EACH

ABN: 46 197 549 317

Consolidated Financial Report

For the Year Ended 30 June 2020

EACH

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For the Year Ended 30 June 2020

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Directors' Report
30 June 2020

The Board of Directors of EACH has pleasure in submitting the financial report for the financial year ended 30 June 2020.

Directors

The Directors of the Group in office during the financial year and until the date of this report are as follows:

Mrs. Judith Lillian Woodland (Chair)
Dr. Andrew Gosbell (Dep. Chair)
Mr. David Leslie Agnew (Group Secretary)
Mr. Leslie Philip Smart
Mr. Peter Hill
Mrs. Lesley Richardson (resigned 4 October 2019)
Ms. Lesley Anne-Sleep (resigned 14 November 2019)
Mr. Darren Charles Kilmartin (resigned 4 October 2019)
Ms. Tanya Jardine (appointed 14 November 2019)
Mr. Luke Guthrie (appointed 27 February 2020)

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

Group secretary

Mr. David Agnew held the position of the Group's Secretary at the end of the financial year. Mr. Agnew has served as a Barrister and Solicitor and has a graduate diploma in legal studies. Mr. Agnew has more than 25 years of experience as a corporate lawyer and as a senior manager in the financial services and insurance industry before joining the not-for-profit sector in 2001. Mr Peter Ruzyla (CEO) is the alternate Group Secretary.

Short and long-term objectives of the Group

EACH's objective is to become a truly customer centric organisation providing health and community services to meet the diverse needs of its customers. EACH's strategic plan developed in 2016, EACH 2020: A National Strategy 2016-2020, reflects our work towards the above objective. The strategic focus is on the following five strategic pillars and high level outcomes:

1. *Customers and Community*

   Individuals and communities experience improved health, social and economic outcomes in a fairer and more inclusive society.

2. *Influence and advocacy*

   Community attitude, sector practice and government policy are shaped by the voices of people with lived experience.

3. *Innovation and Technology*

   Service provision, systems and operations are shaped and driven by innovation and technology.

4. *Growth and Sustainability*

   Long term sustainability is based on practice of cultural and ethical standards with strategic business growth, scale and impact.

5. *People and Learning*

   Our people have the knowledge, skills, confidence and supportive environment to continually learn, grow and innovate.

Strategies developed and/or implemented this year include:

Strategic Pillar 1 – Customers and Community

- Final transition of staff and customers within block funded Mental Health services into NDIS and Primary Health Network funded services.
- Re-launch of the Consumer, Carer and Community Advisory Committee with consumer representation from across EACH's vast service areas.
- Opened new sites in ACT - Kingston, VIC - Epping and Lilydale, QLD - Toowoomba to enable greater community reach.
- Launched the Voice of the Customer Program to further understand our customers' needs.
- Response to communities affected by the 2020 bushfires across ACT, NSW and Victoria.
- Immediate response to the impact of Covid-19 by opening 5 Screening Clinics, a Rapid Response Testing Team and a high-number of support services for people impacted by the effects of Covid-19.

Strategic Pillar 2 – Influence and Advocacy

- Submissions were made to the Royal Commission into Mental Health Services, National Treatment Framework for Drug Policy, Royal Commission into Aged Care and the Mental Health Productivity Commission.

Strategic Pillar 3 – Innovation and Technology

- Launch of a new integrated Finance system and Expense Application.
- Roll out of the EACH Child Safe Framework and development of new systems and processes that align with the new MARAM Framework.
- Launch of Service Guides to provide a National operational framework to service delivery.
- Application of the Aged Care Quality Standards and Charter of Rights across all our Older Adults services.
- Commenced the development of a National Access and Intake Service. This project will provide a centralised contact point for new customer enquiries.

Strategic Pillar 4 – Growth and Sustainability

- Launched the Sexual Health and Reproductive Clinic in the Eastern Region of Melbourne.
- Successful funding submissions for new services across multiple areas of support, including: Mental Health; Headspace; Family Violence; Youth and Family; Primary Health; Covid-19 response and testing; NDIS Transition Supports; Clinical Care Coordination; Mobile Flu Vaccinations.
- Successful extension of existing funding across multiple areas of support, including: Early Childhood Early Intervention Services; Mental Health Carer Respite; Headspace; Aboriginal Health; Primary Care Partnerships; Sector Support; Victims Assistance.
- Exit of services from Tasmania due to declining customer base.
- Exit of services in New England, NSW due to declining customer base.
- Successful outcomes from accreditations against the National Mental Health Standards and Human Services Standards.
- Improvements actioned as a result of the audit against the Aged Care Quality Standards.

Strategic Pillar 5 – People and Learning

- Continued analysis and development towards implementing a new Human Resources Information System (HRIS) to further generate efficiencies and support our leadership and staff.
- Successful rapid relocation of staff to work from home arrangements and modified face-to-face service delivery to ensure the safety of our workforce.

Principal activities

The principal activities of the group during the year remained the provision of support across EACH's many communities through the delivery of its major service types, these being:

- Primary Health Care including GP and Allied Health,
- Nursing and Oral Health Services,
- Health Promotion,
- National Disability Insurance Scheme (NDIS) Services,
- Home Care Aged Care Services,
- Community Mental Health Services,
- Alcohol and Other Drug Services,
- Youth Services,
- Child and Family Services, including Child Care, Early Childhood Intervention Services,
- Mediation and Family Relationship Services,
- Counselling and targeted psychological services including Problem Gambling counselling, Victims of Crime support, Financial counselling, Family Violence Interventions,
- Covid-19 Screening Clinics and Community Support Services,
- Social Housing Services through EACH Housing Ltd.

EACH provides a diverse range of services as its commitment to a holistic and social model of health approach. This has also been an important financial sustainability strategy.

COVID-19

Whilst the operations of EACH have been significantly impacted by the restrictions imposed by various levels of Government, EACH has adapted its service delivery wherever possible to comply with these restrictions to support vulnerable clients. Financial support from Funding Bodies along with the EACH's eligibility for Job Keeper for the period of April 2020 to September 2020 has meant that EACH's financial position has not been affected adversely by the COVID-19 crisis. For the financial year EACH recognised $9.0M of Job Keeper revenue.

Operating results

The financial outcome for the group for the financial year is a surplus/(deficit) of $7,526,170 (2019: $ ($4,703,043)).

The surplus as a percentage of revenue is 6.0% for this year (2019: deficit of 5%). The total revenue for the year was $121.8 Million compared to $102.9 Million for the previous year representing an increase of 18.4%. The total expenditure for the year was $114.3 Million compared to $107.6 Million in the previous year representing an increase of 6.2%.

Dividends paid or recommended

Being a non-profit organisation, the Group does not declare or distribute dividends.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Group during the year.

