has led to further developments to improve the theological competence of the senior research people in PASTI. The various supports we provide greatly strengthen the theological competence of the group and equips them to satisfy government requirements for Christian colleges. In August our staff members, Drs Dick and Caroline Seed were able to lead a critical conference for leaders to help them embrace better theological reflection in their research work.

## **Other Strategies**

We continue to work towards on our early-stage strategy for the Mandarin speaking world. In 2022 we appointed a Director for this strategy and have been growing this work. Members who wish to learn more can contact the Executive Director.

## **Grassroots to Canopy: A Century Impact (G2C)**

G2C is a 15-year strategy which aims to bring about 20 organisations and 1,000 Bible Colleges together in a concerted effort to vastly improve the capacity and effectiveness of evangelical theological education in the Majority World. This strategy, while still in its infancy, has moved to the next phase of exploration. We contracted fundraising coaches in Q3 and our Executive Director made two trips to the USA to connect with potential donors. 2024 will see further donor meetings and two meetings of the G2C Alliance members to discuss policy and implementation concepts.

## **Impact**

We have continued to explore ways to measure the impact and effectiveness of the strategies we are pursuing. At our annual board strategy day we adopted a “Theory of Change” framework to be more explicit about impact. This is work in progress and the board is committed to working with our colleges and donors to measure the impact of our strategic initiatives.

## **Review of operations**

### **Income**

After our record income year in 2022 with \$4 million, as anticipated, our income was around \$3.55 million. Given we had a \$580,000 bequest in 2022 and a \$100,000 reduction in the level of LOGS this year, the achieved funding level was a good result. We were also without key fundraising staff throughout the year which impacted our ability to grow the donor base.

Local Leaders’ income continues to be derived mainly through donations from individuals, churches and foundations. We had a special appeal in the year for funds towards our new Grassroots to Canopy strategy which saw \$180,000 donated. These funds were applied to the fundraising task in the USA and to building the G2C Alliance.

In anticipation of the requested (by us) reduction of \$500,000 in the LOGS funding, our budget for 2024 is just over \$3 million.

### **Board**

The board held its main meetings four (4) times during the period, including its planning meeting held in October and the AGM in May. We also held short online meetings as needed to conduct more urgent business.

**Catherine (Kate) Crouch** – Kate resigned from the Board in May after more than 3.5 years’ service on the Board. Her enthusiasm for the ministry and active engagement as a Board member will be missed.

**Peter Chi** – Under a scheme promoted by CMA we accepted Peter as a Board Intern. As in prior years, Peter has also been an observer at our meetings since mid-2023, and also contributed as part of the Audit and Risk Committee. His term ends in mid-2024.

### **Staff**

**Stuart Brooking** – 2023 marked our Executive Director, Stuart Brooking’s 20<sup>th</sup> year of leadership with Local Leaders. The anniversary was celebrated at the Board meeting in February last year.

**Rev Dennis Park** – Sydney Director. After just over two years’ service, Dennis finished in July 2023, accepting a role to further his career in the ministry as Chaplain in the Australian Airforce.

**Nicole Yeates** – Faculty Study Grants Manager. Nicole replaced Dr Pauline Golder in this role, with Dr. Golder moving to lead a key Local Leaders’ role as Director of the Francophone Africa region.

## Supporters

Our supporters around Australia were delighted with the stories shared by two international visitors in 2023, Dr George Mombi from Christian Leaders' Training College (CLTC) and Dr Joanna Soberano the Asian Theological Seminary (ATS).

## Volunteers

We have a number of our team who give generously and freely of their time and talents to the work of Local Leaders. Whilst we are not required to reflect the dollar value in the financial statements, we are very grateful for over 100 hours of valuable contribution made by these folk.

## Audit and Risk Committee

The committee consisted of:

**Stephen (Steve) Kerr** – Board member and Chairman. Steve stepped down as Chair in September 2023, having provided capable leadership, insights, and valuable advice to the Committee for the past three years.

**Alan Hall** – Board member, appointed as Chair in September 2023. Alan is an experienced Board member and has provided valuable contribution the Committee over many years. He is well placed to lead the Committee in the coming years.

