Annual Financial Report

2020

Disability Services Australia

Disability Services Australia Limited

ABN 35 002 507 655

Financial Report - 30 June 2020

Disability Services Australia Limited
Contents
30 June 2020

Disability Services Australia Limited
Directors' report
30 June 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Disability Services Australia Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

Directors
The names of the Directors in office at any time during or since the end of the year are:

Ken Gabb	-	**Chairman**
Qualifications	-	A member of NSW Parliament for ten years and held several senior advisory and managerial positions within government. Previously held position of CEO of the Office of the Protective Commissioner and Office of the Public Guardian. Extensive legal career.
Experience	-	Director for twelve years
Special responsibilities	-	Chair of People and Culture Committee Member of Finance, Audit and Risk Committee
Thomas Leahy	-	**Director, Vice Chair**
Qualifications	-	Diploma in Marketing. Consulting and senior management roles in a broad range of companies in Australia and overseas. Twenty five years experience in the insurance industry including CEO Asia/ Pacific along with several Senior Management roles and Directorship. Active member of Boystown for twenty seven years.
Experience	-	Director for ten years
Special responsibilities	-	Chair of Finance, Audit and Risk Committee Member of People and Culture Committee
Gary Bailey	-	**Director**
Qualifications	-	Worked in financial services for more than thirty five years, initially in investment banking and subsequently in investment management. Held senior positions at Bankers Trust Australia, MLC Group, Wellington Management Company and Fidelity International during his executive career. He has significant CEO and Board experience and is a fellow of the Australian Institute of Company Directors.
Experience	-	Director for four years
Special Responsibilities	-	Member of Finance, Audit and Risk Committee
Barbara Jones	-	**Director**
Qualifications	-	Corporate career spanning 30 years with expertise in the field of Leadership Development. Business experience gained both domestically as well as internationally, having headed up specialist consulting businesses delivering services across the Asia Pacific region and the Sub Continent. She has formal qualifications in Communication Management, Psychotherapy and Philosophy.
Experience	-	Director for six years
Special responsibilities	-	Member of People and Culture Committee
Matthew Payne	-	**Director**
Qualifications	-	Partner at HWL Ebsworth Lawyers. More than 15 years' experience in corporate and commercial law with a focus on wealth, tax and estate planning. Has a Bachelor of Commerce (Finance), Bachelor of Laws and Masters of Business Law. He is a director of the Rotary Club of Sydney Cove, is a Rotary Paul Harris Fellow, a member of the Society of Trust and Estate Practitioners (STEP) and a trustee, director and company secretary of a number of private entities.
Experience	-	Director for six years
Special responsibilities	-	Member of People and Culture Committee

Linda Smith	**-**	**Director (appointed October 2019)**
Qualifications	-	Broad health industry specialist with over 25 years' experience across change management, financial and general administrative management roles, with an emphasis on design and business process reengineering in both the Commonwealth, State and NFP sectors. Has a Bachelor of Business (Accounting), Master of Business Administration and an Executive Master of Public Administration. Linda is a Fellow of CPA Australia and a graduate of the Australian Institute of Company Directors.
Experience	-	Director for one year
Special responsibilities	-	Member of Finance, Audit and Risk Committee

Lisa Maffina	**-**	**Director (appointed January 2020)**
Qualifications	-	An executive career spanning over 20 years in the energy and government sectors. Lisa's experience includes internal audit, governance and change management and is currently Company Secretary of The Hunter Project. Has a Bachelor of Business and is a member of the Australian Institute of Company Directors.
Experience	-	Director for one year
Special responsibilities	-	Member of Finance, Audit and Risk Committee

The following directors resigned during the period:
- Margaret Palmer – 4 July 2019
- Kevin Delbridge – 5 September 2019
- Bernard Liebmann – 5 September 2019

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

Meetings of Directors

	Directors' Meetings		**People and Culture Committee**		**Finance, Audit and Risk Committee**	
Directors	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ken Gabb	12	12	2	2	1	1
Tom Leahy	12	10	2	2	3	3
Gary Bailey	12	9	-	-	3	3
Barbara Jones	12	7	2	2	-	-
Matthew Payne	12	12	2	2	-	-
Linda Smith	10	10	-	-	2	2
Lisa Maffina	5	5	-	-	2	2

Ken Gabb was a member of the Finance, Audit and Risk Committee until 4 March 2020.

Principal activities
The principal activities of the consolidated entity during the financial year were:
- the provision of employment, mentoring and community support services for people with a disability; and
- the provision of accredited training in Disability, Community and Children's Services.

