EACH

ABN: 46 197 549 317

Consolidated Financial Report

For the Year Ended 30 June 2019

EACH

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For the Year Ended 30 June 2019

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Directors' Report
30 June 2019

The Board of Directors of EACH has pleasure in submitting the financial report for the financial year ended 30 June 2019.

Directors

The Directors of the Company 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 (Company Secretary)
Mr. Leslie Philip Smart
Mr. Darren Charles Kilmartin
Mrs. Dorothy Anne Barber (resigned 8/11/18)
Mr. Gareth Shaw (resigned from the Board as of 26/07/2018)
Ms. Lesley Anne-Sleep
Mr. Peter Hill
Mrs. Lesley Richardson

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

Company secretary

Mr. David Agnew held the position of the Company'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 Company Secretary.

Short and long-term objectives of the company

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 strategic 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:

- Preparation of our NSW NDIS services for Quality Accreditation under the NDIS Quality and Safeguards Commission was a considerable undertaking involving governance and operations. Accreditors gave fulsome praise for our quality systems in place, with zero non-conformances. EACH is preparing for further accreditations in the next financial year.
- The roll-out of Carelink Plus client information software was finalised through a staged implementation. Further refinements continue to be made to the system to align with changes required by the National Disability Insurance Agency, particularly around pricing.
- The other main focus for the year has been a major review and restructure of the organisational corporate structure. This involved a review of key functions and roles within the Human Resources, Corporate Services (IT, Infrastructure and Finance) and the Strategy, Development and Marketing team.
- The cessation of block funded Community Mental Health Services and the transition of participants to NDIS has seen a significant reduction in Mental Health staff. EACH was successful with funding to support those participants who were not eligible for NDIS services and who are receiving supports through clinical based services. This funding, known as Early Intervention Psychological Support Response, has been rolled out in the Eastern and Southern Regions of Melbourne in partnership with Eastern Health and Monash Health.
- Submissions were made to the Royal Commission into Mental Health Services, Royal Commission into Aged Care Quality and Safety and the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with a Disability. EACH has continued to lobby for policy changes to better support the on-going funding for Recovery models of care for people with severe mental illness. While NDIS is a major human rights improvement for people with disabilities overall, EACH's concern has been that the Recovery and Rehabilitation needs of people with mental illness has not been fully understood in the transition to this form of funding and service provision.
- Significant progress has been made to develop and implement a new finance system for EACH that interfaces with other major client systems and payroll systems. Automated Budgeting and Forecasting system has been implemented and is helping the NDIS programs in planning and budgeting for their performance. Further work has been completed to refine the management of an individualised billing process for NDIS and My Aged Care services.
- EACH is continuing to be represented at governance levels on peak bodies including Mental Health Victoria, Health Issues Centre, Outer East Child and Youth Area Partnership and the Eastern Primary Health Collaborative.
- Continued development of the Early Childhood Early Intervention (ECEI) contract, particularly in South West Sydney and Southern New South Wales to align with the Canberra and Ipswich programs. A national Operations Manager was employed overseeing the contract delivery and recruitment process.
- Commencement of the EACH Reconciliation Action Plan 2 with broad engagement from Aboriginal and Torres Strait Islander community and staff members.
- Significant focus on funding opportunities in Queensland, Tasmania and NSW with the active seeking of partners to develop fully integrated and value-added services to customers.
- Transition of auspiced organisation Boorndawan Willam Aboriginal Health Services (BWAHS) to full self-determination as a community managed Aboriginal Family Violence service in March 2019. This was culminated in the hand-over of Department of Health and Human Services funding contracts to the BWAHS Board and EACH handing over full financial and legal responsibility to the Board.

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Directors' Report
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Principal activities

The principal activities of the company during the year remained the provision of support across EACH's many communities through the delivery of its 11 major service types, these being:

- Primary Health Care including GP and Allied Health,
- Nursing and Oral Health Services,
- Health Promotion,
- Disability and 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, and
- 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.

Operating results

The financial outcome for the Company for the financial year is a deficit of $ (4,703,043) (2018: $ (2,907,606)).

The deficit as a percentage of revenue is 4.57% for this year (2018: deficit of 3%). The total revenue for the year was $102.9 Million compared to $96.96 Million for the previous year representing an increase of 6.17%. The total expenditure for the year was $107.64 Million compared to $99.86 Million in the previous year representing an increase of 7.79%.