Events arising after the reporting date

Business acquisition

The Group acquired 100% of the ordinary shares in a psychology practice based out of Taree, NSW for $200,000 consideration on 1 October 2020. Given the acquisition occurred after the balance date, the Group has determined it to be a non-adjusting subsequent event.

COVID-19

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments during 2020 have caused disruption to businesses and economic activity.

The Group considers the commencement of the Stage 4 quarantine measures imposed within Melbourne during August 2020 to be a non-adjusting post balance sheet event and accordingly the financial effects of COVID-19 have not been reflected in the Group's financial statements at 30 June 2020.

The directors will continue to monitor the situation due to continuing changes in government policy and evolving business and stakeholder reactions.

Accounting Standards

The Group has implemented three new Accounting Standards that are applicable for the current reporting period.

AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 16 *Leases* have been applied using the cumulative effective method; that is, by recognising the cumulative effect of initially applying AASB 15, AASB 1058 and AASB 16 as an adjustment to the opening balance of equity at 1 January 2019.

Therefore, the comparative information has not been restated and continues to be reported under AASB 118: *Revenue*, AASB 117 *Leases* and AASB 1004 *Contributions*. Also, to note in relation to AASB 16 is that the group applied the temporary relief for peppercorn leases under AASB 2018-8 to measures the right of use assets at cost on initial recognition. Further information is provided in Note 1 (r).

The implementation of AASB 16 Leases had a significant impact on the group as follows:

On adoption of AASB 16 *Leases* on 1 July 2019 EACH recognised a right-of-use asset of $8,486,512 and a lease liability of $8,139,560. Refer to note 1(r) for further detail on the adoption. Operating lease expenses are now recognised as depreciation and interest expense.

Environmental legislation

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Nevertheless, EACH undertakes a range of sustainability initiatives including energy and water conservation infrastructure and practices, recycling and resource use reduction practices.

Information on directors

Mrs. Judith Lillian Woodland (Chair)

Qualifications	Qualified Speech Pathologist Postgraduate Certificate in Assessment and Evaluation
Experience	Judith gained experience in both the community and public sectors through an evolving career with experience in direct service delivery, management of multidisciplinary teams, and state-wide program management and policy development. She has experience in various sectors including, health, welfare, community services and education. Judith has been a sector consultant in her private business capacity.
Special Responsibilities	Chair EACH Member of the EACH Board Governance Committee Member of the Service Quality and Risk Committee Member of FAIR Committee (ex-officio) Chair EACH Housing Ltd.

Dr. Andrew Gosbell (Dep. Chair)

Qualifications	PhD, BAppSc, GAICD and FIML
Experience	CEO of General Practice Registrars Australia and has over 25 years of experience in health and related sectors, with skills in patient care, research, policy and advocacy, and education and training, in a range of roles including project management and senior management.
Special Responsibilities	Dep. Chair - EACH Chair of the Service Quality and Risk Committee Member of the EACH Board Governance Committee Director of EACH Housing Ltd.

Mr. David Leslie Agnew (Group Secretary)

Qualifications	Barrister and solicitor (retired) Graduate Diploma Legal Studies
Experience	More than 25 years of experience as a corporate lawyer and as a senior manager in the financial services and insurance industry before joining the not for profit sector in 2001. He was CEO of Very Special Kids for 8 years before retiring in 2013.
Special Responsibilities	EACH Group Secretary Member of the EACH Board Governance Committee Member of the Finance, Audit, Infrastructure and Risk Committee Member of the Service Quality and Risk Committee Member of the Consumer, Carer and Community Advisory Committee Director of EACH Housing Ltd.

Information on directors (continued)

Mr. Leslie Philip Smart

Qualifications	Certified Practising Accountant (retired) Registered Auditor (retired) Inspector of Municipalities (retired)
Experience	More than 50 years of business experience involving professional accounting, tax, audit and management with former directorates and/or senior management roles in companies involving insurance, agriculture pursuits including indigenous projects, private equity management, educational materials, publishing, construction, property development and building material manufacture in Australia and internationally.
Special Responsibilities	Chair of the Finance, Audit, Infrastructure and Risk Director of Each Housing Ltd.

Mr. Peter Hill

Qualifications	Member of the Australian Institute of Entity Directors
Experience	Specialist consultant in IT Strategy and Project Management. Prior to joining EACH Board in January 2014, served as a Director of Knox Community Health Service Ltd.
Special Responsibilities	Member of the Finance, Audit, Infrastructure and Risk Committee

Mrs. Lesley Richardson (resigned)

Qualifications	BSc (Physiotherapy), Member of the APA and MAICD
Experience	Physiotherapist with experience in hospital, clinical, vocational rehabilitation and a quality surveyor. Prior to joining EACH Board in January 2014, served as a Director of Knox Community Health Service Ltd.
Special Responsibilities	Alternate member of the Consumer, Carer and Community Advisory Committee Member of the Service Quality and Risk Committee

Ms. Lesley-Anne Sleep (resigned)

Qualifications	Bachelor of Business (Accounting) Master of Business Administration Certified Practicing Accountant Chartered Tax Advisor Member of the Australian Institute of Company Directors
Experience	More than 35 years of commercial executive experience in financial management and reporting systems design. 16 years governance experience as President, Treasurer and Director of Knox Community Health Service Ltd.
Special Responsibilities	Member of the Finance, Audit, Infrastructure and Risk Committee

Information on directors (continued)

Mr. Darren Charles Kilmartin (resigned)

Qualifications	Bachelor Applied Science Graduate Certificate Business Administration Member of Association of Professional Engineers, Scientists and Managers, Australia
Experience	More than 22 years of experience in the health care industry including business development, operations and program management. Involved in a range of community groups.
Special Responsibilities	Chair of the Finance, Audit, Infrastructure and Risk Committee Member of the EACH Board Governance Committee

Ms. Tanya Jardine

Qualifications	Master of Business Administration and GAICD
Experience	Extensive background in the health sector, principally within service-based health industries, incorporating senior health management.
Special Responsibilities	Member of the Service Quality and Risk Committee Member of the Finance, Audit, Infrastructure and Risk Committee

Mr. Luke Guthrie

Qualifications	Graduate Diploma in Applied Finance & Investment Diploma of Financial Services Bachelor of Commerce (Accounting and Finance) Chartered Accountant Licensed Real Estate Agent
Experience	Over 20 years of international financial and executive experience across the property development, real estate, investment management, funds management and construction sectors. Currently Chief Strategy Officer and Chief Financial Officer at a Melbourne based international property development, real estate and funds management group. An Advisory Board member of Hytile which is a manufacturer of equipment for the roofing and solar industries.
Special Responsibilities	Member of the Finance, Audit, Infrastructure and Risk Committee Director of EACH Housing Ltd.