There were no other significant changes in the nature of the principal activities during the financial year.

Disability Services Australia Limited (Consolidated)
Directors' report
30 June 2020

Operating results
The deficit of the consolidated entity after providing for income tax amounted to $12,264,000 (2019: $2,941,000 surplus) and included net fundraising income of $133,000 (2019: $149,000).

Review of operations
The consolidated entity's revenue from the rendering of Business Services of $7,914,000 (2019: $9,503,000) was 17% lower than the prior year. Total revenue increased by 22% to $108,833,000 (2019: $88,687,000). The deficit for the current year includes a significant provision of $7,450,000 (2019: $NIL) relating to remediation costs arising from an identified industrial relations issue.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
The COVID-19 pandemic has impacted the company during the period. Subsequent to the end of the financial year, the pandemic and its impact has continued to evolve. It is therefore not practical to estimate the potential impact, positive or negative, after reporting date. No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Rounding of amounts
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is set out on page 5, and forms part of this report.

This report is made in accordance with a resolution of directors

On behalf of the directors

T Leahy
Director

23 September 2020

Sydney

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration

To the Directors of Disability Services Australia Limited

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Disability Services Australia Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit Pty Ltd
Chartered Accountants

C F Farley
Partner – Audit & Assurance

Sydney, 23 September 2020

Disability Services Australia Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Revenue	4	108,833	88,687
Other income	5	1,029	1,638
Expenses			
Cost of sales		(7,864)	(8,860)
Employee benefits expense		(93,822)	(63,726)
Marketing and research expenses		(237)	(408)
Occupancy		(6,709)	(5,157)
Administration		(11,471)	(5,852)
Finance costs		(44)	(37)
Other expenses		(1,979)	(3,344)
(Loss)/Profit for the year		(12,264)	2,941
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Net gain on revaluation of land and buildings		360	-
Net loss on revaluation of investments		(1,225)	970
Net profit/(loss) on sale of investments		7,509	(693)
Other comprehensive income for the year		6,644	277
Total comprehensive (loss)/income for the year		(5,620)	3,219

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

Disability Services Australia Limited
Consolidated statement of financial position
As at 30 June 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Assets			
Current assets			
Cash and cash equivalents	6	31,924	17,892
Trade and other receivables	7	3,558	4,692
Inventories	8	90	150
Other current assets	9	10,662	10,279
Assets held for sale	10	4,552	-
Total current assets		50,786	33,013
Non-current assets			
Property plant and equipment	11	10,637	13,653
Right-of-use assets	12	10,242	-
Financial assets	13	12,976	13,783
Intangible assets	14	315	106
Total non-current assets		34,170	27,542
Total assets		84,956	60,555
Liabilities			
Current liabilities			
Trade and other payables	15	6,464	4,926
Provisions	16	7,450	-
Employee benefits	17	7,047	5,926
Contract liabilities	18	11,476	3,909
Lease liabilities	19	3,218	-
Total current liabilities		35,655	14,761
Non-current liabilities			
Contract liabilities	18	3,086	4,427
Lease liabilities	19	7,068	-
Provisions	20	3,000	-
Employee benefits	21	1,515	1,115
Total non-current liabilities		14,669	5,542
Total liabilities		50,324	20,303
Net assets		34,632	40,252
Equity			
Asset revaluation reserve	23	6,729	7,594
Asset realisation reserve	23	6,770	(739)
Retained earnings		21,133	33,397
Total equity		34,632	40,252

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

Disability Services Australia Limited
Consolidated statement of changes in equity
For the year ended 30 June 2020

Consolidated	Asset Revaluation Reserves $'000	Asset Realisation Reserves $'000	Retained Earnings $'000	Total equity $'000
Balance at 1 July 2018	6,703	(125)	30,456	37,034
Profit for the year	-	-	2,941	2,941
Total comprehensive income for the year	970	(693)	-	277
Transfer of shares sold during the year	(79)	79	-	-
Balance at 30 June 2019	7,594	(739)	33,397	40,252

Consolidated	Asset Revaluation Reserves $'000	Asset Realisation Reserves $'000	Retained Earnings $'000	Total equity $'000
Balance at 1 July 2019	7,594	(739)	33,397	40,252
Loss for the year	-	-	(12,264)	(12,264)
Total comprehensive income for the year	(840)	7,484	-	6,644
Transfer of shares sold during the year	(25)	25	-	-
Balance at 30 June 2020	6,729	6,770	21,133	34,632

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Disability Services Australia Limited
Consolidated statement of cash flows
For the year ended 30 June 2020