Dividends paid or recommended

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

Significant changes in state of affairs

Other than the following, the directors are not aware of any significant events since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

On the 4th of July 2019, the company made a final settlement payment for a property of $2,087,209.

Events arising after the reporting date

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

Future developments and results

In the coming financial year, EACH is intending to:

- Continue roll out of the final year of our National Strategy, 2020.
- Launch the EACH Reconciliation Action Plan 2, which has been co-designed with local community and Aboriginal and Torres Strait Islander employees.
- Review all programs across service divisions to ensure that we provide value for money services as well as to ensure that programs continue to be financial sustainable.
- Strengthen EACH's marketing initiatives including expanding social media reach and effective use of website for our customers.
- Through its Diversity and Inclusion Strategy ensure that its workforce is representative of the diverse communities it serves
- Strengthen EACH's risk management processes with the main focus on addressing key financial and business risks.
- Strengthen partnership strategies across all its work with non-profit, government and for-profit organisations.
- Continue to refine our administrative functions for individualised funded services including NDIS and My Aged Care services.
- Continue to develop a fully integrated Child and Family Health Centre in Ringwood East, the site where EACH began its services in 1974. Our Childcare Centre, which has just been extended to support 122 children, is part of this site.
- Continue to consolidate our usage of properties for service delivery to ensure our locations are fully maximising efficiencies.
- Continue to develop and rollout a blueprint for streamlining all customer access, intake and referral processes.
- Continued roll out of the EACH ICT and Digital Development Plan with a specific focus on the mobile app for Carelink+, implementation of the new finance system and continue business analysis and development for HR & Payroll system (HRIS).
- To pursue opportunities to develop a new Consolidated Alcohol and Other Drug (AOD) Rehabilitation and Recovery Centre.

Environmental legislation

The Company'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.

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Directors' Report
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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

Mr. David Leslie Agnew (Company 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 Company 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	Member of the Finance, Audit, Infrastructure and Risk Director of Each Housing Ltd.

Mr. Darren Charles Kilmartin

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

Mrs. Dorothy Anne Barber

Qualifications	Bachelor of Social Work
Experience	Extensive experience in social welfare. Involvement and advocacy for community projects and groups.
Special Responsibilities	Director of EACH Housing Ltd. Member of the Service Quality and Risk Committee Member of the Consumer, Carer and Community Advisory Committee

Mr. Gareth Shaw

Qualifications	Bachelor of Health Science Master of Business Administration Fellow, Australian College of Health Service Management (FACHSM)
Experience	An experienced project manager with a strong background in healthcare, systems implementation, technical project management and healthcare management.

Information on directors (continued)

Ms. Lesley-Anne Sleep

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

Mr. Peter Hill

Qualifications	Member of the Australian Institute of Company 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

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

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Directors' Report
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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)	10	10	7	6	4	4
Dr. Andrew Gosbell (Dep. Chair)	10	9	-	-	4	4
Mr. David Leslie Agnew (Company Secretary)	9	7	6	6	1	1
Mr. Leslie Philip Smart	10	7	7	7	-	-
Mr. Darren Charles Kilmartin	10	8	7	7	-	-
Mrs. Dorothy Anne Barber	4	4	-	-	3	1
Mr. Gareth Shaw (resigned from the Board as of 26/07/2018)	1	1	-	-	-	-
Ms. Lesley Anne-Sleep	10	10	7	7	-	-
Mr. Peter Hill	10	9	7	7	-	-
Mrs. Lesley Richardson	10	8	-	-	4	4

Options

No options over issued shares or interests in the Company 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 company maintains adequate insurance cover which includes Combined Directors and Officers Liability, Company Reimbursement Policy and Professional Indemnity Insurance. The company has not provided any insurance or indemnity to its auditors.