Meetings of Directors

During the financial year, 10 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Finance, Audit, Infrastructure and Risk Committee Meetings		Service Quality and Risk Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mrs. Judith Lillian Woodland (Chair)	9	9	10	6	5	4
Dr. Andrew Gosbell (Dep. Chair)	9	9	-	-	5	5
Mr. David Leslie Agnew (Group Secretary)	9	9	10	8	5	5
Mr. Leslie Philip Smart	9	8	10	9	-	-
Ms. Lesley Richardson	2	2	-	-	2	2
Ms. Lesley-Anne Sleep	2	2	4	4	-	-
Mr. Darren Charles Kilmartin	3	2	5	4	-	-
Mr. Peter Hill	9	9	10	8	-	-
Ms. Tanya Jardine	7	7	7	7	2	2
Mr. Luke Guthrie	5	4	3	3	-	-

Options

No options over issued shares or interests in the Group were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnification and insurance of officers and auditors

The Group maintains adequate insurance cover which includes Combined Directors and Officers Liability, group Reimbursement Policy and Professional Indemnity Insurance. The Group has not provided any insurance or indemnity to its auditors.

Proceedings on behalf of Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

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Directors' Report
30 June 2020

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 60.40 of *the Australian Charities and Not-for-profits Commission Act 2012*, for the year ended 30 June 2020 has been received and can be found on page 10 of the consolidated financial report.

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

Director: Judith L Woodland	Director: Andrew Gosbell
Mrs. Judith Lillian Woodland (Chair)	Dr. Andrew Gosbell (Deputy Chair)

Dated this 5th day of November 2020

ShineWing AUSTRALIA
Advisors & Accountants

Take the lead

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF EACH

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 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.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 5 November 2020

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2020

	Note	2020 $	2019 $
Income			
Revenue	2	**121,844,161**	102,939,323
Total Revenue		**121,844,161**	102,939,323
Expenditure			
Employee benefits expense		**(84,016,223)**	(77,923,234)
Depreciation and amortisation expenses	4	**(5,732,474)**	(2,747,640)
Impairment Expenses		**-**	(1,347,293)
Operating lease expense		**(311,325)**	(3,084,771)
Property expenses		**(1,764,019)**	(2,006,754)
Client & program costs		**(9,878,703)**	(8,744,996)
Consulting and legal fees		**(999,542)**	(912,381)
Disbursement of grant expenses		**(3,570,064)**	(3,683,684)
Other administration expenses		**(7,840,932)**	(7,191,613)
Finance Expenses	12	**(204,709)**	-
Total operational expenses		**(114,317,991)**	(107,642,366)
Profit/(Loss) for the year		**7,526,170**	(4,703,043)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of land & buildings		**-**	1,527,294
Items that will be reclassified to profit or loss:			
Fair value re measurements - gains/(losses) for fair value through other comprehensive income	24	**(694,557)**	62,825
Other comprehensive income for the year		**(694,557)**	1,590,119
Total comprehensive income for the year		**6,831,613**	(3,112,924)
Total comprehensive income attributable to members of the entity		**6,831,613**	(3,112,924)

The accompanying notes form part of these financial statements.

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Consolidated Statement of Financial Position
As At 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**14,693,219**	13,927,429
Trade and other receivables	6	**6,065,163**	2,491,473
Contract assets	7	**2,735,605**	-
Inventories	8	**49,287**	42,664
Financials assets	9	**1,784,921**	2,479,478
Other assets	10	**4,282,845**	3,146,163
TOTAL CURRENT ASSETS		**29,611,040**	22,087,207
NON-CURRENT ASSETS			
Property, plant and equipment	11	**44,416,391**	45,173,705
Right-of-use assets	12	**7,484,115**	-
TOTAL NON-CURRENT ASSETS		**51,900,506**	45,173,705
TOTAL ASSETS		**81,511,546**	67,260,912
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	**6,032,197**	7,654,853
Income in advance		**-**	16,709,215
Contract liabilities	14	**17,025,982**	-
Provisions	15	**9,900,567**	10,464,547
Lease liability	16	**2,881,169**	-
TOTAL CURRENT LIABILITIES		**35,839,915**	34,828,615
NON-CURRENT LIABILITIES			
Provisions	15	**5,098,242**	4,139,074
Lease liability	16	**4,548,553**	-
TOTAL NON-CURRENT LIABILITIES		**9,646,795**	4,139,074
TOTAL LIABILITIES		**45,486,710**	38,967,689
NET ASSETS		**36,024,836**	28,293,223
EQUITY			
Asset revaluation reserve	24	**12,923,565**	12,923,565
Financial asset reserve	24	**(658,276)**	36,281
Retained earnings		**23,759,547**	15,333,377
TOTAL EQUITY		**36,024,836**	28,293,223

The accompanying notes form part of these financial statements.

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Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2020

	Asset Revaluation Reserve	Financial Asset Reserve	Retained Earnings	Total
	$	$	$	$
Balance at 1 July 2018	**11,396,271**	**(26,544)**	**20,036,420**	**31,406,147**
Other comprehensive income for the year	1,527,294	62,825	-	1,590,119
Loss attributable to the entity	-		(4,703,043)	(4,703,043)
Balance at 30 June 2019	**12,923,565**	**36,281**	**15,333,377**	**28,293,223**
Cumulative adjustment upon adoption of new accounting standard - AASB 15	-	-	900,000	900,000
Balance at 1 July 2019 (restated)	**12,923,565**	**36,281**	**16,233,377**	**29,193,223**
Other comprehensive expense for the year	-	(694,557)	-	(694,557)
Profit attributable to the entity	-	-	7,526,170	7,526,170
Balance at 30 June 2020	**12,923,565**	**(658,276)**	**23,759,547**	**36,024,836**

The accompanying notes form part of these financial statements.

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Consolidated Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Commonwealth, state and government grants/contracts		**106,550,807**	95,219,265
Receipts from services provided		**5,005,555**	8,488,861
Receipts from donations		**14,572**	35,389
Receipts from Job Keeper		**5,428,500**	-
Interest received		**129,630**	375,595
Dividends received from investments		**134,897**	210,490
Payments to suppliers and employees		**(108,729,095)**	(102,994,781)
Repayment of funding		**(2,128,415)**	-
Net cash provided by operating activities	23	**6,406,451**	1,334,819
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(3,788,920)**	(5,004,113)
Proceeds from sale of property, plant and equipment		**946,467**	627,392
Net cash provided by investing activities		**(2,842,453)**	(4,376,721)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of lease liabilities		**(2,798,208)**	-
Net cash used in financing activities		**(2,798,208)**	-
Net increase in cash and cash equivalents held		**765,790**	(3,041,902)
Cash and cash equivalents at beginning of financial year		**13,927,429**	16,969,331
Cash and cash equivalents at end of financial year	5	**14,693,219**	13,927,429

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements
For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Group is a not-for-profit Group for financial reporting purposes under Australian Accounting Standards. 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 financial statements are presented in nearest Australian dollars. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements are prepared on a going concern basis.

