CHESS CONNECT

# CONSOLIDATED FINANCIAL ANNUAL REPORT 2019-20

**COFFS HARBOUR EMPLOYMENT SUPPORT SERVICES LTD**
**ABN 91 677 106 763**

**FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2020**

Your directors present their report on the company for the financial year ended 30 June 2020.

**Principal Activities**

The principal activities of the company during the course of the financial year were:

**i.** To provide the Disability Employment Services (DES) contract through a sub-contract agreement with CoAct, for those in the community with disability, mental health issues and disadvantage;
**ii.** To provide disability support services through the National Disability Insurance Scheme (NDIS) as a registered NDIS provider;
**iii.** To provide the Parents Next program that helps eligible parents plan and prepare for employment by the time their children go to school;
**iv.** To provide Psychosocial Continuity of Support Services funded by the North Coast Primary Health Network and
**v.** To provide wellbeing services and education through fee for service.

**Short Term and Long Term Objectives of the Company**

The company has identified the following short term objectives:

**i.** To achieve growth and sustainability in disability services throughout the CHESS Connect service region;
**ii.** To develop and grow the provision of services under the National Disability Insurance Scheme (NDIS) throughout the CHESS Connect service region;
**iii.** To develop the provision of Psychosocial Disability services outside the NDIS;
**iv.** To secure new contracts and services that align or complement the existing range of services.
**v.** To educate, inform and support the community in dealing with the challenges of mental illness.

**The company has identified the following long term objectives**

CHESS Connect is a for-purpose, human services organisation that has the long term goal of being a major provider of a range of employment; disability, mental health; mentorship and community services to support local people in our region to achieve a strong life.

**Strategies**

The company has adopted the followings strategies in order to achieve these objectives:

**i.** The formulation of a three year strategic plan and annual business plans;
**ii.** The development of client and business engagement capability through a strategic marketing strategy;
**iii.** The migration to customer relationship management technology to enhance the customer service experience;
**iv.** The implementation of an internal leadership development capability to drive team performance;
**v.** The preparation of annual budget and cash flow projections, including forecasts and the regular review of the company performance against the budget by management and directors and,
**vi.** The development of alliances and partnerships to support the business model to achieve quality and scale.

**Review of Operations**

The financial result was an operating surplus of $379,940. The previous financial year was an operating loss of $531,180.

The improvement in financial performance was driven by a growth in NDIS services and the lift in financial performance of the new services established in the Hastings region in the prior two years.

Total revenue also included the government cash flow boost of $50,000 to support business during the COVID crisis. The hourly rate payable in the NDIS scheme for select customer supports was increased by 10% to support service providers to maintain critical customer service impacted by COVID and this amounted to an increase in revenue of approximately $75,000.

The growth in revenue, management of costs and operating surplus has been achieved despite the impact to services, operations and service users caused by the bushfires in the regional area and the COVID 19 crisis.

**Financial Highlights include:**
**i.** Increase in revenue from $8,567,673 to $10,014,908 or 16.89%;
**ii.** Increase in staff wages from $7,121,252 to $7,947,780 or 11.6% primarily driven by the increase in NDIS staff.

**Corporate Governance Statement**

As a Company Limited by Guarantee, CHESS Connect is governed by a Board of Directors and an Executive Management team, headed by the Chief Executive Officer. Corporate governance is the framework of rules, relationships, systems and processes within, and by which, authority is exercised and controlled in corporations.

**The Board will:**

**i.** Ensure the strategic guidance of the organisation;
**ii.** Exercise independence of judgment on all matters dealt with;
**iii.** Apart from and in addition to their statutory obligations, owe a duty to:
**iv.** Act bone fide in the interests of the organisation;
**v.** Refrain from making representations or agreements with the funding bodies, suppliers, customers, employees or clients (or their advocates), or other parties, unless such authority is explicitly delegated by a resolution of the Board;
**vi.** Declare and preferably avoid conflicts of interest; and,
**vii.** Comply with the organisation's Constitution.

**Board Responsibilities**

**i.** Strategic direction of the organisation;
**ii.** Approval of budgets and other performance indicators, review performance against them and initiate corrective action when required;
**iii.** Ensuring compliance with the applicable laws;
**iv.** Oversee risk, and ensuring that risks facing the organisation have been identified, assessed, and that the risks are being properly managed;
**v.** Adopting the most effective structure that best assists the governance process;
**vi.** Approval and fostering of an appropriate corporate culture matched to the Company's values;
**vii.** The appointment of the CEO and the evaluation of his/her ongoing performance against predetermined criteria;
**viii.** Approving the remuneration policy and succession plans for the CEO;
**ix.** Seeking of new members with appropriate skills and experience and who can make a worthwhile contribution to the decision-making processes of the Board.