	Note	Consolidated 2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers		116,192	98,522
Dividend Income		774	1,314
Interest Income		292	270
Payments to suppliers and employees		(104,718)	(86,337)
Finance costs		(44)	(37)
Net cash from operating activities	27	12,496	13,732
Cash flows from investing activities			
Proceeds from sale of plant and equipment		-	105
Purchase of property, plant and equipment		(1,977)	(1,078)
Payment for capitalised software		(314)	(118)
Payment for investments in shares		(4,164)	(5,238)
Proceeds from investments		11,264	4,307
Investment in term deposits		(170)	(10,090)
Proceeds from business acquisition		-	1,707
Net cash from/(used in)investing activities		4,639	(10,405)
Cash flows from financing activities			
Repayment of lease liabilities		(3,103)	-
Net cash used in financing activities		(3,103)	-
Net increase in cash and cash equivalents		14,032	3,327
Cash and cash equivalents at the beginning of the financial year		17,892	14,565
Cash and cash equivalents at the end of the financial year	6	31,924	17,892

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

Note 1. General information

The financial statements cover Disability Services Australia Limited (referred to as the ‘company’ or ‘parent’) as a consolidated entity consisting of Disability Services Australia Limited and the entities it controlled at the end of, or during, the year (referred to as the ‘consolidated entity’). The financial statements are presented in Australian dollars, which is Disability Services Australia Limited's functional and presentation currency.

The Company is a registered charity with the Australian Charities and Not-for-profits commission. Its registered office and principal place of business is:

76 Harley Crescent
Condell Park NSW 2200

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 September 2020.

Note 2. Significant accounting policies

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

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

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company unless as disclosed.

The following Accounting Standards and Interpretations are most relevant to the Company:

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities
The consolidated entity has applied the following standards, interpretations and amendments for the first time for their annual reporting period commencing 1 July 2019:
- AASB 15 Revenue from Contracts with Customers adopted from 1 July 2019
- AASB 1058 Income of Not-for-Profit Entities adopted from 1 July 2019

The consolidated entity has applied AASB 15 and AASB 1058 using the modified retrospective (cumulative catch-up) method which means the comparative information has not been restated.

The following practical expedients have been applied on transition to AASB 15 and AASB 1058: For contracts modified prior to 1 July 2019, the consolidated entity has elected not to restate the contract for the modifications and has instead reflected the aggregate effect of all the modifications that occur before the transition date on 1 July 2019.

There are no material changes to the consolidated entity’s accounting policies and the impact on the financial report from applying AASB 15 and AASB 1058 other than disclosure which can be seen in the notes attached.

AASB 16 Leases
The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Note 2. Significant accounting policies (continued)

Impact of adoption
AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained earnings as at 1 July 2019 was as follows:

	$'000
Operating lease commitments as at 1 July 2019 (AASB 117)	13,664
Operating lease commitments discount based on the weighted average incremental borrowing rate of 4.9%	(1,269)
Reasonably certain extension options	2,550
Recognition exemptions – leases of low value and leases with remaining lease term less than 12 months	(1,489)
Non-lease component outgoings	(356)
Right-of-use asset (AASB 16)	13,100
Lease liabilities (AASB 16)	(12,796)
Make good provisions	(304)
Impact on opening retained earnings as at 1 July 2019	-

AASB 16 includes several practical expedients which can be used on transition, the consolidated entity has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 and associated Accounting Interpretations were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Company’s incremental borrowing rate at 1 July 2019 and time of inception of lease;
- right of use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjustment by the any prepaid or accrued lease payments;
- leases with an expiry date prior to 30 June 2020 were excluded from the statement of financial position and the lease expenses for these leases have been recorded on a straight-line basis over the remaining term; and hindsight was used when determining the lease term where the contract contains options to extend or terminate the lease.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission act 2012 and the Charitable Fundraising Act 1991.

Disability Services Australia Limited is a not-for-profit entity for the purposes of preparing the financial statements.

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

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

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Disability Services Australia Limited as at 30 June 2020 and the results of all subsidiaries for the year then ended.

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

Note 2. Significant accounting policies (continued)

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition
AASB 15 *Revenue from Contracts with Customers* ('AASB 15') establishes a comprehensive five-step framework for recognising revenue. AASB 15 applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The company has adopted AASB 1058 *Income of Not-for-Profit Entities* ('AASB 1058') that simplifies the income recognition requirements that apply to not-for-profit entities, in conjunction with AASB 15.