Accounting policies

Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (EACH) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls a Group when it is exposed to, or has rights to, variable returns from its involvement with the Group and has the ability to affect those returns through its power over the Group. Details of the subsidiary is provided in Note 26.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intergroup transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income.

(a) Revenue

Revenue recognition

The Group has applied AASB 15: *Revenue from Contracts with Customers* (AASB 15) and AASB 1058: *Income of Not-for-Profit Entities* (AASB 1058) using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: *Revenue* and AASB 1004: *Contributions*. The details of accounting policies under AASB 118 and AASB 1004 are disclosed separately since they are different from those under AASB 15 and AASB 1058, and the impact of changes is disclosed in Note 1 (r).

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Notes to the Financial Statements
For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies (continued)

(a) Revenue (continued)

Revenue recognition (continued)

Revenue is recognised in accordance with the following five-step process:

1. Identifying the contract with the customer.
2. Identifying the performance obligations in the contract.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations in the contract.
5. Recognising revenue as and when the performance obligations are satisfied.

Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability (Note 14).

A performance obligation satisfied in advance of billing the customer is recorded as a contract asset (Note 7).

In the current period

Client Fees

Client fees are recognised when the services are provided as this is when the performance obligation is satisfied.

Operating Grants, Donations and Bequests

When the Group receives operating grant revenue, donations or bequests, it assesses whether the contract 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 grant

- recognises a contract liability for its obligations under the agreement

- recognises revenue as it satisfies its performance obligations.

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 (eg AASB 9. AASB 16, AASB 116 and 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)- recognises income 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 income in profit or loss when or as it satisfies its obligations under the contract.

JobKeeper

JobKeeper income is recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. The Group presents JobKeeper income in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a gross basis.

1 Summary of Significant Accounting Policies (continued)

(a) Revenue (continued)

In the current period (continued)

Capital Grant

When the Group receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

The Group recognises income in profit or loss when or as the Group satisfies its obligations under terms of the grant.

Interest Income

Interest income is recognised using the effective interest method.

Dividend Income

The Group recognises dividends in profit or loss only when the Group's right to receive payment of the dividend is established.

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

In the comparative period

Government grants are recognised in the statement of comprehensive income when the Group obtains control of the income and it is probable that the economic benefits gained from the income will flow to the Group and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied. When grant revenue is received whereby the Group incurs an obligation to deliver economic value directly back to the contributor, this is considered as reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise grant is recognised as income on receipt.

Donations are recognised as revenue when received.

1 Summary of Significant Accounting Policies (continued)

(a) Revenue (continued)

In the comparative period (continued)

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend income is recognised when the right to receive dividend income has been established i.e. declaration of dividend by the investee Group.

Client fees are recognised when the services are provided.

All other revenue from other sources is recognised when received or the right to receive has been established.

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

Capital Grants

EACH receives non reciprocal contributions from the government and other parties for no or nominal value. These contributions are recognised at the fair value on the date of acquisition or on achieving agreed milestones upon which time an asset is taken up in the Statement of Financial Position and revenue in the Statement of Comprehensive Income.

Unexpended service revenue

The Group receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the Group to treat monies as unexpended grants in the Statement of Financial Position where the Group is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Freehold land and buildings are shown at fair value based on periodic valuation, with at least triennial valuation by external independent valuers. When land and buildings are purchased as a single property, a valuation for splitting the price of the land and building is done at the time of recording the asset.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' assessment to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

1 Summary of Significant Accounting Policies (continued)

(b) Property, plant and equipment (continued)

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Leasehold improvements are shown at cost less subsequent depreciation.

Motor vehicles and office equipment are shown at their cost less accumulated depreciation.

The carrying amount of leasehold improvements and other plant and equipment are reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining the recoverable amounts.

Plant and equipment that have been contributed at no cost or for nominal cost are valued at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The depreciation rates for each class of depreciable asset for the current and prior periods are shown below:

Fixed asset class	Depreciation rate
Buildings	2.50 - 5.00%
Leasehold improvements	5.00 - 12.00%
Office Equipment	10.00 - 45.00%
Motor Vehicles	10.00 - 18.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained surplus.

(c) Inventories

Inventories are valued at the lower of cost or net realisable value.

1 Summary of Significant Accounting Policies (continued)

(d) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15: Revenue from Contracts with Customers.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

1 Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

Classification and subsequent measurement (continued)

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

1 Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

Classification and subsequent measurement (continued)

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

1 Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

Derecognition (continued)

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the Group elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(e) Impairment of Assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Group would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset's class, the Group estimates the recoverable amount of the cash generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(f) Impairment of financial assets

Impairment of financial assets is recognised in the form of a loss allowance for expected credit loss. The loss allowance is measured as a life-time expected credit loss if, at the reporting date, the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance is measured as 12-month expected credit loss if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition.

The Group determines whether there has been a significant increase in credit risk since initial recognition by comparing the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition using reasonable and supportable information, unless the financial instrument is determined to have low credit risk at the reporting date.

Changes in expected credit losses from the previous reporting period are recognised in profit or loss as an impairment gain or loss.

1 Summary of Significant Accounting Policies (continued)

(f) Impairment of financial assets (continued)

Expected credit losses are measured with reference to the maximum contractual period and considering

a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
b. the time value of money; and
c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade receivables (other than government subsidies) are written off if there is objective evidence regarding bankruptcy or insolvency of the debtor and no guarantees are otherwise available from any third party on behalf of the debtor. This is the approach even if enforcement activities have already been initiated. Government subsidies are written off if there is evidence regarding changes in Government policies or non-compliance with the conditions related to the grant that the Group is no longer eligible to the subsidies.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(h) Accounts Receivable and Other Debtors

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

It is initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(i) Accounts Payable and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(j) Leases

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

1 Summary of Significant Accounting Policies (continued)

(j) Leases (continued)

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- The lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

1 Summary of Significant Accounting Policies (continued)

(j) Leases (continued)

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' accounting policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, *AASB 16 Leases* permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-along price of the lease component and the aggregate stand-along price of the non-lease components.

Concessionary Leases

For leases that have significantly below-market terms and conditions principally to enable the Group to further its objectives (commonly known as peppercorn/concessionary leases), the Group has adopted the temporary relief under AASB 2018-8 and measures the right of use assets at cost on initial recognition.

The Group as lessor

Upon entering into each contract as a lessor, the Group assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (for example, legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases is recognised as receivables at the amount of the Group's net investment in the leases.

When a contract is determined to include lease and non-lease components, the Group applies AASB 15 to allocate the consideration under the contract to each component.

1 Summary of Significant Accounting Policies (continued)

(j) Leases (continued)

In the comparative period

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the Group, are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

All other leases which are not financial leases are classified as operating leases.

(k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Short-term employee provisions

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee provisions

Provision is made for employees' long service leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

1 Summary of Significant Accounting Policies (continued)

(k) Provisions (continued)

The Group's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST amount, except where GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

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

(m) Income Tax

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

(n) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period, in addition to the minimum comparative financial statements, must be disclosed.