**Directors Information**

The names of the directors in office at any time during, or since the end of, the year and the period that each director has been in office:

| Director's Name | Special Responsibilities | Period as Director | Qualifications and Experience |
|---|---|---|---|
| Linda Kirkwood | Chair | Appointed 25th November 2014 | Bachelor of Arts and Bachelor of Economics, Masters of Organisational Development and Planning, Graduate Certificate in Industrial Relations. 25 years experience in Human Resources and Management. |
| Peter Connie | Vice Chair | Appointed 25th November 2014 | Mental Health Case Manager for Mid North Coast Local Area Health District with over 30 years experience in management of treatment services for drug and alcohol rehabilitation. |
| Charles La Coste | Director | Appointed 25th November 2014 | Executive Certificate Insurance, Fellow of the Australian Insurance Institute, Certified Insurance Professional. Manager Westlawn Insurance |
| Megan George | Director | Appointed 25th November 2014 | Bachelor of Applied Science (Occupational Therapy) Grad Cert in Occupational Therapy (Neurology) 20 years experience in workplace rehabilitation services. |
| Brian Marshall | Audit Committee Chair | Appointed 25th November 2014 | Masters of Government & Commercial Law, Bachelor of Business in Accounting. Member of Chartered Accountants Australia and New Zealand. 20 years experience in the accounting industry. |
| David Bennetts | Governance Committee Chair | Appointed 25th November 2014 | Dip Law (BAB)<br>Barrister Supreme Court NSW<br>Retired Sales and Marketing Manager. Director Royal Life Saving Society NSW - 18 years |
| Catherine Yeomans | Director | Appointed 25th April 2018 | Bachelor of Laws (LLB) and a Graduate of the Australian Institute of Company Directors (GAICD). Previously Chief Executive Officer of Mission Australia and prior to that held Senior Executive roles with the global corporates Thomson Reuters and LexisNexis. |

**Company Secretary**

Paul Kelly was appointed Company Secretary on 31st May 2017. Paul has Company Secretary and Governance experience in the Not for Profit & Finance Sector.

## Meetings of Directors

During the financial year, 12 meetings of directors were held (including committees of directors) and the attendances by each director during the year were as follows:

| | Ordinary Meetings | |
|---|---|---|
| | Eligible to attend | Number attended |
| Peter Connie | 8 | 7 |
| Megan George | 8 | 8 |
| Brian Marshall | 8 | 6 |
| David Bennetts | 8 | 7 |
| Charles La Coste | 8 | 6 |
| Linda Kirkwood | 8 | 8 |
| Catherine Yeomans | 8 | 7 |

| | Governance Committee | |
|---|---|---|
| | Eligible to attend | Number attended |
| Peter Connie | 2 | 2 |
| Megan George | 2 | 1 |
| David Bennetts | 2 | 2 |
| Linda Kirkwood | 2 | 2 |
| Catherine Yeomans | 2 | 2 |

| | Audit and Risk Committee | |
|---|---|---|
| | Eligible to attend | Number attended |
| Brian Marshall | 2 | 1 |
| Charles La Coste | 2 | 2 |
| Linda Kirkwood | 2 | 0 |
| Catherine Yeomans | 2 | 2 |

| | TOTAL | |
|---|---|---|
| | Eligible to attend | Number attended |
| Peter Connie | 10 | 9 |
| Megan George | 10 | 9 |
| Brian Marshall | 10 | 7 |
| David Bennetts | 10 | 9 |
| Charles La Coste | 10 | 8 |
| Linda Kirkwood | 12 | 10 |
| Catherine Yeomans | 12 | 11 |

## Membership Details

Coffs Harbour Employment Support Services Ltd is a public company limited by guarantee and no shares or options are issued. If the company is wound up, the constitution states that each member is required to contribute a maximum of $1 each towards meeting any outstanding obligations of the company.

| Membership Class | Number of Members | Individual Members Contribution on winding up of Company | Total Members Contribution on winding up of Company |
|---|---|---|---|
| Members | 7 | $ 1 | $ 7 |
| Total | 7 | $ 1 | $ 7 |

COFFS HARBOUR EMPLOYMENT SUPPORT SERVICES LTD
ABN 91 677 106 763

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2020

**Auditors' Independence Declaration**

A copy of the auditors independence declaration as required under section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is attached to these financial statements.

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

Linda Kirkwood
Chair

Brian Marshall
Audit Committee Chair

Dated: 28 October 2020

Crowe

**Crowe Central North**
ABN 91 680 058 554
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Coffs Harbour NSW 2450 Australia
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Coffs Harbour NSW 2450 Australia

Tel 02 6653 0850
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## AUDITORS' INDEPENDENCE DECLARATION

## UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT FOR PROFITS COMMISSION ACT 2012 TO THE BOARD MEMBERS OF COFFS HARBOUR EMPLOYMENT SUPPORT SERVICES LTD

**ABN 91 677 106 763**

I declare that, to the best of my knowledge and belief, during the financial year to 30 June 2020 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Central North