Proceedings on behalf of company

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

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

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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 2019 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
Mrs. Judith Lillian Woodland (Chair)

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

Dated this 9th day of October 2019

ShineWing Australia
Accountants and Advisors
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Melbourne VIC 3000
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shinewing.com.au

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 2019 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, 9 October 2019

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Consolidated Statement of Comprehensive Income
For the Year Ended 30 June 2019

	Note	2019 $	2018 $
Income			
Revenue	2	**102,939,323**	96,956,738
Total Revenue		**102,939,323**	96,956,738
Expenditure			
Employee benefit expenses		**(77,923,234)**	(69,603,116)
Depreciation and amortisation expenses		**(2,747,640)**	(2,635,273)
Impairment expenses		**(1,347,293)**	(1,405,369)
Operating lease expenses		**(3,084,771)**	(2,805,175)
Property expenses		**(2,006,754)**	(1,557,237)
Client & program costs		**(8,744,996)**	(9,372,436)
Consulting and legal fees		**(912,381)**	(1,298,357)
Disbursement of grant expenses		**(3,683,684)**	(3,497,726)
Other administration expenses		**(7,191,613)**	(7,689,655)
Total operational expenses		**(107,642,366)**	(99,864,344)
Deficit for the year	3	**(4,703,043)**	(2,907,606)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Gain/loss on revaluation of land & buildings net of tax		**1,527,294**	150,000
Items that will be reclassified to profit or loss:			
Fair value re measurements - gains/(losses) on available-for-sale financial assets		**-**	(174,568)
Fair value re measurements – gains/(losses) for fair value through other comprehensive income		**62,825**	-
Other comprehensive income for the year		**1,590,119**	(24,568)
Total comprehensive income for the year		**(3,112,924)**	(2,932,174)
Total comprehensive income attributable to members of the entity		**(3,112,924)**	(2,932,174)

The accompanying notes form part of these financial statements.

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Consolidated Statement of Financial Position
As At 30 June 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**13,927,429**	16,969,331
Trade and other receivables	5	**2,491,473**	3,486,325
Inventories	6	**42,664**	65,296
Financial assets	7	**2,479,478**	2,416,653
Other current assets	8	**3,146,163**	1,749,030
TOTAL CURRENT ASSETS		**22,087,207**	24,686,635
NON-CURRENT ASSETS			
Property, plant and equipment	9	**45,173,705**	43,414,607
TOTAL NON-CURRENT ASSETS		**45,173,705**	43,414,607
TOTAL ASSETS		**67,260,912**	68,101,242
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	**24,364,068**	20,185,387
Provisions	11	**10,464,547**	12,532,489
TOTAL CURRENT LIABILITIES		**34,828,615**	32,717,876
NON-CURRENT LIABILITIES			
Provisions	11	**4,139,074**	3,977,219
TOTAL NON-CURRENT LIABILITIES		**4,139,074**	3,977,219
TOTAL LIABILITIES		**38,967,689**	36,695,095
NET ASSETS		**28,293,223**	31,406,147
EQUITY			
Asset revaluation reserve	21	**12,923,565**	11,396,271
Financial asset reserve	21	**36,281**	(26,544)
Retained earnings		**15,333,377**	20,036,420
		28,293,223	31,406,147
TOTAL EQUITY		**28,293,223**	31,406,147

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2019

2018

	Asset Revaluation Reserve	Financial Asset Reserve	Retained Earnings	Total
	$	$	$	$
Balance at 1 July 2017	**11,246,271**	**148,024**	**22,944,026**	**34,338,321**
Other comprehensive expense for the year	150,000	(174,568)	-	(24,568)
Deficit attributable to the entity	-	-	(2,907,606)	(2,907,606)
Balance at 30 June 2018	**11,396,271**	**(26,544)**	**20,036,420**	**31,406,147**

2019

	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
Deficit 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**

The accompanying notes form part of these financial statements.

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Consolidated Statement of Cash Flows

For the Year Ended 30 June 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Commonwealth, state and government grants		**95,219,265**	90,072,348
Receipts from services provided		**8,488,861**	7,289,903
Receipts from donations		**35,389**	66,102
Interest received		**375,595**	458,732
Dividends received from investments		**210,490**	213,861
Payments to suppliers and employees		**(102,994,781)**	(92,910,557)
Net cash provided by operating activities	20	**1,334,819**	5,190,389
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(5,004,113)**	(9,467,360)
Proceeds from sale of property, plant and equipment		**627,392**	16,881
Net cash used in investing activities		**(4,376,721)**	(9,450,479)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net cash provided by/(used in) financing activities		**-**	-
Net decrease in cash and cash equivalents held		**(3,041,902)**	(4,260,090)
Cash and cash equivalents at beginning of year		**16,969,331**	21,229,421
Cash and cash equivalents at end of financial year	4	**13,927,429**	16,969,331

The accompanying notes form part of these financial statements.

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 Entity is a not-for-profit entity 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 amounts presented in the financial statements have been rounded to the nearest dollar.