(a) Revenue recognition policy for revenue from contracts with customers (AASB 15)
AASB 15 requires revenue to be recognised when performance obligations under the contract are passed to the customer at an amount which reflects the expected consideration.

Revenue is recognised by applying a five-step model as follows:
1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue

None of the revenue streams of the company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Revenue is recognised when performance obligations under the contract are passed to the customer at an amount which reflects the expected consideration. The timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations. Revenue can be recognised over a period of time or at a point in time depending on when the performance obligation is satisfied.

- Over a period of time – if the performance obligation is satisfied over a period of time, revenue will be recognised by being spread over this period.
- At a point in time – if the performance obligation is satisfied at a point in time, for example, services are delivered, or goods are transferred to customers, revenue is recognised at this point.

Where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Note 2. Significant accounting policies (continued)

Contract Assets and Liabilities

AASB 15 requires presentation of the following items separately in the statement of financial position:

i) Contract asset for the right to consideration in exchange for services that have transferred to a customer;
ii) Contract liability for the obligation to transfer services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer; and
iii) Receivable for the right to consideration that is unconditional (only the passage of time is required before payment of that consideration is due)

(b) Income recognition policy under AASB 1058

The timing of income recognition depends on whether a not-for-profit transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset received by a company.

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

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

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

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

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

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Income tax
The group is registered with the Australian Charities and Not-for-profits Commission and is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

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

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

Note 2. Significant accounting policies (continued)

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

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

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

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

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

Inventories
Inventories are measured at the lower of cost and net realisable value.

Assets held for sale
Non-current assets classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable. Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately on the face of the statement of financial position, in current assets.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 2. Significant accounting policies (continued)

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.

Property
Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

Freehold land and buildings 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.

Plant and equipment
Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining 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, excluding freehold land, is depreciated on a straight-line basis over their useful lives to the company 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 lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Buildings	2.5%
Leasehold improvements	10 – 20%
Plant and equipment	15%
Motor vehicle	20%
Furniture and fittings	15%
Office machines	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's 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 determined by comparing proceeds with the carrying amount and included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Note 2. Significant accounting policies (continued)

Revaluation of land and buildings
Following initial recognition at cost, land and buildings are carried at a revalued amount that is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Fair value is the amount of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are confirmed by independent valuations that are obtained with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the reporting date. Director valuations are used if an independent valuation does not take place during an annual reporting period.

Land and buildings are treated as a class of assets. When the carrying amount of this class of assets is increased as a result of a revaluation, the increase is credited directly to the revaluation reserve, except where it reverses a revaluation decrement previously recognised in the statement of profit or loss and comprehensive income, in which case it is credited to that statement.

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

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

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

Employee benefits

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

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

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

Note 2. Significant accounting policies (continued)

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

Financial instruments
Recognition, initial measurement and derecognition
Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Classification and subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:
- amortised cost;
- fair value through profit or loss (FVPL); and
- equity instruments at fair value through other comprehensive income (FVOCI).

Classifications are determined by both:
- the entities business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial assets.

Subsequent measurement financial assets
Financial assets measured at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):
- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The consolidated entity's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as long-term deposit that were previously classified as held-to-maturity under AASB 139.

Equity instruments at fair value through other comprehensive income (Equity FVOCI)
Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

Note 2. Significant accounting policies (continued)

Impairment of Financial assets
AASB 9's impairment requirements use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The consolidated entity considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:
- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.
'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument

Rounding of amounts
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 3. Critical accounting judgements, estimates and assumptions

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

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

Provision for IR remediation costs
A provision has been recognised in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* for remediation costs associated with instances of non-compliance with certain regulatory obligations. The estimate of the obligation is based on a number of key assumptions, including identification of the employees impacted, the relevant time period impacted and the quantification of the probable remediation cost. The process to determine the provision therefore requires a degree of estimation, consultation and judgments.

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

Fair value measurement hierarchy
The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

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

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

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

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

COVID-19 impact
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the services offered, staffing and regions in which the company operates. The potential impact has been detailed in specific notes elsewhere in the report.

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

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 4. Revenue

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Revenue recognised under AASB 15: Revenue from contracts with customers		
Rendering of services	99,944	78,875
Sales of goods	7,914	9,503
	107,858	88,378
Revenue recognised under AASB 1058: Income for not-for-profits entities		
Grant income	819	-
Donations and Gifts	156	309
	975	309
Total revenue	108,833	88,687

(a) Disaggregation of revenue from contracts with customers
Revenue from contracts with customers has been disaggregated based on type of goods or services provided and source of funds.