**Andrew (Andy) Simpkin** – appointed to the Committee in September 2023, Andy has been active as a Board member since October 2022 and we look forward to a similar level of involvement and contribution to the Committee.

**Stuart Brooking** – Executive Director

**Richard (Rick) Timberlake** – Head of Operations

The committee met five (5) times in the year with all members present each time.

The committee worked on the following matters:

- Review the risk matrix, registry of risks, and devised suitable treatments.
- Worked to fulfil the ACNC, Missions Interlink and CMA-Standards Council standards.
- Review tax and other regulatory compliance.
- Review policies, key internal controls and external conduct processes.
- Review of key providers and insurance
- Review of audit recommendations, audit reports and statutory financial statements.

## Auditors

Saward Dawson continued to provide thorough sampling and testing of financial transactions and controls in their second year of audit (2023). Local Leaders are pleased with the solid partnerships that has developed between the two organisations and we continue to benefit from value added services provided by Saward Dawson.

## Operating Results

Our total income for the year was \$3.55 million and while down on our record prior year, this was a pleasing result and in line with expectations. We had a large single grant associated with LOGS of \$1.6 million and are grateful that this support will continue, although slightly reduced, into the next two years. The Board and executive are conscious of the need to plan for the coming years to ensure that our general donations continue to grow.

## Directors' Meetings

The number of directors' meetings held in the period each director held office during the financial year and the number of meetings attended by each director were:

Member	Board Meeting # Possible	# Attended
David Barrie Brown	5	5

Member	Board Meeting # Possible	# Attended
Catherine Louise Crouch (Resigned 11 May 2022)	3	3
Sandra Clarke-Errey	5	4
Alan Jeffrey Hall	5	4
Nicola Grace Gibbs	5	5
Stephen Robert Kerr	5	4
Frederick Kuan Hean Lee	5	5
Perry William Howard Shaw	5	2
Andrew Alexander Peter Simpkin	5	5

No indemnity has been given or insurance premium paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company with the exception that Directors and Officers insurances have been taken out by the company and that premiums have been paid for professional indemnity insurance in respect of the directors.

#### **Members Guarantee**

The entity is a company limited by guarantee. Under the Constitution, in the event of a shortfall of funds upon a winding up the members guarantee the obligations of the Company to the extent of \$10 per member. At balance date as there were 72 members, the amount so guaranteed in total amounted to \$720.

#### **Name Change to Local Leaders International**

Having changed our organisations' name in mid-2022 we are pleased to notice that there has been a high level of acceptance of the new name by supporters and international partners.

#### **Final Comments**

In Mathew 13:51 we hear Jesus talking to his disciples, saying "Therefore every scribe who has been trained for the kingdom of heaven is like a master of a house, who brings out his treasure, what is new and what is old." Our continued prayer is that we can support the expansion and growth of Local Leaders in the majority world to deepen their understanding of the treasures found in God's word for gospel ministry and God's glory.

We thank God for his continued oversight and blessing of the work of Local Leaders International. He has continued to raise up faithful donors who share in this gospel ministry; a wonderful team of workers and volunteers who serve with their gifts, capabilities, and time; a board who provide faithful oversight and governance and college faculty and students to support and serve.

Praise be to God.

**17 April 2024**

For and on behalf of the Board

*D Brown*

**Director**

## Local Leaders International and Controlled Entity

ABN 68 092 388 746

### Auditor's Independence Declaration to the Directors of Local Leaders International and Controlled Entity

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2023, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of 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.