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 an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Details of the subsidiary is provided in Note 22.

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. Intercompany 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

Government grants are recognised in the statement of comprehensive income when the entity obtains control of the income and it is probable that the economic benefits gained from the income will flow to the entity 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.

1 Summary of Significant Accounting Policies (continued)

(a) Revenue (continued)

When grant revenue is received whereby the entity 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.

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 company.

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.

(b) 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.

(c) 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.

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.

1 Summary of Significant Accounting Policies (continued)

(c) Property, Plant and Equipment (continued)

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 entity 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 used for each class of depreciable asset 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.

(d) Inventories

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

1 Summary of Significant Accounting Policies (continued)

(e) Financial Instruments

The Company has applied AASB 9: *Financial Instruments* using the cumulative effective method. Therefore comparative information has not been restated and continued to be presented under AASB 139: *Financial Instruments.* The details of accounting policies under AASB 139 are disclosed separately since they are different from those under AASB 9.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company 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

In the comparative period

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at *"fair value through profit or loss"* when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

1 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

In the comparative period (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised

In the current period

Financial liabilities

Financial liabilities are subsequently measured at:

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

1 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

In the current period (continued)

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.

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.

1 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

In the current period (continued)

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.

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 Company 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.

1 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

In the current period (continued)

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 Company 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.

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 Company 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.

(f) Impairment of Assets

At the end of each reporting period, the entity 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 entity 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 entity 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.

1 Summary of Significant Accounting Policies (continued)

(g) 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 entity 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.

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 entity is no longer eligible to the subsidies.

(h) 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.

(i) 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.

(j) 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 company 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.

1 Summary of Significant Accounting Policies (continued)

(k) Unexpended Service Revenue

The company 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 company to treat monies as unexpended grants in the Statement of Financial Position where the entity 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.

(l) Leases

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 entity, 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 entity 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.

(m) Provisions

Provisions are recognised when the entity 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 company'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.

1 Summary of Significant Accounting Policies (continued)

(m) Provisions (continued)

Other long-term employee provisions

Provision is made for employees' long service leave and annual 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.

The company's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the company 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.

(n) 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.

(o) Income Tax

The Company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997(p) 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 company 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.

(p) Fair Value of Assets and Liabilities

The company 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 company 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.

1 Summary of Significant Accounting Policies (continued)

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

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 entity 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).

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 entity'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.

(r) 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.(r)

Key estimates

(i) Impairment

The freehold land and buildings were independently valued at 30 June 2019 by Herron Todd White. The valuation was based on the fair value less costs of disposal. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a $1,347,293 impairment loss being recognised in the profit and loss for the year ended 30 June 2019.

(ii) Useful lives of property, plant and equipment

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

1 Summary of Significant Accounting Policies (continued)

(r) Critical Accounting Estimates and Judgements

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 company 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 company 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.

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.

1 Summary of Significant Accounting Policies (continued)

(s) New Standards Adopted as at 1 July 2018

AASB 9 *Financial Instruments* replaces AASB 139 '*Financial Instruments*: Recognition and Measurement'. The new Standard makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

The Company's adoption of AASB 9 has not had a material effect on the Company. The Company has changed its financial instruments accounting policies please refer to Note 1(e).

The following table represents the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application, 1 July 2018.

Financial Instruments as at 30 June 2018	AASB 139 Classification	AASB 9 Classification	Carrying Amount per AASB 139 on 30 June 2018 $	Carrying Amount per AASB 9 on 1 July 2018 $
Trade and other receivables	Loans and receivables (Amortised cost)	Amortised Cost	3,486,325	3,486,325
Financial Assets	Available for Sale	Fair value through OCI	2,416,653	2,416,653
Trade and other payables	Amortised cost	Amortised cost	5,304,991	5,304,991

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3: Business Combinations applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

(t) New Accounting Standards and Interpretations

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Entity. The directors have decided not to early-adopt any of the new and amended pronouncements. The following sets out their assessment of the pronouncements that are relevant to the Entity but applicable in future reporting periods.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019)

The Entity has chosen not to early-adopt AASB 16. A core change resulting from applying AASB 16 is that most leases will be recognised on the balance sheet by lessees as the standard no longer differentiates between operating and finance leases. An asset and a financial liability are recognised in accordance to this new Standard. There are, however, two exceptions allowed: short-term and low-value leases.