	2020 $'000	2019 $'000
Healthcare and support services	94,420	73,777
Information, education and advocacy programs	5,524	5,098
Sale of goods	7,914	9,503
	107,858	88,378
Revenue recognised under AASB 1058	975	309
Total revenue	108,833	88,687

Note 5. Other income

	Consolidated 2020 $'000	Consolidated 2019 $'000
Interest income	292	270
Dividends income	774	1,315
Net (loss)/gain on disposal of property, plant and equipment	(37)	53
Other income	1,029	1,638

Note 6. Cash and cash equivalents

	Consolidated 2020 $'000	Consolidated 2019 $'000
Cash at bank	5,595	5,478
Cash on hand	-	1
Cash management account	572	1,313
Funds on deposit	25,757	11,100
Cash at bank	31,924	17,892

Note 7. Trade and other receivables

	Consolidated 2020 $'000	Consolidated 2019 $'000
Trade receivables	2,390	1,931
Allowance for expected credit losses	(168)	(268)
	2,222	1,663
Other debtors	1,336	3,029
Trade receivables	3,558	4,692

Movement in the allowance for credit losses is as follows:

	2020	2019
Balance at 1 July	268	335
(Decrease)/Increase in allowance	(100)	(67)
Balance at 30 June	168	268

Note 8. Inventories

	Consolidated 2020 $'000	Consolidated 2019 $'000
Inventories – Workshop materials at cost	90	150

Note 9. Other current assets

	Consolidated	
	2020 $'000	2019 $'000
Term deposits	10,259	10,090
Prepayments	403	189
Other current assets	10,662	10,279

Note 10. Assets classified as held for sale

	Consolidated	
	2020 $'000	2019 $'000
Asset held of sale	4,552	-

The Condell Park property was available for immediate sale in its present condition and management were committed and in the process of seeking buyers for the property and therefore classified as an asset held for sale at year end.

This property is subject to a Registered Mortgage held by Commonwealth Bank of Australia as security for a Bank Facility with a limit of $2,470,000 of which $783,000 has been utilised at 30 June 2020 (2019: $749,000). The facility consists of a bank guarantee facility, corporate credit cards and $500,000 overdraft.

Note 11. Property, Plant and Equipment

	Consolidated 2020 $'000	Consolidated 2019 $'000
Land and buildings		
Freehold land at valuation	5,254	7,230
Buildings at valuation	4,031	6,318
Less: Accumulated depreciation	(2,197)	(2,151)
	1,834	4,167
Buildings in progress at cost	1,042	-
Total land and buildings	8,130	11,397
Plant and equipment		
Plant and equipment at cost	2,072	1,687
Less: Accumulated depreciation	(1,406)	(1,170)
	666	517
Motor vehicles at cost	1,217	1,234
Less: Accumulated depreciation	(1,201)	(1,182)
	16	52
Office machines at cost	1,651	1,336
Less: Accumulated depreciation	(1,337)	(1,297)
	314	39
Furniture and fittings at cost	1,355	1,265
Less: Accumulated depreciation	(1,176)	(1,165)
	179	100
Leasehold improvements at cost	2,672	2,657
Less: Accumulated depreciation	(1,562)	(1,507)
	1,110	1,150
Assets in progress	222	398
Total plant and equipment	2,507	2,256
Total property, plant and equipment	10,637	13,653

All the consolidated group’s land and buildings were last independently valued in August 2018. The directors believe the valuation of the group’s land and buildings materially reflect the fair value of the group’s land and buildings as at 30 June 2020.

The Minister for Ageing, Disability and Home Care has an equitable interest in four properties acquired in 2007 and one acquired in March 2011 which have a written down value of $6,187,000 at 30 June 2020. The equitable interest was acquired wholly or partly with funding the Minister provided in proportion to the purchase cost of the property that was paid for by funding provided. Upon sale or other disposal of the property the Minister’s equity is an equivalent proportion of the selling price or market price of the property, whichever is the greater.