**Saward Dawson**



Jeffrey Tulk  
Partner

Blackburn

Date: 1 May 2024



# Local Leaders International and Controlled Entity

ABN 68 092 388 746

## Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2023

	2023	2022
	\$	\$
<b>Operating Activities</b>		
<b>Income</b>		
Donations received	1,058,557	1,158,059
Donations in-kind (volunteer services)	-	51,188
Interest received	86,811	15,209
Other income	4,781	1,040
<b>Total income from operating activities</b>	<b>1,150,149</b>	<b>1,225,496</b>
<b>Expenses</b>		
Employee benefits expense	(561,329)	(597,218)
Defined contribution plans	(56,685)	(60,197)
Contractor expense	(119,960)	(108,634)
Volunteer services	-	(51,188)
Promotion, travel and event expenses	(235,296)	(109,533)
Postage, printing and stationery expenses	(15,309)	(22,187)
IT and telecommunications expenses	(18,913)	(22,645)
Depreciation expense	(14,511)	(15,463)
Rental expense	(2,028)	(2,041)
Other expenses	(68,372)	(65,807)
<b>Total expenses from operating activities</b>	<b>(1,092,403)</b>	<b>(1,054,913)</b>
<b>Surplus/(deficit) from operating activities</b>	<b>57,746</b>	<b>170,583</b>
<b>Education and Project Support Activities</b>		
<b>Income</b>		
Donations received	2,405,633	2,835,597
<b>Expenses</b>		
Education and project support expenses	(2,658,180)	(2,765,612)
<b>Surplus/(deficit) from education and project support activities</b>	<b>(252,547)</b>	<b>69,985</b>
<b>Surplus for the period</b>	<b>(194,801)</b>	<b>240,568</b>
<b>Total comprehensive income for the period</b>	<b>(194,801)</b>	<b>240,568</b>

The accompanying notes form part of these financial statements.

# Local Leaders International and Controlled Entity

ABN 68 092 388 746

## Statement of Financial Position

As at 31 December 2023

	Note	2023 \$	2022 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	2	595,939	2,101,846
Trade and other receivables	3	5,799	939
Financial assets	4	1,750,000	501,309
Other assets	6	90,802	15,397
TOTAL CURRENT ASSETS		<u>2,442,540</u>	<u>2,619,491</u>
NON-CURRENT ASSETS			
Property, plant and equipment	5	30,358	45,509
TOTAL NON-CURRENT ASSETS		<u>30,358</u>	<u>45,509</u>
TOTAL ASSETS		<u>2,472,898</u>	<u>2,665,000</u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	7	46,726	55,660
Employee benefits	8	70,919	59,286
TOTAL CURRENT LIABILITIES		<u>117,645</u>	<u>114,946</u>
TOTAL LIABILITIES		<u>117,645</u>	<u>114,946</u>
NET ASSETS		<u>2,355,253</u>	<u>2,550,054</u>
<b>EQUITY</b>			
Reserves	9	2,426,013	2,636,446
Retained earnings		(70,760)	(86,392)
TOTAL EQUITY		<u>2,355,253</u>	<u>2,550,054</u>

The accompanying notes form part of these financial statements.

# Local Leaders International and Controlled Entity

ABN 68 092 388 746

## Statement of Changes in Equity

For the Year Ended 31 December 2023

### 2023

	Retained Earnings	Funds Invested in Assets Reserve	Distributable Funds Reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2023	(86,392)	45,509	2,590,937	2,550,054
Surplus/(deficit) for the year	(194,801)	-	-	(194,801)
Transfers to and from reserves	210,433	(32,004)	(178,429)	-
Balance at 31 December 2023	(70,760)	13,505	2,412,508	2,355,253

### 2022

	Retained Earnings	Funds Invested in Assets Reserve	Distributable Funds Reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2022	(260,051)	48,554	2,520,983	2,309,486
Surplus/(deficit) for the year	240,568	-	-	240,568
Transfers to and from reserves	(66,909)	(3,045)	69,954	-
Balance at 31 December 2022	(86,392)	45,509	2,590,937	2,550,054

The accompanying notes form part of these financial statements.

# Local Leaders International and Controlled Entity

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## Statement of Cash Flows

For the Year Ended 31 December 2023

	Note	2023 \$	2022 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Donations received		3,499,837	4,021,227
Interest received		86,811	15,209
Payments to colleges, project partners and for sponsorships		(2,658,180)	(2,765,612)
Payments to suppliers and employees		(1,185,489)	(1,018,477)
Net cash provided by/(used in) operating activities	12	<u>(257,021)</u>	<u>252,347</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from sale of property, plant and equipment		-	2,695
Purchase of property, plant and equipment		(195)	(14,484)
Redemption/(placement) of term deposits		(1,248,691)	498,691
Net cash provided by/(used in) investing activities		<u>(1,248,886)</u>	<u>486,902</u>
Net increase/(decrease) in cash and cash equivalents held		(1,505,907)	739,249
Cash and cash equivalents at the beginning of the period		<u>2,101,846</u>	<u>1,362,597</u>
Cash and cash equivalents at the end of the period	2	<u><u>595,939</u></u>	<u><u>2,101,846</u></u>

The accompanying notes form part of these financial statements.