(o) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the Group at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

1 Summary of Significant Accounting Policies (continued)

(o) Fair Value of Assets and Liabilities (continued)

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the Group's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(p) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) Useful lives of property, plant and equipment

As described in Note 1(b), the Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

Key judgements

(i) Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. The Group expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

(ii) Salary and Wage Increases

The Group has made a provision for salary and wages award increases based on available information at the balance sheet date. The management and directors believe that such provision is adequate for the financial year.

(iii) Lease term and option to extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The decision on whether or not the options to extend are reasonably going to be exercised is a key management judgement that the Group will make. The Group determines the likeliness to exercise on a lease-by-lease basis, looking at various factors such as which assets are strategic and which are key to the future strategy of the Group.

1 Summary of Significant Accounting Policies (continued)

(p) Critical Accounting Estimates and Judgements (continued)

(iv) Performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

(v) Fair value of land and buildings

Management assesses at each balance date whether the fair value adopted for land and buildings is materially in line with the last independent valuation performed. If the valuation is determined to not represent fair value at the balance date, then management will engage a suitably qualified, independent valuation expert to perform an updated valuation for adoption in the financial statements.

(q) Economic Dependence

EACH is dependent on the Commonwealth and State government departments for the majority of its revenue used to operate the business. At the date of this report, the Board of Directors has no reason to believe the respective government departments will not continue to support EACH.

(r) New Standards Adopted as at 1 July 2019

Initial adoption of AASB 16 *Leases*

The Group has adopted AASB 16: *Leases* retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16, the comparatives for the 2019 reporting period have not been restated.

The Group has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: *Leases* where the Group is the lessee.

The lease liabilities are measured at the present value of the remaining lease payments. The Group's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets for the remaining leases were measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability and prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

The following practical expedient has been used by the Group in applying AASB 16 for the first time:

- leases that have a remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases.

1 Summary of Significant Accounting Policies (continued)

(r) New Standards Adopted as at 1 July 2019

Initial adoption of AASB 16 *Leases* (continued)

The following table shows the operating lease commitments disclosed in applying AASB 117 Leases at 30 June 2019, discounted using the incremental borrowing rate at the date of initial application of the lease liabilities recognised in the balance sheet at the date of initial application.

	2020
	$
Gross operating lease commitments at 30 June 2019	5,240,642
Less short-term and low value assets	(68,106)
Options recognised under AASB 16	4,233,176
Less the effect of discounting the above amounts	(1,266,152)
Lease liabilities recognised at 1 July 2019	8,139,560

The Group's weighted average incremental borrowing rate on 1 July 2019 applied to the lease liabilities was 2.33%.

Initial adoption of AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*

The Group has applied AASB 15: Revenue from Contracts with Customers and AASB 1058: *Income of Not-for-Profit Entities* using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: *Revenue* and AASB 1004: *Contributions.*

The Group has elected to apply AASB 1058 retrospectively only to contracts that are not completed contracts at the date of initial application. The adjustment to opening retained surplus on 1 July 2019 was an increase of $900,000 with a corresponding decrease in contract liabilities. A classification change occurred which resulted in the deferred income now being classified as contract liability in line with wording used in AASB 15.

1 Summary of Significant Accounting Policies (continued)

(r) New Standards Adopted as at 1 July 2019 (continued)

Initial adoption of AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* (continued)

The table below provides details of the significant changes and quantitative impact of these changes on initial date of application 1 July 2019.

Statement of financial position

	As presented on 30 June 2019	Application impact of AASB 15 and AASB 1058	As at 1 July 2019
	$	$	$
CURRENT LIABILITIES			
Income in advance	16,709,215	(16,709,215)	-
Contract liabilities	-	15,809,215	15,809,215
EQUITY			
Retained earnings	15,333,377	900,000	16,233,377

The table below provides details of the significant changes and quantitative impact of the changes as discussed above for the year ended 30 June 2020.

Statement of profit or loss and other comprehensive income

	As presented under previous accounting standard	Application impact of AASB 15 and AASB 1058	As presented as
	$	$	$
Revenue	121,844,161	-	121,844,161

1 Summary of Significant Accounting Policies (continued)

(s) Accounting standards not yet adopted by the Group

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. These new and amended pronouncements are considered to have a limited impact on the Group's reporting.

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*
- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*
- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*
- AASB 2020-3: *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*

2 Revenue and Other Income

	Note	2020 $	2019 $
Revenue from contracts with customers	2a	**107,443,632**	96,571,074
Revenue accounted for under AASB 1058 Income of Not-For-Profit Entities	2b	**818,204**	1,990,136
Other Income	2c	**13,582,325**	4,378,113
		121,844,161	102,939,323

2a Revenue from contracts with customers

	2020	2019
Service income from Commonwealth government	**59,436,917**	47,814,886
Service income from Victorian government	**42,965,076**	44,469,353
Client Fees	**5,041,639**	4,286,835
	107,443,632	96,571,074

Timing of revenue recognition

	2020 $
Goods transferred at a point in time	**5,041,639**
Goods/services transferred over time	**102,401,993**
	107,443,632

Details regarding performance obligations

	Client fee income	Grant income
Nature of goods or services involved	Delivery of community health service.	Delivery of community health service.
Satisfaction of performance obligations	Performance obligations are satisfied at a point in time when the service is delivered.	Performance obligations are satisfied overtime as the program is delivered.
Other obligations	Refund clause.	Refund clause.

Transaction price allocated to remaining performance obligations

	2021	2022	Total
Grant income	16,625,982	400,000	17,025,982
	16,625,982	400,000	17,025,982

Refer to note 14 for a reconciliation of contract liabilities.

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2 Revenue and Other Income (continued)

2b Revenue accounted for under AASB 1058 Income of Not-For-Profit Entities

	2020 $	2019 $
Donations	**14,572**	35,389
Capital grants	**803,632**	1,954,747
	818,204	1,990,136

2c Other income

Job Keeper	**9,015,643**	-
Brokerage income	**1,947,606**	1,094,755
Rental income	**1,195,238**	1,249,528
Interest income	**129,630**	375,595
Dividend income	**134,897**	210,490
Gain on sale of assets	**96,810**	-
Other income	**1,062,501**	1,447,745
	13,582,325	4,378,113

3 Significant expenses

Surplus for the year has been determined after the following significant expenses:

	2020 $	2019 $
Significant expenses		
Increase in provision for doubtful debts	**494,036**	-
Brokerage expenses	**8,112,059**	7,163,616
Advertising and recruitment	**113,710**	221,238
Agency staff expenses	**1,741,512**	910,199
Consulting and legal fees	**958,413**	912,381
Conferences and seminars	**108,359**	80,556

4 Depreciation expense

Depreciation - Property, plant & equipment	**2,846,416**	2,747,640
Depreciation - Right-of-use asset	**2,886,058**	-
	5,732,474	2,747,640

5 Cash and cash equivalents

Current		
Cash on hand	**15,917**	15,844
Cash at bank	**1,562,964**	942,388
Short term bank deposits	**13,114,338**	12,969,197
	14,693,219	13,927,429

The effective interest on short term bank deposits was 1.07% (2019: 2.18%).
These deposits have varying maturity dates.