**CROWE CENTRAL NORTH**

Kylie Ellis

**Kylie Ellis**
**Partner**
Registered Company Auditor (ASIC RAN 483424)
107 West High Street
COFFS HARBOUR NSW 2450

Dated: 28 October 2020

COFFS HARBOUR EMPLOYMENT SUPPORT SERVICES LTD
ABN 91 677 106 763

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020<br>$ | 2019<br>$ |
|---|---|---|---|
| Revenues | 2 | **9,993,270** | 8,529,898 |
| Interest revenue calculated using the effective interest rate method | 2 | **21,638** | 37,775 |
| Other income | 3 | **163,918** | 31,551 |
| Client support expenses | | **(122,708)** | (199,161) |
| Depreciation and amortisation expense | | **(692,548)** | (180,417) |
| Employee benefits expenses | | **(7,947,780)** | (7,121,251) |
| Finance expenses | | **(86,007)** | - |
| Occupancy expenses | | **(223,880)** | (725,544) |
| Wage subsidies | | **(31,595)** | (119,338) |
| Other expenses | | **(694,368)** | (784,693) |
| **Surplus/(Deficit) before income tax expense** | | **379,940** | (531,180) |
| Income tax expense | 1(b) | **-** | - |
| **Surplus/(Deficit) after income tax expense** | | **379,940** | (531,180) |
| **Other comprehensive income for the year, net of tax** | | **-** | - |
| **Total comprehensive income for the year** | | **379,940** | (531,180) |

## STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2020

| | Note | 2020 $ | 2019 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 5 | **1,677,952** | 1,087,510 |
| Trade and other receivables | 6 | **254,286** | 231,221 |
| Other assets | 7 | **430,952** | 449,369 |
| Investments and other financial assets | 8 | **857,980** | 700,000 |
| **TOTAL CURRENT ASSETS** | | **3,221,170** | 2,468,100 |
| **NON CURRENT ASSETS** | | | |
| Property, plant and equipment | 9 | **511,327** | 627,543 |
| Intangible Assets | 11 | **-** | - |
| Right of use assets | 10 | **1,605,756** | - |
| **TOTAL NON CURRENT ASSETS** | | **2,117,083** | 627,543 |
| **TOTAL ASSETS** | | **5,338,253** | 3,095,643 |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 13 | **626,698** | 673,543 |
| Lease liabilities | 12 | **444,161** | - |
| Employee benefits | 14 | **631,341** | 489,115 |
| Other liabilities | 15 | **-** | 126,046 |
| Contract liabilities | 16 | **260,630** | - |
| **TOTAL CURRENT LIABILITIES** | | **1,962,830** | 1,288,704 |
| **NON CURRENT LIABILITIES** | | | |
| Lease liabilities | 12 | **1,218,592** | - |
| Employee benefits | 14 | **234,283** | 264,331 |
| **TOTAL NON CURRENT LIABILITIES** | | **1,452,875** | 264,331 |
| **TOTAL LIABILITIES** | | **3,415,705** | 1,553,035 |
| **NET ASSETS** | | **1,922,548** | 1,542,608 |
| **EQUITY** | | | |
| Retained earnings | | **1,922,548** | 1,542,608 |
| **TOTAL EQUITY** | | **1,922,548** | 1,542,608 |

The accompanying notes form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 JUNE 2020

| | Retained Earnings $ | Total $ |
|---|---|---|
| **Balance at 01 July 2018** | 2,073,788 | 2,073,788 |
| Deficit after income tax expense | (531,180) | (531,180) |
| Other comprehensive income for the year | - | - |
| Transfer to/(from) reserve | - | - |
| **Balance at 30 June 2019** | 1,542,608 | 1,542,608 |
| Surplus after income tax expense | 379,940 | 379,940 |
| Other comprehensive income for the year | - | - |
| Transfer to/(from) reserve | - | - |
| **Balance at 30 June 2020** | 1,922,548 | 1,922,548 |

The accompanying notes form part of these financial statements.

**COFFS HARBOUR EMPLOYMENT SUPPORT SERVICES LTD**
**ABN 91 677 106 763**

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 $ | 2019 $ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Revenue received | | **10,260,798** | 9,303,162 |
| Payments to suppliers and employees | | **(8,928,672)** | (9,570,395) |
| Interest received | | **21,638** | 37,775 |
| Finance costs | | **(86,007)** | - |
| Net cash provided by/(used in) operating activities | 17 (b) | **1,267,757** | (229,458) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments for plant and equipment | | **(92,167)** | (243,497) |
| Proceeds from sale of plant and equipment | | **-** | 16,930 |
| Proceeds from investments | | **(157,980)** | 986,195 |
| Net cash (used in)/provided by investing activities | | **(250,147)** | 759,628 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayment of leasing liabilities | | **(427,168)** | - |
| Net cash used in investing activities | | **(427,168)** | - |
| Net increase in cash held | | **590,442** | 530,170 |
| Cash at the beginning of the financial year | | **1,087,510** | 557,340 |
| Cash at the end of the financial year | 17 (a) | **1,677,952** | 1,087,510 |

**Note 1: Statement of Significant Accounting Policies**

The financial report is a special purpose financial report that has been prepared in order to satisfy the financial reporting requirements of Coffs Harbour Employment Support Services Ltd. The board has determined that the Company Limited by Guarantee is not a reporting entity.