# Local Leaders International and Controlled Entity

ABN 68 092 388 746

## Notes to the Financial Statements

For the Year Ended 31 December 2023

### 1 Summary of Significant Accounting Policies

#### (a) Basis of preparation

The financial report covers Local Leaders International and Controlled Entity as an ACNC Reporting Group. The Group consists of the following entities:

- Local Leaders International, which is a company limited by guarantee, established under the *Corporations Act 2001* and is domiciled in Australia. The Company provided funds to support colleges through the training of future leaders, developing faculty, improvements in infrastructure; and
- Local Leaders International Fund, which is a Public Ancillary Fund established under a deed of trust, and is domiciled in Australia. The Fund, raises funds to assist partner colleges to improve leadership in developing countries.

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012*. The group is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

#### (b) Revenue

##### Donations and grants

The Group's primary source of revenue is donations and grants from its supporters. This support enables the Group to provide funding partnerships with Christian theological colleges, students and others, primarily in developing countries. A proportion of donations and grants received are allocated to fund the Group's administration and overhead costs (operating activities). The remaining amounts are allocated and distributed directly to funding partners (education and project support activities).

When the Group receives grants or donations, it assesses whether they are subject to a contract that is enforceable and has sufficiently specific performance obligations in accordance to AASB 15.

When both these conditions are satisfied, the Group:

- identifies each performance obligation relating to the contract;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations

# Local Leaders International and Controlled Entity

ABN 68 092 388 746

## Notes to the Financial Statements

For the Year Ended 31 December 2023

### 1 Summary of Significant Accounting Policies

#### (b) Revenue

##### Donations and grants

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Group:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (AASB 9, AASB 16, AASB 116 or AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises revenue immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Group recognises revenue in profit or loss when or as it satisfies its obligations under the contract.

#### (c) Volunteer services

Volunteer services are measured at their fair value, which is determined by the estimated cost of labour for volunteer hours worked using market labour rates, and income (donations in-kind) and expenses (volunteer services) are recognised for these amounts.

#### (d) Income Tax

The Group is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

#### (e) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (f) Property, plant and equipment

Property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

##### Depreciation

Property, plant and equipment is depreciated on a straight-line basis over the asset's useful life to the Group, commencing when the asset is ready for use.

# Local Leaders International and Controlled Entity

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## Notes to the Financial Statements

For the Year Ended 31 December 2023

### 1 Summary of Significant Accounting Policies

#### (f) Property, plant and equipment

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Motor Vehicles	15%
Computer Equipment	33.33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

#### (g) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### Financial liabilities

The Group 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 Group comprise trade payables.

#### (h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### (i) Employee benefits

Provision is made for the Group's liability for employee benefits, those benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

# Local Leaders International and Controlled Entity

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## Notes to the Financial Statements

For the Year Ended 31 December 2023

### 2 Cash and Cash Equivalents

	2023	2022
	\$	\$
Cash at bank	595,939	599,064
Short-term bank deposits	-	1,502,782
	<u>595,939</u>	<u>2,101,846</u>

### 3 Trade and Other Receivables

CURRENT		
Other receivables	5,799	939
	<u>5,799</u>	<u>939</u>

### 4 Financial Assets

#### Financial assets at amortised cost

CURRENT		
Term deposits held with banks	1,750,000	501,309
	<u>1,750,000</u>	<u>501,309</u>

### 5 Property, plant and equipment

Furniture, fixtures and fittings		
At cost	748	748
Accumulated depreciation	(748)	(748)
Total furniture, fixtures and fittings	<u>-</u>	<u>-</u>
Motor vehicles		
At cost	37,578	37,578
Accumulated depreciation	(15,501)	(9,864)
Total motor vehicles	<u>22,077</u>	<u>27,714</u>
Computer equipment		
At cost	29,027	62,610
Accumulated depreciation	(20,746)	(44,815)
Total computer equipment	<u>8,281</u>	<u>17,795</u>
<b>Total property, plant and equipment</b>	<u><u>30,358</u></u>	<u><u>45,509</u></u>