6 Trade and other receivables

	2020 $	2019 $
Current		
Trade receivables	**6,796,543**	2,638,919
Other receivables	**10,725**	100,623
Provision for impairment of receivables	**(742,105)**	(248,069)
	6,065,163	2,491,473

	2020 $	2019 $
Ageing of trade debtors		
Current	**1,794,604**	1,570,813
30 days	**35,276**	538,699
60 days	**800**	158,180
90 days	**27,036**	48,801
120 days	**30,067**	44,001
> 120 days	**4,908,760**	278,425
	6,796,543	**2,638,919**

Current trade receivables are non-interest bearing and generally receivable within 30 to 60 days.
The ageing of trade debtors has significantly increased due to the impacts of COVID-19.
The greater than 120 days balance has been substantially received post balance date.

7 Contract assets

	2020 $
Current	
Opening balance	-
Adoption of AASB 15 *Revenue from Contracts with Customers*	2,523,830
Increase in estimates of progress measurement	46,120,010
Reclassification from contract assets to receivables	(45,908,235)
Closing balance	**2,735,605**

8 Inventories

	2020 $	2019 $
Current		
Inventory	**49,287**	42,664

9 Financial Assets

	2020 $	2019 $
Current		
Investments in equity instruments designated at fair value through other comprehensive income		
Listed investments	**1,784,921**	2,479,478
	1,784,921	2,479,478

10 Other assets

	2020 $	2019 $
Current		
Prepayments	**542,377**	373,619
Accrued income	**3,618,928**	2,610,996
Other receivables	**121,540**	161,548
	4,282,845	3,146,163

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11 Property, Plant and Equipment

	2020 $	2019 $
Freehold land		
At fair value	**22,864,775**	22,229,775
Buildings		
At fair value	**14,889,897**	14,889,897
At cost	**1,011,638**	-
Less accumulated depreciation	**(809,958)**	(341,727)
	15,091,577	14,548,170
Capital works in progress		
At Cost	**301,162**	783,014
Office equipment		
At cost	**8,305,210**	9,012,060
Less accumulated depreciation	**(6,272,432)**	(5,815,034)
	2,032,778	3,197,026
Motor vehicles		
At cost	**3,688,441**	4,135,168
Less accumulated depreciation	**(2,580,092)**	(2,648,074)
	1,108,349	1,487,094
Leasehold Improvements		
At cost	**7,299,091**	6,467,602
Less accumulated depreciation	**(4,281,341)**	(3,538,976)
	3,017,750	2,928,626
Total Property, Plant and Equipment	**44,416,391**	45,173,705

The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. Herron Todd White performed an independent valuation of the Group's land and buildings on 28 February 2019. The valuer utilised the direct comparison method.

Movements in carrying amounts of property, plant and equipment

	Land	Building	Leasehold Improvement	Motor Vehicles	Office Equipment	Capital Work in Progress	Total
	$	$	$	$	$	$	$
Balance as at 30 June 2018	18,689,730	14,233,745	2,014,996	1,447,165	2,181,563	4,847,408	43,414,607
Revaluation/(Devaluation)	2,132,170	(604,876)	-	-	-	-	1,527,294
Additions	1,087,875	39,037	-	1,000,285	209,591	2,667,325	5,004,113
Transfers	320,000	3,143,606	1,392,773	-	1,875,340	(6,731,719)	-
Disposals/write offs	-	-	(47,553)	(402,593)	(17,230)	-	(467,376)
Depreciation	-	(706,049)	(431,590)	(557,763)	(1,052,238)	-	(2,747,640)
Impairment loss	-	(1,557,293)	-	-	-	-	(1,557,293)
Balance as at 30 June 2019	**22,229,775**	**14,548,170**	**2,928,626**	**1,487,094**	**3,197,026**	**783,014**	**45,173,705**
Revaluation/(Devaluation)	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Additions	**-**	**14,952**	**95,280**	**87,189**	**229,403**	**3,362,096**	**3,788,920**
Transfers	**780,000**	**1,246,129**	**1,233,468**	**-**	**584,351**	**(3,843,948)**	**-**
Disposals/write offs	**(145,000)**	**(223,591)**	**(460,864)**	**(11,213)**	**(859,150)**	**-**	**(1,699,818)**
Depreciation	**-**	**(494,083)**	**(778,760)**	**(454,721)**	**(1,118,852)**	**-**	**(2,846,416)**
Impairment loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance as at 30 June 2020	**22,864,775**	**15,091,577**	**3,017,750**	**1,108,349**	**2,032,778**	**301,162**	**44,416,391**

12 Right-of-use assets

	2020
	$
Non-current	
Leased buildings	**10,370,173**
Accumulated depreciation	**(2,886,058)**
	7,484,115

Movement in carrying amounts:
Leased buildings:

Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117).	**8,486,512**
Additions	**1,883,661**
Depreciation expense	**(2,886,058)**
Net carrying amount	**7,484,115**

The Group has entered into two new leases post 30 June 2020. The total committed, undiscounted lease payments are $203,400.

The entity does not have any leases which contain variable lease payments.

AASB 16 related amounts recognised in the consolidated statement of comprehensive income

Depreciation charge related to right-of-use assets	**(2,886,058)**
Interest expense on lease liabilities	**(204,709)**
Short-term and low value asset leases expenses	**(311,325)**
Total amount recognised in the statement of profit or loss	**(3,402,092)**

EACH have 9 concessionary leases, which have a lease term between 1 and 30 years, and an annual payment amount between $0.01 and $800. The lease is measured in accordance with the accounting policies as outlined in note 1(j).The concessionary lease provides a significant reduction in administration expenses and the savings allow EACH to further achieve its mission and vision.