Movement in carrying amounts

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

	Opening balance	Additions	Transfer to asset held for sale	Disposals	Impairment	Depreciation	Closing balance
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Freehold land	7,230	349	(2,325)	-	-	-	5,254
Buildings	4,167	373	(2,227)	(297)	-	(182)	1,834
Buildings in progress	-	1,042	-	-	-	-	1,042
Plant and equipment	517	423	-	-	(38)	(236)	666
Motor vehicles	52		-	(4)	-	(32)	16
Offices machines	39	313	-	(3)	-	(35)	314
Furniture and fittings	100	112	-	(2)	-	(31)	179
Leasehold improvements	1,150	190	-	(20)	-	(210)	1,110
Assets in progress	398	(176)	-	-	-	-	222
Total	13,653	2,626	(4,552)	(326)	(38)	(726)	10,637

Note 12. Right-of-use assets

	Consolidated 2020 $'000	Consolidated 2019 $'000
Land and buildings - right-of-use	11,719	-
Less: Accumulated depreciation	(2,632)	-
	9,087	-
Motor vehicles - right-of-use	1,323	-
Less: Accumulated depreciation	(610)	-
	713	-
Office equipment - right-of-use	594	-
Less: Accumulated depreciation	(152)	-
	442	-
	10,242	-

Reconciliations:

	Consolidated 2020 $'000	Consolidated 2019 $'000
Balance at 1 July	-	-
Adoption of AASB 16 on 1 July 2019 (refer note 2)	13,100	-
Depreciation charge	(3,500)	-
Reversal of right-of-use asset depreciation	106	-
Additions	704	-
Reversal of right-of-use asset	(106)	-
Reductions in right-of-use asset due to changes in lease liabilities	(62)	-
Balance at 30 June	10,242	-

Note 13. Financial Instruments

	Consolidated	
Financial Assets	**2020 $'000**	**2019 $'000**
Financial assets at amortised cost		
Cash and cash equivalents	31,924	17,892
Trade receivables	2,222	1,663
Financial assets at fair value through other comprehensive income		
Shares in listed corporations	12,976	13,653
Shares in unlisted corporations	-	130
Financial liabilities		
Financial liabilities at amortised costs		
Trade payables	6,464	4,926

The listed equity securities are denominated in AUD and are publicly traded in Australia. The listed equity securities are stated at fair value which has been determined by reference to their quoted bid prices at reporting date. There are no fixed returns or fixed maturity dates attached to these investments

Note 14. Intangible assets

	Consolidated	
	2020 $'000	**2019 $'000**
Capitalised software	315	106

	Consolidated	
	2020 $'000	**2019 $'000**
Gross carrying		
Balance at 1 July	774	656
Additions	314	118
Impairment	-	-
Balance at 30 June	1,088	774
Amortisation and impairment		
Balance at 1 July	668	656
Amortisation	105	12
Impairment	-	-
Balance at 30 June	773	668
	315	106

Note 15. Trade and other payables

	Consolidated 2020 $'000	Consolidated 2019 $'000
Trade payables	1,017	661
Sundry payables and accrued expenses	5,447	4,265
Trade and other payables	6,464	4,926

Note 16. Provisions

	Consolidated 2020 $'000	Consolidated 2019 $'000
Provision for IR remediation costs	7,450	-
Provisions	7,450	-

Provision for IR remediation costs
A provision has been recognised in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* for remediation costs associated with instances of non-compliance with certain regulatory obligations. It is anticipated that these back payments will be made to impacted employees during the 2021 financial year.

Note 17. Employee Benefits

	Consolidated 2020 $'000	Consolidated 2019 $'000
Employee benefits - current	7,047	5,926
Employee benefits	7,047	5,926

Employee benefits provision
The current portion of the employee benefits liabilities consists of the group's obligations to its current employees that are expected to be settled during 2020. These liabilities arise mainly from accrued annual leave and long service leave entitlements at the balance sheet date.

Note 18. Contract Liabilities

	Consolidated 2020 $'000	Consolidated 2019 $'000
Funding received in advance – current	11,476	3,909
Funding received in advance – non-current	3,086	4,427

Note 19. Lease Liabilities

	Consolidated 2020 $'000	Consolidated 2019 $'000
Lease liability - current	3,218	-
Lease liability - non-current	7,068	-
	10,286	-

Note 20. Other non-current provisions

	Consolidated 2020 $'000	Consolidated 2019 $'000
Provision for workers compensation premium	3,000	-

A provision has been raised for estimated additional workers compensation insurance premiums due related to claims incurred for the 2020 financial year.

Note 21. Non-current Employee benefits

	Consolidated 2020 $'000	Consolidated 2019 $'000
Employee benefits	1,515	1,115

A provision has been recognised for employee entitlements relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

Note 22. Capital management

When managing capital, management's objective is to ensure the entity continue as a going concern as well as to maintain optimal returns to members and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Note 23. Reserves

Asset revaluation reserve
The asset revaluation reserve records revaluations of land and buildings and financial assets.