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

1 Summary of Significant Accounting Policies (continued)

(t) New Accounting Standards and Interpretations (continued)

The main changes introduced by this standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The Directors expect that the adoption of AASB 16 will affect primarily the accounting for the Company's operating leases. As at the reporting date, the Company has non-cancellable operating lease commitments of $5,240,642. However, the Company has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's statement of profit or loss and classification of cash flows.

AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019) and AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2019)

The Entity has chosen not to early-adopt AASB 1058 and AASB 15. However, the Entity has conducted a high-level assessment of the impact of these new Standards, as follows.

A core change under AASB 1058 and AASB 15 is that focus shifts from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations. AASB 1058 is applicable when an entity receives volunteer services or enters into other transactions where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the Entity to further its objectives.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue arising from contracts with customers should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the Entity to acquire or construct a recognisable non-financial asset that is to be controlled by the Entity) over any related amounts recognised in accordance with the applicable Standards. Income must be recognised in profit or loss when the Entity satisfies its obligations under the transfer.

1 Summary of Significant Accounting Policies (continued)

(t) New Accounting Standards and Interpretations (continued)

AASB 15 applies where there is an "enforceable" contract with a customer with "sufficiently specific" performance obligations which results in income being recognised when (or as) the performance obligations are satisfied under AASB 15, as opposed to immediate income recognition under AASB 1058. AASB 15 introduces a five-step approach to revenue recognition which is far more prescriptive than AASB 118: *Revenue*.

AASB 15 and AASB 1058 will be applied by the Entity from its mandatory adoption date of 1 July 2019. The modified transition approach will be the chosen approach, and thus the comparative amounts for the year prior to first adoption will not be restated and the entity will recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application (1 July 2019).

The accounting for the revenue stream "Government grants – operating" will be primarily affected by these new Standards.

The income recognition for each grant has been assessed on a high-level basis to determine whether it is enforceable and whether its performance obligations are sufficiently specific. For those grant contracts that are not enforceable or the performance obligations are not sufficiently specific, this will result in immediate income recognition under AASB 1058. Income will be deferred under AASB 15 otherwise.

The Directors expect that the adoption of AASB 15 and AASB 1058 will primarily impact the accounting for the grant revenue stream.

AASB 2018-8: *Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019)

For leases that have significantly below-market terms and conditions principally to enable the Entity to further its objectives (commonly known as "peppercorn"/concessionary leases), AASB 2018-8 provides a temporary option for not-for-profit lessees to elect to measure a class (or classes) of right-of-use assets arising at initial recognition either at fair value or cost.

Where an entity elects to measure the class of right-of-use assets at cost, additional qualitative and quantitative disclosures are required and this shall include:

- the entity's dependence on these peppercorn/concessionary leases;

- and the nature and terms of the leases.

The Company has peppercorn leases. However, the Company has not yet determined if they will fair value the leases or elect to hold at cost.

2 Revenue and Other Income

	2019 $	2018 $
Revenue from operating activities:		
Service income from Commonwealth government	**47,814,886**	33,844,240
Service income from Victorian government	**44,469,353**	49,870,428
Donations	**35,389**	66,102
Client fees	**4,286,835**	3,838,635
Other income	**4,605,753**	5,673,468
Total operating revenue	**101,212,216**	93,292,873
Revenue from non operating activities:		
Interest income	**375,595**	458,732
Dividend income	**210,490**	213,861
Capital grants	**1,141,022**	2,991,272
Total non-operating revenue	**1,727,107**	3,663,865
Total Revenue and other income	**102,939,323**	96,956,738

3 Deficit for the Year

Deficit for the year has been determined after:

	2019 $	2018 $
Expenses:		
Profit or (loss) on disposal of assets	**(106,670)**	22,509
Bad debts written off	**(6,942)**	105,091
Legal expenses	**72,124**	142,844
Remuneration of the auditor	**83,500**	75,185

Significant expenses

The following significant expenses are relevant in explaining the financial performance:

	2019 $	2018 $
Activity/program brokerage expenses	**1,521,362**	2,210,406
Client support brokerage	**5,642,254**	6,190,637
Advertising and recruitments	**221,238**	160,163
Agency staff expenses	**910,199**	400,760
Consulting & legal fees	**912,381**	1,298,357
Conference and seminars	**80,556**	58,065

4 Cash and Cash Equivalents

	2019 $	2018 $
Cash on hand	**15,844**	15,506
Cash at bank	**942,388**	928,246
Short-term bank deposits	**12,969,197**	16,025,579
	13,927,429	16,969,331

The effective interest on short term bank deposits was 2.18% (2018: 2.55%). These deposits have varying maturity dates.