13 Trade and Other Payables

	2020	2019
	$	$
Current		
Trade payables	**2,751,298**	2,666,716
Other payables	**3,280,899**	4,988,137
	6,032,197	7,654,853

14 Contract liabilities

	2020
	$
Current	
Opening balance	**-**
Adoption of AASB 15 *Revenue from Contracts with Customers*	15,809,215
Cash received from funding body	96,473,689
Repayment to funding body	(2,128,415)
Recognition of revenue from contract liabilities	(93,128,507)
Closing balance	**17,025,982**

15 Provisions

	2020 $	2019 $
Current		
Annual leave	**4,688,763**	3,928,056
Long service leave	**5,080,335**	5,269,923
Other employee entitlements	**131,469**	219,309
Provision for other obligations	**-**	477,853
Provision for wage increase	**-**	569,406
Total current provisions	**9,900,567**	10,464,547
Non-current		
Long service leave	**4,751,290**	4,139,074
Provision for make good	**346,952**	-
Total non-current provisions	**5,098,242**	**4,139,074**
Total provisions	**14,998,809**	14,603,621
Movements:		
Opening balance at 1 July	**14,603,621**	16,509,708
Provisions made during the year	**8,842,854**	8,576,784
Settlements made during the year	**(8,447,666)**	(10,482,871)
Closing balance at 30 June	**14,998,809**	14,603,621

Employee provisions represent amounts accrued for annual leave and long service leave. The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement. The non current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

16 Lease liability

	2020 $
Maturity analysis:	
Year 1	**2,972,428**
Year 2	**2,354,165**
Year 3	**1,380,251**
Year 4	**738,584**
Year 5 and beyond	**417,933**
	7,863,361
Less interest	**(433,639)**
	7,429,722
Analysed as:	
Current	**2,881,169**
Non-current	**4,548,553**
	7,429,722

17 Capital and Leasing Commitments

	2020 $	2019 $
Operating leases contracted for but not capitalised in the financial statements:		
Payable - minimum lease payments		
not later than 12 months	**207,437**	2,231,564
between 12 months and 5 years	**-**	2,762,297
between 5 years and 10 years	**-**	246,781
	207,437	5,240,642

18 Contingent Liabilities and Contingent Assets

(a) Bank guarantees

Bank guarantees back by term deposits and provided for tenancy deposits is $508,959 (2019: $566,484).

(b) At Call Account

EACH's corporate credit cards have a total limit of $50,000 of which $42,644 is the used amount as at 30 June 2020 (2019: $32,070)). These cards are issued with the security At Call accounts held with CBA.

19 Events After the Statement of Financial Position Date

Business acquisition

The Group acquired 100% of the ordinary shares in a psychology practice based out of Taree, NSW for $200,000 consideration on 1 October 2020. Given the acquisition occurred after the balance date, the Group has determined it to be a non-adjusting subsequent event.

COVID-19

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments during 2020 have caused disruption to businesses and economic activity.

The Group considers the commencement of the Stage 4 quarantine measures imposed within Melbourne during August 2020 to be a non-adjusting post balance sheet event and accordingly the financial effects of COVID-19 have not been reflected in the Group's financial statements at 30 June 2020.

The directors will continue to monitor the situation due to continuing changes in government policy and evolving business and stakeholder reactions.

As responses by government continue to evolve, the Company recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the Company, its operations, its future results and financial position. The state of emergency and state of disaster in Victoria was extended on 11 October until 8 November 2020.

20 Related Party

Key Management Personnel Compensation

	2020	2019
	$	$
Short term benefits	**2,541,563**	2,263,712
Long term benefits	**57,636**	62,708
	2,599,199	2,326,420

Key management personnel comprises the CEO and other senior staff members within EACH. While the Board of Director's are key management personnel, they receive no compensation for their service and are therefore excluded from the above disclosure.

There were no related party transactions required to be disclosed for the Group's Board of Directors, Chief Executive Officer and Executive Directors in 2020.

21 Financial Risk Management

Financial Risk Management Policies

The Finance, Audit, Infrastructure and Risk (FAIR) Committee is responsible for monitoring and managing the company's compliance with its risk management strategy and consists of senior board members. The FAIR committee's overall risk management strategy is to assist the company in meeting its financial targets while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the finance committee on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk.

There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non performance by counterparties of contract obligations that could lead to a financial loss for the company.

The company does not have any material credit risk exposures as its major source of revenue is the receipt of grants. Credit risk is further mitigated as over 85% of the grants being received from Commonwealth, state and local governments are in accordance with funding agreements which ensure regular funding for a period ranging from 1 to 3 years.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 6.

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21 Financial Risk Management (continued)

(a) Credit risk (continued)

The company has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of accounts receivable and other debtors are provided in Note 6.

Credit risk related to balances with banks and other financial institutions is managed by the Finance Audit Infrastructure and Risk Committee in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA for at least 60% of its investments. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty

	2020 $	2019 $
AA- rated	**14,139,696**	13,071,652
BBB+	**537,606**	839,932
Total Cash on hand	**14,677,302**	13,911,584

(b) Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

There are no debts for the company for the year ended 30 June 2020 (2019: nil).

The table below reflects an undiscounted contractual maturity analysis for non derivative financial instruments. The company does not hold any derivative financial instruments directly.

Financial Instrument Composition and Maturity Analysis

	Notes	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
		2020 $	2019 $	2020 $	2019 $	2020 $	2019 $	2020 $	2019 $
Financial liabilities due for payment									
Accounts payable and other payables (excluding estimated annual leave and deferred income)	13	**(6,032,197)**	(7,654,853)	**-**	-	**-**	-	**(6,032,197)**	(7,654,853)
Lease liabilities	16	**(2,881,169)**	-	**(4,322,226)**	-	**(226,327)**	-	**(7,429,722)**	-
Total expected outflows		**(8,913,366)**	(7,654,853)	**(4,322,226)**	-	**(226,327)**	-	**(13,461,919)**	(7,654,853)
Financial assets - cash flows realisable									
Cash on hand	5	**14,693,219**	13,927,429	**-**	-	**-**	-	**14,693,219**	13,927,429
Accounts receivable and other debtors	6	**6,065,163**	2,491,473	**-**	-	**-**	-	**6,065,163**	2,491,473
Financial assets	9	**1,784,921**	2,479,478	**-**	-	**-**	-	**1,784,921**	2,479,478
Total anticipated inflows		**22,543,303**	18,898,380	**-**	-	**-**	-	**22,543,303**	18,898,380
Net (outflow)/inflow		**13,629,937**	11,243,527	**(4,322,226)**	-	**(226,327)**	-	**9,081,384**	11,243,527

21 Financial Risk Management (continued)

(c) Market risk

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose the company to interest rate risk are limited to lease liabilities, listed shares, government and fixed interest securities, and cash on hand.

Interest rate risk is managed using a mix of fixed and floating rate debt. At 30 June 2020, the company had no debts.

The company also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre agreed credit terms.

(ii) Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held.

The company's investments are held in the following sectors at the end of the reporting period:

	2020 $	2019 $
Banking and finance	**1,784,921**	2,479,478

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting year would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

	Surplus $	Equity $
Year ended 30 June 2020		
+/- 1% interest rates	120,556	120,556
+/- 1% in listed investments	17,849	17,849

No sensitivity analysis has been performed on foreign exchange risk as the company has no material exposures to currency risk.