The financial report covers Coffs Harbour Employment Support Services Ltd as an individual entity. Coffs Harbour Employment Support Services Ltd is an entity limited by guarantee in New South Wales under the Corporations Act 2001.

The financial report has been prepared in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and the following Australian Accounting Standards:

AASB 101: Presentation of Financial Statements
AASB 107: Statement of Cash Flows
AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1048: Interpretation and Application of Standards
AASB 1054: Australian Additional Disclosures

No other applicable Accounting Standards, Australian Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report have been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following material accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

**(a) Revenue**

The Company recognises revenue as follows:

*Revenue from Contracts with Customers*

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

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

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

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

*Interest*

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

Grants

The company receives various grants, some are recognised under *AASB15: Revenue from Contracts with Customers* and some are recognised under *AASB1058: Income of Not-for-Profit Entities* . Treatment under each standard is detailed as follows;

*Grants - AASB15: Revenue from Contracts with Customers*

The company receives a number of funding streams that contain sufficiently specific performance obligations within the funding contract. Grant revenue pertaining to these contracts is recognised in profit or loss when the company satisfies the performance obligations stated within the funding agreements in accordance with *AASB15: Revenue from Contracts with Customers.*

*Grants - AASB1058: Income of Not-for-Profit Entities*

The company receives a number of funding streams that do not contain sufficiently specific performance obligations. Where there are no sufficiently specific performance obligations present, the company recognises revenue on receipt of funds in accordance with *AASB1058: Income of Not-for-Profit Entities.*

*Other revenue*

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

Volunteer services

The company has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

**(b) Income Tax**

No provision for income tax has been raised as the directors consider that the co-operative is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

**(c) 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 company 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 company 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.

**(d) 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 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 exchange 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 normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled with 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.

**(e) Investments and Other Financial Assets**

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

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

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

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

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

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

**(f) Impairment of Non-Financial Assets**

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value of its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the receivable amount of the cash-generating unit to which the asset belongs.

**(g) 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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

**(h) 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 company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.
Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**(i) Plant and Equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

| Class of Fixed Asset | Depreciation Rate |
|---|---|
| Plant and Equipment | 7.5 - 50% |
| Motor Vehicles | 25% |

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

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

**(j) Trade 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 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.

**(k) 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

**(l) 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 company'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 or extension 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 an extension or 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.

**(m) Goods and Services Tax**

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

**(n) Comparative Figures**

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

**(o) 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.

Revenue from Contracts with Customers

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Estimation of useful lives of assets

The company 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 company 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 company 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.

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 company'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 company 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 company 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.

Employee Benefits Provision

As discussed in note 1 (k), 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.

**(p) Changes in accounting policy, disclosures, standards and interpretations**

New of amended Accounting Standards and Interpretations Adopted

The 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.

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

*AASB 15 Revenue from Contracts with Customers*

The company has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

*AASB 16 Leases*

The company 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.

When adopting AASB 16 from 1 July 2019, the company has applied the following practical expedients:

- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

*AASB 1058 Income of Not-for-Profit Entities*

The company has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

*Impact of Adoption*

AASB 15, AASB 16 and AASB 1058 have all been adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

| | Carrying amount at 30 June 2019 $ | Reclassification $ | Remeasurement $ | AASB 16 Carrying amount at 1 July 2019 $ |
|---|---|---|---|---|
| Right-of-use assets | - | 1,625,617 | - | 1,625,617 |
| Lease liabilities | - | (1,625,617) | - | (1,625,617) |
| Total | - | - | - | - |

The following is a reconciliation of total operating lease commitments at 30 June 2019 (as disclosed in the financial statements to 30 June 2019) to the lease liabilities recognised at 1 July 2019:

| | $ | $ |
|---|---|---|
| Total operating lease commitments disclosed at 30 June 2019 | | 495,740 |
| Recognition exemptions: | | |
| Leases of low value assets | - | |
| Lease with remaining lease terms of less than 12 months | - | |
| Variable lease payments not recognised | - | |
| Other minor adjustments relating to commitment disclosures | - | |
| | | - |
| Operating lease liabilities before discounting | | 495,740 |
| Discounted using the incremental borrowing rate | | (231,893) |
| Operating lease liabilities | | 263,847 |
| Reasonably certain extension options | | 1,361,770 |
| **Total lease liabilities recognised under AASB 16 at 1 July 2019** | | **1,625,617** |

**(q) Accounting Policies, Changes in Accounting Estimates and Errors**

In order to provide more relevant reporting to the users of the financial statements and to ensure the financial statements comply with AASB 101 Presentation of Financial Statements, the allocation of some items in the Statement of Profit Loss and Other Comprehensive Income have been restated. As a result of this amendment and in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, the prior period accounts have been restated. What follows is the result of the restatement.