Notes to the Financial Statements
For the Year Ended 30 June 2019

5 Trade and Other Receivables

	2019 $	2018 $
Trade receivables	**2,638,919**	3,724,938
Other receivables	**100,623**	32,764
Provision for impairment of receivables	**(248,069)**	(271,377)
	2,491,473	3,486,325

Ageing of trade debtors

Current	**1,570,813**	2,355,398
30 days	**538,699**	70,454
60 days	**158,180**	1,025,579
90 days	**48,801**	98,248
120 days	**44,001**	28,597
> 120 days	**278,425**	146,662
	2,638,919	3,724,938

Current trade receivables are non-interest bearing and generally receivable within 30 to 60 days.

6 Inventories

Inventory	**42,664**	65,296

7 Financial Assets

Current

Investments in equity instruments designated at fair value through other comprehensive income	**2,479,478**	2,419,653
	2,479,478	2,416,653

8 Other Current Assets

Prepayments	**373,619**	269,975
Accrued income	**2,610,996**	1,342,488
Other receivables	**161,548**	136,567
	3,146,163	1,749,030

9 Property, Plant and Equipment

	2019 $	2018 $
Freehold land		
At fair value	**22,229,775**	18,689,730
Buildings		
At cost	**16,237,190**	16,876,360
Less impairment	**(1,347,293)**	(1,382,195)
Less accumulated depreciation	**(341,727)**	(1,260,420)
	14,548,170	14,233,745
Capital works in progress		
At cost	**783,014**	4,847,408
Office equipment		
At cost	**9,012,060**	9,562,711
Less accumulated depreciation	**(5,815,034)**	(7,381,148)
	3,197,026	2,181,563
Motor vehicles		
At cost	**4,135,168**	4,185,743
Less accumulated depreciation	**(2,648,074)**	(2,738,578)
	1,487,094	1,447,165
Leasehold Improvements		
At cost	**6,467,602**	5,487,101
Less accumulated depreciation	**(3,538,976)**	(3,472,105)
	2,928,626	2,014,996
Total property, plant and equipment	**45,173,705**	43,414,607

The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. On 28 February 2019, the Group had revalued all EACH properties and EACH Housing properties. The revaluation resulted in a $1,347,293 impairment loss being recognised in the profit and loss and a $1,527,294 revaluation gain in the asset revaluation reserve for the year ended 30 June 2019.

9 Property, Plant and Equipment (continued)

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 2017	17,839,730	11,534,061	1,631,043	1,882,477	1,887,943	3,127,365	37,902,619
Revaluation/(Devaluation)	150,000	-	-	-	-	-	150,000
Additions	700,000	2,363,131	822,912	327,509	722,570	4,531,238	9,467,360
Transfers	-	2,222,335	76,133	-	512,727	(2,811,195)	-
Disposals/write offs	-	-	(23,901)	(174,325)	27,822	-	(170,404)
Depreciation	-	(586,087)	(491,191)	(588,496)	(969,499)	-	(2,635,273)
Impairment loss	-	(1,299,695)	-	-	-	-	(1,299,695)
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	-	-	**(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**

10 Trade and Other Payables

	2019	2018
	$	$
Trade payables	**2,666,716**	1,141,397
Other payables	**4,988,137**	4,163,594
Income received in advance	**16,709,215**	14,880,396
	24,364,068	20,185,387

11 Provisions

	2019	2018
Current		
Annual leave	**3,928,056**	4,597,167
Long service leave	**5,269,923**	4,890,651
Other employee entitlements	**219,309**	329,319
Provision for other obligations	**477,853**	477,853
Provision for wage increase	**569,406**	2,237,499
Total current provisions	**10,464,547**	12,532,489
Non-current		
Long service leave	**4,139,074**	3,977,219
Total non-current provisions	**4,139,074**	3,977,219
Total provisions	**14,603,621**	16,509,708

11 Provisions (continued)

Movements:

	2019	2018
	$	$
Opening balance at 1 July	**16,509,708**	14,853,165
Provision made during the year	**8,576,784**	6,577,454
Settlements made during the year	**(10,482,871)**	(4,920,911)
Closing balance at 30 June	**14,603,621**	16,509,708