# Local Leaders International and Controlled Entity

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## Notes to the Financial Statements

For the Year Ended 31 December 2023

### 5 Property, plant and equipment

#### (a) Movements in Carrying Amounts

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

	Motor Vehicles	Computer Equipment	Total
	\$	\$	\$
<b>Year ended 31 December 2023</b>			
Balance at the beginning of the year	27,714	17,795	45,509
Additions	-	195	195
Disposals	-	(835)	(835)
Depreciation expense	(5,637)	(8,874)	(14,511)
<b>Balance at the end of the year</b>	<b>22,077</b>	<b>8,281</b>	<b>30,358</b>

### 6 Other assets

	2023	2022
	\$	\$
CURRENT		
Prepayments	10,164	12,101
Accrued income	80,638	3,296
	<b>90,802</b>	<b>15,397</b>

### 7 Trade and Other Payables

CURRENT		
Sundry payables and accrued expenses	46,726	55,660
	<b>46,726</b>	<b>55,660</b>

### 8 Employee Benefits

CURRENT		
Provision for employee benefits	70,919	59,286
	<b>70,919</b>	<b>59,286</b>

# Local Leaders International and Controlled Entity

ABN 68 092 388 746

## Notes to the Financial Statements

For the Year Ended 31 December 2023

### 9 Reserves

#### Funds Invested in Assets Reserve

This reserve accounts for equity represented by the carrying value of non-current assets (property, plant and equipment) at the end of the financial year.

#### Distributable funds reserve

This reserves represents funds collected for education support activities that have not yet been disbursed to supported educational institutions at the end of the financial year.

### 10 Key Management Personnel Disclosures

The remuneration paid to key management personnel of the Group was \$ 361,603 (2022: \$ 359,791).

### 11 Auditors' Remuneration

	2023	2022
	\$	\$
Remuneration of the auditor Saward Dawson, for:		
- auditing the financial statements	6,600	6,600
- other compliance audits	600	600
- preparation of the financial statements	1,000	1,000
<b>Total</b>	<b>8,200</b>	<b>8,200</b>

### 12 Cash Flow Information

#### Reconciliation of result for the year to cashflows from operating activities

Surplus/(deficit) for the year	(194,801)	240,568
Changes in equity attributable to cash flows from operating activities:		
Non-cash flows in surplus/(deficit):		
- depreciation	14,511	15,463
- (gain)/loss on disposal of property, plant and equipment	835	(629)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(4,860)	(939)
- (increase)/decrease in other assets	(75,405)	8,235
- increase/(decrease) in trade and other payables	(8,934)	(35,327)
- increase/(decrease) in employee benefits	11,633	24,976
Cashflows from operations	<b>(257,021)</b>	<b>252,347</b>

# Local Leaders International and Controlled Entity

ABN 68 092 388 746

## Notes to the Financial Statements

For the Year Ended 31 December 2023

### 13 Local Leaders International Fund

The Local Leaders International Fund (the Fund) is a Public Ancillary Fund operated by the Group. Local Leaders International is the trustee and operator of the Fund. The Fund is a Deductible Gift Recipient (DGR) covered by Item 2 of the table in section 30-15 of the *Income Tax Assessment Act 1997*. This endorsement entitles the Fund to receive gifts which are tax deductible to donors.

The financial statements of the Fund (before elimination of intra-group balances and transactions) include the following income, expenditure, assets and liabilities of the Fund:

	2023	2022
	\$	\$
<b>Income</b>		
Donations received	92,170	179,650
Other income	-	1,142
<b>Expenses</b>		
Distributions to deductible gift recipients (education and project support expenses)	(155,288)	(105,160)
Administrative and other expenses	(27,931)	(50,395)
<b>Surplus/(deficit) for the year</b>	<u>(91,049)</u>	<u>25,237</u>
<b>Assets</b>		
Cash and cash equivalents	104,684	359,035
<b>Liabilities</b>		
Trade and other payables	(1,936)	(73,168)
<b>Net assets</b>	<u>102,748</u>	<u>285,867</u>

# Local Leaders International and Controlled Entity

ABN 68 092 388 746

## Notes to the Financial Statements

For the Year Ended 31 December 2023

### 14 Related Parties

The Group's main related parties are as follows:

Key management personnel ("KMP") - refer to Note 10.