| | Original 2019 $ | Effect of Restatement $ | Restated 2019 $ |
|---|---|---|---|
| **STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME** | | | |
| Revenues | 9,021,701 | (491,803) | 8,529,898 |
| Interest revenue calculated using the effective interest rate method | - | 37,775 | 37,775 |
| Other income | - | 31,551 | 31,551 |
| Finance expenses | - | - | - |
| Wage subsidies | (301,247) | 181,909 | (119,338) |
| Occupancy expenses | (725,556) | 12 | (725,544) |
| Other expenses | (899,203) | 114,510 | (784,693) |
| Transfer to unexpended grants | (126,046) | 126,046 | - |
| **Deficit before income tax expense** | (531,180) | | (531,180) |
| Income tax expense | - | - | - |
| **Total comprehensive income for the year** | (531,180) | - | (531,180) |

| | 2020 $ | 2019 $ |
|---|---|---|
| **Note 2: Revenue** | | |
| Revenue from contracts with customers: | | |
| Fee for service | **80,195** | 56,269 |
| Service fees | **2,816,088** | 2,847,675 |
| Outcome fees | **2,308,055** | 2,157,182 |
| Sign up and support fees | **654,364** | 518,648 |
| NDIS Financial plan management | **256,506** | 110,663 |
| NDIS | **3,190,909** | 1,229,727 |
| Total revenue from contracts with customers | **9,306,117** | 6,920,164 |
| Other revenues | | |
| Interest received from other persons | **21,638** | 37,775 |
| Government funding | **640,484** | 1,577,262 |
| Hiring charges | **24,860** | 32,047 |
| Other income | **21,809** | 425 |
| Total other revenues | **708,791** | 1,647,509 |
| Total revenue | **10,014,908** | 8,567,673 |
| **Note 3: Other Income** | | |
| Profit on sale of fixed assets | **-** | 4,000 |
| Insurance recoveries | **113,918** | 27,551 |
| Cash flow boost | **50,000** | - |
| Total other income | **163,918** | 31,551 |
| **Note 4: Expenses** | | |
| Surplus/(deficit) before income tax includes the following specific expenses: | | |
| Client expenses | **122,708** | 145,216 |
| Depreciation and amortisation expense | | |
| Property plant & equipment | **202,531** | 180,417 |
| Leases | **490,017** | - |
| Finance costs | | |
| Interest and finance charges paid/payable on lease liabilities | **86,007** | - |
| Motor vehicle expenses | **166,877** | 205,902 |
| Provision for employee entitlements | **21,573** | (11,184) |
| Salary and wages | **7,136,658** | 6,357,552 |
| Superannuation | **669,540** | 587,460 |
| Total rental expense relating to operating leases | | |
| Short-term lease payments | **86,842** | 578,111 |
| Wage subsidy costs | **253,218** | 301,247 |
| **Note 5: Cash and Cash Equivalents** | | |
| Cash on hand | **-** | 5,670 |
| Cash at bank | **1,677,952** | 1,081,840 |
| | **1,677,952** | 1,087,510 |

*Reconciliation to cash and cash equivalents at the end of the financial year*

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

| | 2020 $ | 2019 $ |
|---|---|---|
| Balances as above | **1,677,952** | 1,087,510 |
| Balance as per statement of cash flows | **1,677,952** | 1,087,510 |

| | 2020 $ | 2019 $ |
|---|---|---|
| **Note 6: Trade and Other Receivables** | | |
| Trade receivables | **216,010** | 190,922 |
| Deposits | **38,276** | 40,299 |
| | **254,286** | 231,221 |
| **Note 7: Other Assets** | | |
| CURRENT | | |
| Accrued income | **336,830** | 328,921 |
| Prepaid expenses | **94,122** | 120,448 |
| | **430,952** | 449,369 |
| **Note 8: Investments and Other Financial Assets** | | |
| (a) Financial assets at amortised cost | | |
| Financial assets at amortised cost under AASB 9 | | |
| - term deposits | **857,980** | 700,000 |
| | **857,980** | 700,000 |
| **Note 9: Property, Plant and Equipment** | | |
| Land and Buildings (at cost) | | |
| Leasehold Improvements (at cost) | **434,938** | 364,090 |
| Less: Accumulated depreciation | **(321,332)** | (263,186) |
| Total Land and Buildings (at cost) | **113,606** | 100,904 |
| Plant and Equipment (at cost) | | |
| Office furniture and equipment (at cost) | **578,041** | 556,723 |
| Less: Accumulated depreciation | **(471,906)** | (412,115) |
| | **106,135** | 144,608 |
| Motor vehicles (at cost) | **782,475** | 835,417 |
| Less: Accumulated depreciation | **(490,889)** | (453,386) |
| | **291,586** | 382,031 |
| Total Plant and Equipment | **397,721** | 526,639 |
| Total Property, Plant and Equipment | **511,327** | 627,543 |

(a) Movements in carrying amounts

| | Leasehold Improvements $ | Plant and Equipment $ | Total $ |
|---|---|---|---|
| Balance at the beginning of the year | 100,904 | 526,639 | 627,543 |
| Additions | 70,848 | 21,319 | 92,167 |
| Disposals | - | (5,852) | (5,852) |
| Depreciation expense | (58,146) | (144,385) | (202,531) |
| Carrying amount at the end of the year | 113,606 | 397,721 | 511,327 |

(b) Leasehold improvements have been capitalised and are being depreciated over the term of the lease.