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

12 Capital and Leasing Commitments

Operating lease commitment (Property & Vehicle rental)

	2019	2018
	$	$
Operating leases contracted for but not capitalised in the financial statements:		
Payable - minimum lease payments		
not later than 12 months	**2,231,564**	2,991,864
between 12 months and 5 years	**2,762,297**	3,036,085
between 5 years and 10 years	**246,781**	-
	5,240,642	6,027,949

The property leases are for one to five years term with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by the CPI factor per annum. In most agreements, an option exists to renew the lease at the end of the term for an additional term. The total commitment includes $20,454 (2018: $24,698) for vehicle operating lease and $225,681 (2018: $194,115) for Print/Copier Leasing.

13 Contingent Liabilities and Contingent Assets

(a) Bank guarantees

Bank guarantees backed by term deposits and provided for tenancy deposits is $566,484 (2018: $587,128).

(b) At Call Account

EACH's corporate credit cards have a total limit of $50,000 of which $32,070 is the used amount as at 30 June 2019 (2018: $50,000 limit and used $40,612). These cards are issued with the security of At Call accounts held with CBA.

14 Events After the Statement of Financial Position Date

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

On the 4th of July 2019, the company made a final settlement payment for a property of $2,087,209.

15 Related Party

Key Management Personnel Compensation

	2019	2018
	$	$
Short term benefits	**2,263,712**	2,555,798
Long term benefits	**62,708**	126,125
	2,326,420	2,681,923

16 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.

(a) Credit risk (continued)

Credit risk exposures (continued)

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 5.

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 5.

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 credit ratings:

	2019	2018
	$	$
AA- rated	**13,071,652**	16,621,088
BBB+	**839,932**	332,737
Total Cash on hand	**13,911,584**	16,953,825

(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.

16 Financial Risk Management (continued)

(b) Liquidity risk (continued)

There are no debts for the company for the year ended 30 June 2019.

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	
		2019	2018	2019	2018	2019	201 8	2019	2018
		$	$	$	$	$	$	$	$
Financial liabilities due for payment									
Accounting payable and other payables (excluding estimated annual leave and deferred income)	10	**(7,654,853)**	(5,304,991)	-	-	-		**(7,654,853)**	(5,304,991)
Total expected outflows		**(7,654,853)**	(5,304,991)	-	-	-		**(7,654,853**	(5,304,991)
Financial assets - cash flows realisable									
Cash on hand	4	**13,927,429**	16,969,331	-	-	-		**13,927,429**	16,969,331
Accounts receivable and other debtors	5	**2,491,473**	3,486,325	-	-	-		**2,491,473**	3,486,325
Other financial assets	7	**2,479,478**	2,416,653	-	-	-		**2,479,478**	2,416,653
Total anticipated inflows		**18,898,380**	22,872,309	-	-	-		**18,898,380**	22,872,309
Net (outflow)/inflow		**11,243,527**	17,567,318	-	-	-		**11,243,527**	17,567,318

(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 2019, 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.

16 Financial Risk Management (continued)

(c) Market risk (continued)

(ii) Other price risk (continued)

The company is exposed to other price risk on investments held for trading or for medium to longer terms. Such risk is managed through diversification of investments across industries and geographical locations.

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

	2019	2018
	$	$
Banking and finance	**2,479,478**	2,416,653

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.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Surplus	Equity
	$	$
Year ended 30 June 2019		
+/- 1% interest rates	139,274	139,274
+/- 1% in listed investments	24,795	24,795

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 analysis from the prior year.

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 19 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:

16 Financial Risk Management (continued)

(c) Market risk (continued)

(ii) Other price risk (continued)

	Note	2019 Carrying amount $	2019 Fair value $	2018 Carrying amount $	2018 Fair value $
Financial assets					
Financial assets at amortised cost:					
Cash on hand (i)	4	**13,927,429**	**13,927,429**	16,969,331	16,969,331
Accounts receivable and other debtors (i)	5	**2,491,473**	**2,491,473**	3,486,325	3,486,325
Fair value through OCI:					
- listed investments	7, 19	**2,479,478**	**2,479,478**	2,416,653	2,416,653
Total financial assets		**18,898,380**	**18,898,380**	22,872,309	22,872,309
Accounts payable and other payables (i)	10	**7,654,853**	**7,654,853**	5,304,991	5,304,991
Total financial liabilities	10	**7,654,853**	**7,654,853**	5,304,991	5,304,991

(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.