Directors are not remunerated by the Group.

#### Other related party transactions

CMA & CMA Standards Council - Stephen Kerr a Director of the Group is a member of KMP at CMA. During the year, a fee was paid for membership to the CMA Standards Council, the membership fee paid was provided to the group on an arms length basis, without input from and separate to Stephen Kerr's role as a Director of the Group. Fees paid to CMA for the year were \$4,895 (2022:\$3,552).

Prolegis Lawyers - Catherine Crouch a former Director of the Group (resigned in 2023) is the General manager at Prolegis Lawyers. During the year the group engaged the services of Prolegis Lawyers for legal advice, the legal fees paid were on an arms length basis, without input from and separate to Catherine Crouch's role as a Director of the Group. Fees paid to Prolegis Lawyers for the year were \$13,808 (2022: \$7,518).

### 15 Events after the end of the Reporting Period

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

### 16 Statutory Information

The registered office of the company is:

Local Leaders International and Controlled Entity  
Level 1, 20 Albert Street  
Blackburn VIC 3130

# Local Leaders International and Controlled Entity

ABN 68 092 388 746

## Directors' Declaration

The directors declare that in the directors' opinion:

- there are reasonable grounds to believe that the Group is able to pay all of its debts, as and when they become due and payable;
- the financial report gives a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year ended; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2022*.

*Alan Hall*

Director .....

*D Brown*

Director .....

Date: 29/04/2024

## Local Leaders International and Controlled Entity

ABN 68 092 388 746

### Independent Audit Report to the members of Local Leaders International and Controlled Entity

#### Report on the Audit of the Financial Report

##### Opinion

We have audited the financial report of Local Leaders International and Controlled Entity, which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of Local Leaders International and Controlled Entity has been prepared 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 ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022*.

##### Basis for Opinion

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

##### Responsibilities of Directors for the Financial Report

The directors of the parent company of the Group are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and the ACNC Act, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

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## Local Leaders International and Controlled Entity

ABN 68 092 388 746

### Independent Audit Report to the members of Local Leaders International and Controlled Entity

#### 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 Group'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 Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Local Leaders International and Controlled Entity**

ABN 68 092 388 746

### **Independent Audit Report to the members of Local Leaders International and Controlled Entity**

#### **Report on the Compliance Audit**

#### **Opinion**

We have audited the compliance of Local Leaders International Fund (the Fund) with the requirements of the *Public Ancillary Fund Guidelines 2022*.

In our opinion, Local Leaders International Fund has complied, in all material respects, with the requirements of the *Public Ancillary Fund Guidelines 2022* for the year ended 31 December 2023.

#### **Basis for Opinion**

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* issued by the Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Directors' Responsibility for Compliance**

The directors of the trustee company (Local Leaders International) are responsible for complying with the requirements of the *Public Ancillary Fund Guidelines 2022*.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on Fund's compliance, in all material respects, with the *Public Ancillary Fund Guidelines 2022* for the year ended 31 December 2023. ASAE 3100 requires that we plan and perform our procedures to obtain reasonable assurance about whether the Fund has complied, in all material respects, with the *Public Ancillary Fund Guidelines 2022*.

An audit to report on the Fund's compliance with the *Public Ancillary Fund Guidelines 2022* involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the compliance requirements. The procedures selected depend on our judgement, including the identification and assessment of risks of material non-compliance with the *Public Ancillary Fund Guidelines 2022*.



## Local Leaders International and Controlled Entity

ABN 68 092 388 746

### Independent Audit Report to the members of Local Leaders International and Controlled Entity

#### Inherent limitations

Because of the inherent limitations of an audit, together with the internal control structure it is possible that fraud, error or non-compliance with compliance requirements may occur and not be detected.

An audit does not provide assurance on whether compliance with the *Public Ancillary Fund Guidelines 2022* will continue in the future.



**Saward Dawson**



Jeffrey Tulk  
Partner

Blackburn

Date: 1 May 2024