(c) No impairment has been recognised in respect of plant and equipment.

| | 2020 $ | 2019 $ |
|---|---|---|

## Note 10: Right of Use Assets

| | 2020 $ | 2019 $ |
|---|---|---|
| Land and Buildings | | |
| Land and Buildings | **2,088,512** | - |
| Less: Accumulated depreciation | **(487,832)** | - |
| Total Land and Buildings (at cost) | **1,600,680** | - |
| Plant and Equipment (at cost) | | |
| Office furniture and equipment | **7,261** | - |
| Less: Accumulated depreciation | **(2,185)** | - |
| Total Plant and Equipment | **5,076** | - |
| Total Right of Use Assets | **1,605,756** | - |

(a) Movements in carrying amounts

| | Land and Buildings $ | Plant and Equipment $ | Total $ |
|---|---|---|---|
| Balance at the beginning of the year | - | - | - |
| Adjustment on adoption of AASB 16 | 1,625,617 | - | 1,625,617 |
| Additions | 462,895 | 7,261 | 470,156 |
| Disposals | - | - | - |
| Depreciation expense | (487,832) | (2,185) | (490,017) |
| Carrying amount at the end of the year | 1,600,680 | 5,076 | 1,605,756 |

(b) The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

(c) The Company also assesses the right-of-use asset for impairment when such indicators exist. No impairment has been recognised in respect of right-of-use assets.

## Note 11: Intangible Assets

| | 2020 $ | 2019 $ |
|---|---|---|
| Computer software and website development | **22,836** | 22,836 |
| Less: accumulated amortisation | **(22,836)** | (22,836) |
| | **-** | - |

(a) Movements in carrying amounts

| | 2020 $ | 2019 $ |
|---|---|---|
| Balance at the beginning of the year | **-** | 218 |
| Amortisation expense | **-** | (218) |
| Carrying amount at the end of the year | **-** | - |

| | **2020** $ | 2019 $ |
|---|---|---|

## Note 12: Leases

Lease liabilities are presented in the statement of financial position as follows:

| | | |
|---|---|---|
| CURRENT | | |
| Lease liability | **444,161** | - |
| Total Current Lease liability | **444,161** | - |
| NON-CURRENT | | |
| Lease liability | **1,218,592** | - |
| Total Non-Current Lease liability | **1,218,592** | - |
| Total Lease liability | **1,662,753** | - |

The company leases land and buildings for their various offices and office equipment under agreements of between one to five years, several of the leases contain options to extend. On renewal, the terms of the leases are renegotiated.

The company also has certain leases of office spaces and office equipment with lease terms of 12 months or less and/or with low value. The company applies the ‘short-term lease’ and ‘lease of low-value assets’ recognition exemptions for these leases.

## Note 13: Trade and Other Payables

| | | |
|---|---|---|
| CURRENT | | |
| Trade payables | **50,909** | 72,205 |
| Other payables | **242,295** | 254,766 |
| Accrued expenses | **333,494** | 346,572 |
| | **626,698** | 673,543 |

## Note 14: Provisions

| | | |
|---|---|---|
| CURRENT | | |
| Provision for annual leave | **523,223** | 432,619 |
| Provision for long service leave | **108,118** | 56,496 |
| | **631,341** | 489,115 |
| NON-CURRENT | | |
| Provision for long service leave | **234,283** | 264,331 |
| | **234,283** | 264,331 |

## Note 15: Other Liabilities

| | | |
|---|---|---|
| CURRENT | | |
| Unexpended grants | **-** | 126,046 |
| | **-** | 126,046 |

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| **Note 16: Contract Liabilities** | | |
| CURRENT | | |
| Advance management fees | **260,630** | - |
| | **260,630** | - |
| **Note 17: Cash Flow Information** | | |
| (a) Reconciliation of cash | | |
| Cash on hand | **-** | 5,670 |
| Cash at bank | **1,677,952** | 1,081,840 |
| | **1,677,952** | 1,087,510 |
| (b) Reconciliation of cash flow from operations with (deficit)/surplus from activities after income tax expense: | | |
| Surplus/(deficit) from ordinary activities after income tax expense | **379,940** | (531,180) |
| Non cash flows in deficit from ordinary activities: | | |
| Depreciation | **692,548** | 180,417 |
| Profit on sale of fixed assets | **-** | (4,000) |
| Changes in Assets and Liabilities: | | |
| (Increase)/decrease in trade and other receivables | **(23,065)** | 263,187 |
| (Increase)/decrease in accrued income | **(7,909)** | (178,107) |
| (Increase)/decrease in prepayments | **26,326** | (659) |
| Increase/(decrease) in creditors and accruals | **(46,845)** | 43,909 |
| Increase/(decrease) in provisions | **112,178** | 53,690 |
| Increase/(decrease) in other liabilities | **134,584** | (56,715) |
| Cash flows from operations | **1,267,757** | (229,458) |

(c) The company has no credit stand-by or financing facilities in place.