17 Company 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 company is Victoria.

EACH Housing Ltd is a fully owned subsidiary of EACH. On 17 April 2009, a program relating to provision and management of housing operations was transferred to EACH Housing Ltd, details of which are disclosed under Note 16.

18 Members' Guarantee

The company 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 2019 the total number of members was 132 members including 39 associate members (2018: 126 total & 36 associate members).

19 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

The Group subsequently measures available for sale financial assets, freehold land and buildings at fair value on a recurring basis.

(a) Fair value hierarchy

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 market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

19 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 30 June 2019

	Note	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets					
Listed Investments	7	2,479,478	-	-	2,479,478
Total financial assets recognised at fair value		2,479,478	-	-	2,479,478
Non-Financial assets					
Freehold land*	9	-	22,229,775	-	22,229,775
Freehold buildings*	9	-	14,721,178	-	14,721,178
Total non-financial assets recognised at fair value		-	36,950,953	-	36,950,953

Recurring fair value measurements 30 June 2018

	Note	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets					
Available for sale financial assets	7	2,416,653	-	-	2,416,653
Total financial assets recognised at fair value		2,416,653	-	-	2,416,653
Non-Financial assets					
Freehold land*	9	-	18,689,730	-	18,689,730
Freehold buildings*	9	-	14,233,745	-	14,233,745
Total non-financial assets recognised at fair value		-	32,923,475	-	32,923,475

On the 28 February 2019, an independent valuation was performed on all EACH and EACH Housing Properties using the market approach where recent observable market data for similar properties was applied as part of determining the fair value of the property. This was considered to be a level 2 fair value measurement.

20 Cash Flow Information

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

	2019	2018
	$	$
Profit for the year	**(4,703,043)**	(2,907,606)
Non-cash flows in profit:		
- depreciation	**2,747,640**	2,635,273
- bad and doubtful debts	**(6,942)**	105,091
- net loss on disposal of property, plant and equipment	**47,850**	22,509
- impairment loss	**1,347,293**	1,405,369
- other profit/loss non cash adjustments	**-**	19,495
Changes in assets and liabilities:		
- decrease/(increase) in trade and other receivables	**1,001,794**	(1,858,957)
- decrease/(increase) in inventories	**22,631**	(33,630)
- increase in other current assets	**(1,397,132)**	(528,972)
- increase in trade and other payables	**4,180,815**	4,675,275
- (decrease)/increase in provisions	**(1,906,087)**	1,656,542
Cash flows from operations	**1,334,819**	5,190,389

21 Reserves

(a) Revaluation Surplus

The revaluation surplus records the revaluations of non-current assets. Where revaluations are deemed to represent profits of a permanent nature, dividends may be declared from this reserve.

(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	2019	2018
		$	$
Gain on revaluation of land	9	**1,527,294**	150,000
Revaluation gains/(losses) on listed investment		**62,825**	(174,568)
		1,590,119	(24,568)

22 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. Each 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] 2019	Percentage Owned (%)[1] 2018
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.

23 Going Concern

For the year ended 30 June 2019, the group had an operating deficit of $4,703,043 (2018: Deficit $2,907,606) and a net current asset deficiency of $12,741,408 ($8,031,241). The change in current ratio is due to investment in non-current assets in line with the strategic objectives of EACH. These investments were financed out of cash reserves to reduce the cost of funding. During the financial year 2019-20 the Board will be contemplating either bank borrowing or selling some of the properties which should address any liquidity concerns. In addition the 2019-20 Operating Budget has forecasted a $2M Cash Operating Surplus.

EACH

Independent Audit Report to the members of EACH

The directors of the entity declare that:

1. The financial statements and notes as set out on pages 12 - 44, 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 company's financial position as at 30 June 2019 and of the performance for the year ended on that date.

2 In the directors' opinion there are reasonable grounds to believe that the entity 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*.

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

Director Andrew Gosbell
Dr. Andrew Gosbell (Deputy Chair)

Dated 9th day of October 2019

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EACH

Opinion

We have audited the financial report of EACH ("the Company") and its controlled entity ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of 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 the Group 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 2019 and of its financial performance and cash flows 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 Company in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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 2019, 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.

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 of the financial report that gives a true and fair view 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 ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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 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.

We 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.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We conclude on the appropriateness of the director's 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.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We 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 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 9 October 2019