There have been no changes in any of the assumptions used to prepare the above sensitivity

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21 Financial Risk Management (continued)

(c) Market risk (continued)

Fair Values

Fair Value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Refer to Note 22 for detailed disclosures regarding the fair value measurement of the company's financial assets and financial liabilities.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the company. Most of these instruments, which are carried at amortised cost (i.e. accounts receivables, loan liabilities) are to be held until maturity and therefore the fair value figures calculated bare little relevance to the company.
The carrying amounts for each category of financial instruments, measured in accordance with AASB 9: *Financial instruments* : Recognition and measurement as detailed in the accounting policies to these financial statements, are as follows:

	Note	2020 Carrying amount $	2020 Fair value $	2019 Carrying amount $	2019 Fair value $
Financial assets					
Financial assets at amortised cost:					
Cash on hand (i)	5	**14,693,219**	**14,693,219**	13,927,429	13,927,429
Accounts receivable and other debtors (i)	6	**6,065,163**	**6,065,163**	2,491,473	2,491,473
Fair value through OCI:					
- listed investments	9, 22	**1,784,921**	**1,784,921**	2,479,478	2,479,478
Total financial assets		**22,543,303**	**22,543,303**	18,898,380	18,898,380
Financial liabilities					
Accounts payable and other payables (i)	13	**6,032,197**	**6,032,197**	7,654,853	7,654,853
Lease liabilities	16	**7,429,722**	**7,429,722**	-	-
Total financial liabilities		**13,461,919**	**13,461,919**	7,654,853	7,654,853

(i) Cash on hand, accounts receivable and other debtors, and accounts payable and other payables are short term instruments in nature whose carrying amount is equivalent to fair value. Accounts payable and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 9.

22 Fair Value Measurement

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Listed investments; and
- Freehold land and building

(a) Fair value heirarchy

AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1 Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

(b) Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which

22 Fair Value Measurement (continued)

(b) Valuation techniques (continued)

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

Recurring fair value measurements at 30 June 2020

	Note	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets					
Listed Investments	9	**1,784,921**	**-**	**-**	**1,784,921**
Total financial assets recognised at fair value		**1,784,921**	**-**	**-**	**1,784,921**
Non-Financial assets					
Freehold land	11	**-**	**22,864,775**	**-**	**22,864,775**
Freehold buildings	11	**-**	**15,091,577**	**-**	**15,091,577**
Total non-financial assets recognised at fair value		**-**	**37,956,352**	**-**	**37,956,352**

Recurring fair value measurements at 30 June 2019

	Note	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets					
Listed Investments	9	2,479,478	-	-	2,479,478
Total financial assets recognised at fair value		2,479,478	-	-	2,479,478
Non-Financial assets					
Freehold land	11	-	22,229,775	-	22,229,775
Freehold buildings	11	-	14,548,170	-	14,548,170
Total non-financial assets recognised at fair value		-	36,777,945	-	36,777,945

23 Cash Flow Information

Reconciliation of Cash Flow from operations with profit from Ordinary Activities:

	2020 $	2019 $
Surplus/(deficit) for the year	**7,526,170**	(4,703,043)
Non-cash flows in profit:		
- depreciation	**5,732,473**	2,747,640
- bad and doubtful debts	**551,353**	(6,942)
- (gain)/loss on disposal of property, plant and equipment	**(96,810)**	47,850
- impairment loss	**-**	1,347,293
- lease liability interest expense	**204,709**	-
- write off of property, plant and equipment	**850,162**	-
Changes in assets and liabilities:		
- decrease/(increase) in trade and other receivables	**(4,125,043)**	1,001,794
- decrease/(increase) in inventories	**(6,623)**	22,631
- decrease/ (increase) in contract assets	**(156,394)**	-
- decrease/ (increase) in other assets	**(3,715,893)**	(1,397,132)
- (decrease)/ increase in trade and other payables	**(1,622,656)**	4,180,815
- (decrease)/ increase in contract liabilities	**1,216,767**	-
- (decrease)/ increase in provisions	**48,236**	(1,906,087)
Cash flow provided by operations	**6,406,451**	1,334,819

24 Reserves

(a) Revaluation Surplus

The revaluation surplus records the revaluations of non-current assets.

(b) Financial Asset Reserve

The financial assets reserve records revaluation increments and decrements (that do not represent impairment write-downs) that relate to financial assets that are classified as Fair Value Through Other Comprehensive Income.

(c) Analysis of Each Class Reserve

	Note	2020 $	2019 $
Gain on revaluation of land and buildings	11	**-**	1,527,294
Revaluation gains/(losses) on listed investment		**(694,557)**	62,825
		(694,557)	1,590,119

25 Remuneration of the auditor

	2020 $	2019 $
Remuneration of the auditor for:		
Auditing reviewing and compiling the financial reports	**85,000**	80,000
Other services	**17,000**	2,500
	102,000	82,500

26 Interests in Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. The subsidiary's principal place of business is also its country of incorporation.

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)[1] 2020	Percentage Owned (%)[1] 2019
Subsidiaries:			
EACH Housing Limited[1]	Australia	**100**	100

1. The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

27 Going Concern

For the year ended 30 June 2020, the Group had a net current asset deficiency of $6,228,875 (2019: $12,741,408). The deficit is largely due to government funding received in advance of service delivery. The contract liabilities will be recognised as revenue as performance obligations are fulfilled in 2021. Despite the net current asset deficiency, the group has made an operating surplus of $7,526,170 (2019: Deficit $4,703,043) and has a significant amount of liquid current assets including cash and cash equivalents of $14,693,219, trade and other receivables of $6,065,163 and listed investments of $1,784,921. Finally, the Group has generated positive operating cash flows for both the current and previous periods.

28 Members' Guarantee

The Group is incorporated under the Corporation Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstanding's and obligations of the entity. At 30 June 2020 the total number of members was 128 members including 36 associate members (2019: 132 total & 39 associate members).

29 Group Details

The entity is a company limited by guarantee.
The registered office of the company is:
Building 1 Level 120
Melbourne Street
Ringwood VIC 3134

The principal place of business of the Group is Victoria.

EACH Housing Ltd is a fully owned subsidiary of EACH.

EACH

ABN: 46 197 549 317

Directors' Declaration

The directors of the Group declare that:

1. The financial statements and notes as set out on pages 11 - 48, are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012* and:

   (a) comply with Australian Accounting Standards; and

   (b) give a true and fair view of the Group's financial position as at 30 June 2020 and of the performance for the year ended on that date.

2 In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Judith L Woodland

Director ....
Mrs. Judith Lillian Woodland (Chair)

Andrew Gosbell

Director ....
Dr. Andrew Gosbell (Deputy Chair)

Dated 5th November 2020

ShineWing
AUSTRALIA
Advisors & Accountants

Take the lead

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EACH

Opinion

We have audited the financial report of EACH (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2020, 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, the accompanying financial report of EACH is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended, and

b. complying with Australian Accounting Standards and 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 Group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional & 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 confirm that the independence declaration, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of the auditor's report.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012,* 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 has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 6 November 2020