(d) There were no non-cash financing or investing activities during the period.

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| **Note 18: Capital and Leasing Commitments** | | |
| (a) Operating Lease Commitments | | |
| Non-cancellable operating leases contracted for but not capitalised | | |
| Payable - minimum lease payments: | | |
| - not later than 12 months | **-** | 245,695 |
| - between 12 months and five years | **-** | 250,045 |
| - between five years and six years | **-** | - |
| | **-** | 495,740 |

The company has several non-cancellable lease arrangements for it's various offices and projects. The lease commitments recognised represent the leases held with terms between 1 month and 2 years.

(b) Capital Expenditure Commitments

As at 30 June 2020, the company had not engaged in any capital commitments.

| | 2020<br>$ | 2019<br>$ |
|---|---|---|

**Note 19: Economic Dependence**

The continuing operations of the company are substantially dependent upon:

(a) The provision of the Disability Employment Services (DES) contract represents 47% of the company's revenue. The service is delivered as a sub-contractor for CoAct the prime contract holder. The DES contract is funded by the Commonwealth Department of Social Services (DSS). This contract expires on 30 June 2022.

(b) NDIS Registered Service Provider – NDIS registration is ongoing subject to the continuing compliance with the NDIS quality and compliance standards

There have been no significant changes.

**Note 20: Events After the End of the Reporting Period**

No events have arisen since the end of the reporting period which significantly 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.

**Note 21: Related Party Transactions**

Other Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

Transactions with related parties were:

Director, Charles La Coste is a Shareholder and Director of Westlawn Insurance Brokers Coffs Harbour, who act as insurance brokers for the company.

The company sublets office space in Macksville from a business in which the wife of director Peter Connie is the proprietor.

The principal place of business of the company is:

Coffs Harbour Employment Support Services Ltd.
2/72 Grafton Street
COFFS HARBOUR NSW 2450

## DIRECTORS DECLARATION
## FOR THE YEAR ENDED 30 JUNE 2020

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the directors the financial report as set out on pages 7 to 25:

1. Presents a true and fair view of the financial position of Coffs Harbour Employment Support Services Ltd as at 30 June 2020 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that Coffs Harbour Employment Support Services Ltd will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Directors and is signed for and on behalf of the Board by:

Linda Kirkwood
Chair

Brian Marshall
Audit Committee Chair

Dated: 28 October 2020

**Crowe Central North**
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**INDEPENDENT AUDITORS' REPORT**
**TO THE MEMBERS OF**
**COFFS HARBOUR EMPLOYMENT SUPPORT SERVICES LTD**

**ABN 91 677 106 763**

## Opinion

We have audited the financial report of Coffs Harbour Employment Support Services Ltd (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards to the extent described in Note 1 and the Australian Charities and Not-for-profits Commission Act 2012.

## 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 Australian Charities and Not-for-profits Commission Act 2012 and 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

## Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company'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.

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**INDEPENDENT AUDITORS' REPORT**
**TO THE MEMBERS OF**
**COFFS HARBOUR EMPLOYMENT SUPPORT SERVICES LTD**

**ABN 91 677 106 763**

**Responsibilities of the Directors for the Financial Report**

The Directors are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the members 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 gives a true and fair view and 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 Company 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 Company 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 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.

As part of an audit in accordance with the Australian Auditing Standards, the auditor exercises professional judgement and maintains professional skepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the financial report, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor’s 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. Obtains 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 Entity’s internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes on the appropriateness of management’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 Entity’s ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the auditor’s opinion. The auditor’s conclusions are based on the audit evidence obtained up to the date of the auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

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**INDEPENDENT AUDITORS' REPORT**
**TO THE MEMBERS OF**
**COFFS HARBOUR EMPLOYMENT SUPPORT SERVICES LTD**

**ABN 91 677 106 763**

- Evaluates 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. The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

**Emphasis of Matter – Basis of Accounting**

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the board's financial reporting responsibilities under the Australian Charities and Not-for-profits Commission Act 2012. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Crowe Central North

**CROWE CENTRAL NORTH**

Kylie Ellis

**Kylie Ellis**
**Partner**
Registered Company Auditor (ASIC RAN 483424)
107 West High Street
COFFS HARBOUR NSW 2450

Dated: 3 November 2020

**Crowe Central North**

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**DISCLAIMER**
**TO THE MEMBERS OF**
**COFFS HARBOUR EMPLOYMENT SUPPORT SERVICES LTD**

**ABN 91 677 106 763**

The additional financial data presented on pages 30 - 31 is in accordance with the books and records of the company which have been subjected to the auditing procedures applied in our statutory audit of the company for the financial year ended 30 June 2020. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Coffs Harbour Employment Support Services Ltd) in respect of such data, including any errors of omissions therein however caused.