Asset realisation reserve
The asset realisation reserve records the gain or loss on the disposal of land and buildings and financial assets

Note 24. Controlled entities

	Country of Incorporation	Percentage Owned 2020	Percentage Owned 2019
Subsidiaries of Disability Service Australia Limited:			
Macquarie Employment Training Service Limited (METS)	Australia	100%	100%
DSA Mentoring Services Limited	Australia	100%	100%

Note 25. Company limited by guarantee

On 23 July 1982 the parent entity was incorporated in New South Wales under the Companies (New South Wales) Code, as a company limited by guarantee. The amount of the guarantee is limited by the memorandum of association to an amount not exceeding $50 per member. This guarantee is not capable of being called up except for the purpose of the winding up of the parent entity.

Note 26. Related Parties and transactions with key management personnel

Key management of the Group are Directors, the Chief Executive Officer and members of the executive management Team. Key management personnel remuneration includes the following expenses:

	2020 $	2019 $
Total key management personnel remuneration	3,152,000	2,896,000

The Directors act in an honorary capacity and did not receive any remuneration during either financial year.

HWL Ebsworth Lawyers provided pro-bono services and fees for service totaling $970,000 to the Group (2019: $350,000). Matthew Payne is a partner in HWL Ebsworth Lawyers.

There were no other related party transactions during the year.

Note 27. Cashflow information

	Consolidated	
	2020 $'000	2019 $'000
Reconciliation of Cash Flow from Operations		
(Loss) / surplus for the year	(12,264)	2,941
Non-cash flows in (loss)/surplus		
Depreciation	726	635
Other non-cash reclassifications	(192)	-
Amortisation	105	12
Impairment	38	-
Depreciation on right of use assets	3,500	-
(Profit) /loss on disposal of property plant and equipment	37	(53)
Changes in assets and liabilities		
Decrease in trade and other receivables	1,134	2,615
Increase in other assets	(383)	(189)
Decrease/(Increase) in inventories	60	(38)
Increase in payables	1,538	538
Increase in provisions	11,971	456
Increase in deferred income	6,226	6,815
	12,496	13,732

Note 28. Parent entity information

Statement of profit or loss and other comprehensive income

	Parent	
	2020	**2019**
	$'000	**$'000**
(Loss)/Profit	(12,438)	2,411
Total comprehensive income	(5,793)	2,681

Statement of financial position

	Parent	
	2020	**2019**
	$'000	**$'000**
Total current assets	40,011	27,738
Total assets	74,182	55,271
Total current liabilities	28,956	13,061
Total liabilities	43,221	18,517
Total equity	30,961	36,753

Note 29. Contingent liability

It has been identified that there may have been some instances of potential non-compliance with certain regulatory obligations. Investigations are in progress but at this time the extent of the potential non-compliance and the likely financial impact, if any, is unable to be quantified.

Note 30. Events after the reporting period

The COVID-19 pandemic has impacted the company during the period. Subsequent to the end of the financial year, the pandemic and its impact has continued to evolve. It is therefore not practical to estimate the potential impact, positive or negative, after reporting date. Apart for this, no matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 31. Fundraising activities conducted

Fundraising appeals conducted in 2020, under the Charitable Fundraising Act 1991, included telemarketing and mail acquisition and submission based proposals. All grant funds were designated toward the purpose for which they were applied across our Employment Service, Community Support Service and Business Service Units.

The costs of raising these funds was 15% (2019: 52%) of the gross revenue received. This included the costs of events, all promotional activity and the payment for all administrative services including salaries for fundraising staff.

Results of fundraising appeals:

	Consolidated	
	2020	**2019**
Community fundraising and submissions	5,800	37,682
Individual giving	150,421	271,100
Philanthropy	-	-
Total funds raised	156,221	308,782
Less: Total costs of fundraising appeals	(23,000)	(159,398)
Net Surplus	133,221	149,384

Disability Services Australia Limited
Responsible entities' declaration
30 June 2020

In the opinion of the Responsible Entities of Disability Services Australia Limited**:**

1. The consolidated financial statements and notes of Disability Services Australia Limited are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

   a complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Act 2012; and

   b giving a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the consolidated group.

2. There are reasonable grounds to believe that Disability Services Australia Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Responsible Entities.