Crowe Central North

**CROWE CENTRAL NORTH**

Kylie Ellis

**Kylie Ellis**
**Partner**
Registered Company Auditor (ASIC RAN 483424)
107 West High Street
COFFS HARBOUR NSW 2450

Dated: 3 November 2020

**COFFS HARBOUR EMPLOYMENT SUPPORT SERVICES LTD**
**ABN 91 677 106 763**

**DETAILED INCOME AND EXPENDITURE STATEMENT**
**FOR THE YEAR ENDED 30 JUNE 2020**

| CONSOLIDATED | 2020 $ | 2019 $ |
|---|---|---|
| **Income** | | |
| Government funding | | |
| Partners in Recovery funding | **-** | 811,002 |
| Commonwealth Department of Social Services - PHaMS | **-** | 709,545 |
| Psychosocial continuity of supports funding | **640,484** | - |
| Smart Skilled & Hired | **478,750** | 697,950 |
| NDIS | **3,447,415** | 1,341,890 |
| Unexpended grants brought forward | **-** | 182,761 |
| Disability employment services (DES) funding | | |
| CHESS contract | | |
| Service and support fees | **3,348,276** | 3,185,483 |
| Job placement fees | **-** | (35) |
| Employment outcomes funding | **1,947,917** | 1,632,417 |
| Wage subsidy | **225,312** | 199,818 |
| Fee for service income | **57,418** | 42,784 |
| Interest income | **21,638** | 37,775 |
| Insurance recovery | **113,918** | 26,891 |
| Mentally healthy workplace | **22,776** | 13,485 |
| Profit/(loss) on sale of fixed asset | **-** | 4,000 |
| Reimbursements | **212,375** | 95,421 |
| Sundry income | **45,883** | 26,628 |
| Job Access and Move to Work | **3,564** | 13,886 |
| Cash flow boost | **50,000** | - |
| **Total Income** | **10,615,726** | 9,021,701 |
| **Expenditure** | | |
| Advertising and promotion | **110,747** | 179,235 |
| Flexible Funding | **-** | 53,945 |
| Strategy and business development | **3,213** | 7,502 |
| Bank charges | **(4)** | 161 |
| Cleaning and waste removal | **38,531** | 49,756 |
| Client expenses | **122,708** | 145,216 |
| Board expenses | **31,585** | 35,028 |
| IT, Internet and Computer expenses | **130,840** | 97,033 |
| Depreciation and amortisation | **202,531** | 180,417 |
| Depreciation - Leases | **490,017** | - |
| Donations | **477** | 6,039 |
| Electricity | **55,025** | 63,556 |
| Equipment purchases< $500 | **9,259** | 13,601 |
| Fringe benefits tax | **-** | 10,891 |
| Insurance | **32,099** | 25,280 |
| Interest - leases | **86,007** | - |
| Licences, fees and subscriptions | **23,765** | 21,353 |
| Motor vehicle expenses | **166,877** | 205,902 |
| Office expenses | **230** | 551 |
| Parents next participation fund | **226,890** | 94,344 |
| Postage, printing and stationery | **37,574** | 60,691 |
| Annual Report | **1,038** | 1,838 |
| Professional fees | **46,526** | 38,624 |
| Provision for employee entitlements | **21,573** | (11,184) |
| Relocation costs | **1,541** | 450 |
| Rent/Occupancy Costs | **86,842** | 578,111 |
| Repairs and maintenance | **9,944** | 11,195 |
| Salaries and wages | **7,136,658** | 6,357,552 |
| Security | **9,842** | 8,403 |
| Staff Costs & Amenities | **33,460** | 40,625 |
| Staff training and seminars | **30,046** | 85,518 |
| Sundry expenses | **19,026** | 12,974 |

**DETAILED INCOME AND EXPENDITURE STATEMENT**
**FOR THE YEAR ENDED 30 JUNE 2020**

| CONSOLIDATED | **2020** $ | 2019 $ |
|---|---|---|
| Superannuation contributions | **669,540** | 587,460 |
| Telephone | **79,207** | 91,278 |
| Tender costs | **-** | 5,300 |
| Travel and conference costs | **12,450** | 16,554 |
| Uniforms and protective clothing | **1,504** | 7,831 |
| Wage subsidy costs | **253,218** | 301,247 |
| Workers compensation | **55,000** | 42,558 |
| **Total Expenditure** | **10,235,786** | 9,426,835 |
| **Surplus/(Deficit)** | **379,940** | (405,134) |
| Transfer to unexpended grants | **-** | 126,046 |
| **Surplus/(Deficit) before Income Tax Expense** | **379,940** | (531,180) |