T Leahy
Responsible Entity

23 September 2020
Sydney

Disability Services Australia Limited
Declaration by Chief Executive Officer in respect of fundraising appeals

I, Leisa Hart, Chief Executive Officer of Disability Services Australia Limited declare, in my opinion:

a. the financial statements give a true and fair view of all income and expenditure of Disability Services Australia Limited with respect to fundraising appeal activities for the financial year ended 30 June 2020;

b. the Statement of Financial Position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 June 2020;

c. the provisions of the Charitable Fundraising (NSW) Act 1991 and the Regulations under that Act and the conditions attached to the authority have been complied with during the period from 1 July 2019 to 30 June 2020; and

d. the internal controls exercised by Disability Services Australia Limited are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

LHart

Leisa Hart
Chief Executive Officer
23 day of September 2020

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report

To the Members of Disability Services Australia Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Disability Services Australia Limited (the "Company") and its controlled entities (the "Group") which comprises the statement of financial position as at 30 June 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, the Responsible Entities' declaration and the declaration by the Chief Executive Officer in respect of fundraising appeals.

In our opinion, the financial report of Disability Services Australia Limited:

1. has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* ("ACNC Act"), including:
   - giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
   - complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.
2. is in accordance with the *Charitable Fundraising Act 1991* (the "Act") and the *Charitable Fundraising Regulation 2015* (the "Regulation"), including showing a true and fair view of the Group's financial result of fundraising appeals for the year ended 30 June 2020.

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 ethical 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.

Grant Thornton

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

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

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

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

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 Group are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Report on the requirements of the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulation 2015

We have audited the compliance of Disability Services Australia Limited with the requirements of Section 24(2) of the *Charitable Fundraising Act 1991* for the year ended 30 June 2020.

Our Opinion

In our opinion:

a) Disability Services Australia Limited has properly kept the accounts and associated records during the year ended 30 June 2020 in accordance with the *NSW Charitable Fundraising Act 1991* and *NSW Charitable Fundraising Regulations 2015* (section 24(2)(b) of the Act);

b) the Company, has, in all material respects, properly accounted for and applied money received as a result of fundraising appeals conducted during the year ended 30 June 2020 in accordance with section 24(2)(c) of the Act; and

c) there are reasonable grounds to believe that Disability Services Australia Limited will be able to pay its debts as and when they fall due over the 12 month period from the date of this report (section 24(2)(d) of the Act).

Responsibilities of the Directors under the Charitable Fundraising Act 1991

The Directors of the Company are responsible for compliance with the requirements and conditions of the *NSW Charitable Fundraising Act 1991* and *NSW Charitable Fundraising Regulation 2015* and for such internal control as the Directors determine is necessary for compliance with the Act and the Regulation. This responsibility includes establishing and maintaining internal control over the conduct of all fundraising appeals; ensuring all assets obtained during, or as a result of, a fundraising appeal are safeguarded and properly accounted for; and maintaining proper books of account and records.

The Directors are also responsible for ensuring the Company will be able to pay its debts as and when they fall due.

Auditor's Responsibility

Our responsibility is to form and express an opinion on the Company's compliance, in all material respects, with the requirements of the Act and Regulation, as specified in section 24(2)(b), 24(2)(c) and 24(2)(d) of the *Charitable Fundraising Act 1991*.

Our audit has been conducted in accordance with the applicable Standards on Assurance Engagements (ASAE 3100 *Compliance Engagements*), issued by the Auditing and Assurance Standards Board. Our audit has been conducted to provide reasonable assurance that Disability Services Australia Limited has complied with specific requirements of the Charitable Fundraising Act 1991 and Charitable Fundraising Regulation 2015, and whether there are reasonable grounds to believe the Company will be able to pay its debts as and when they fall due over the 12 month period from the date of this independent auditor's report ("future debts").

Audit procedures selected depend on the auditor's judgement. The auditor designs procedures that are appropriate in the circumstances and incorporate the audit scope requirements set out in the Act. The audit procedures have been undertaken to form an opinion on compliance of Disability Services Australia Limited with the Act and Regulations and its ability to pay future debts. Audit procedures include obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting the Company's compliance with specific requirements of the Act and Regulation, and assessing the reasonableness and appropriateness of the Company's assessment regarding the Company's ability to pay future debts.

Inherent Limitations

Because of the inherent limitations of any compliance procedures, it is possible that fraud, error or noncompliance may occur and not be detected. An audit is not designed to detect all instances of noncompliance with the requirements of the Act and Regulation, as the audit procedures are not performed continuously throughout the year and are undertaken on a test basis.

Whilst evidence is available to support the Company's ability to pay future debts, such evidence is future orientated and speculative in nature. As a consequence, actual results are likely to be different from the information on which the opinion is based, since anticipated events frequently do not occur as expected or assumed and the variations between the prospective opinion and the actual outcome may be significant.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

C F Farley
Partner – Audit & Assurance

Sydney, 23 September 2020

DSA

dsa.org.au