

Relationships Australia (NSW) Limited

Annual Financial Report 2020

For the year ended 30 June 2020

Relationships Australia (NSW) Limited

Registered Office: Suite 1.02, Level 1, 68-72 Waterloo Road, Macquarie Park NSW 2113
ABN 73 000 509 982

Relationships Australia (NSW) Limited

Annual Financial Report for the financial year ended 30 June 2020

Table of Contents

Directors' Report	3
Directors' Declaration	11
Consolidated Statement of Comprehensive Income	12
Consolidated Statement of Financial Position	13
Consolidated Statement of Changes in Funds	14
Consolidated Statement of Cash Flows	15
Notes to and Forming Part of the Financial Statements	16
1. Reporting entity	16
2. Basis of preparation	16
3. Significant accounting policies	18
4. Revenue	24
5. Personnel expenses	24
6. Net finance income	24
7. Surplus for the year	25
8. Cash and cash equivalents	25
9. Trade and other receivables	25
10. Other financial assets	25
11. Property, plant and equipment	27
12. Intangibles	28
13. Trade and other payables	29
14. Employee benefits	29
15. Provisions	29
16. Reserves	30
17. Retained surplus	30
18. Contingent liabilities	31
19. Commitments	31
20. Members' guarantee	32
21. Related parties	32
22. Auditor's remuneration	33
23. Economic dependency	34
24. Parent entity disclosures	34
25. Events subsequent to reporting date	35
26. Impacts of COVID-19	35
Auditor's Independence Declaration	36
Independent Auditor's Report	37

Directors' Report

30 June 2020

The Directors present their report together with the financial report of Relationships Australia (NSW) Limited (the Company) (known as the Group, being the Company and its controlled entity), for the year ended 30 June 2020 and the auditor's report thereon.

The Board of Directors

The Directors of the Company during the year were:

Christopher Bertinshaw, MComm, BBus, Dip.Th, FAICD

Mr Bertinshaw is the Chair of Relationships Australia (NSW) Limited and a member of the Governance, Remuneration & Nominations Committee.

Chris has been a member of the Board of Directors since July 2013 and Chair since February 2014.

He is the Managing Director of Inclusive Boards Australia, Executive Chair of Corporate Governance Systems and a Director of St Andrew's House Corporation and Swimply Australia Pty Limited. He consults with a wide range of national and international organisations. He has extensive board and senior management experience, including CEO of five organisations, in social services, education, IT and health.

Peter Ricketts, B Comm., MBA, FGIA, FCG (CS, CGP), CA, CFTP (Snr), FAICD

Mr Ricketts is the Chair of the Finance, Audit & Risk Committee.

Peter has been a member of the Board of Directors since June 2015.

He has had wide ranging senior leadership experience in global corporate financial management across a range of different industries and varying sized corporate environments, mainly multinational and multi-jurisdictional and predominately within cost and margin constrained industries. His professional focus has included whole of business risk assessments in several environments and contexts, change management, cost minimisation and restructuring, funding, corporate governance and merger and acquisitions.

In addition to being a facilitator with the AICD, Peter consults to organisations, provides executive coaching services and is a non-executive director of a board in the health sector.

Steve Rust, BSc (Hons), Grad Dip Comp Studies, GAICD

Mr Rust is the Chair of the Governance, Remuneration & Nominations Committee and a member of the Finance, Audit & Risk Committee.

Steve has been a member of the Board of Directors since May 2014 and has been Vice Chair since December 2016.

He has extensive experience in senior management positions in the private sector, including 12 years as Managing Director and Vice President in the Australian subsidiaries of global technology companies in the IT, telecommunications and consumer electronics industries. He has also served as Chair of the Audit, Governance and Risk Committee in a member-based technology recycling management company. His professional interests include leveraging technology platforms to support business growth, improve service delivery and manage risk.

Andrea Christie-David, M Int Law, Grad Cert Legal Practice, LLB, BA (Linguistics), Cert IV Training & Assessment, GAICD

Ms Christie-David has been a member of the Board of Directors since June 2015. Andrea is also a member of the Governance, Remuneration & Nominations Committee.

She is founder and Managing Director of Leor in Home Early Learning, a service that delivers high quality early childhood education in the family home. Prior to this Andrea was a Partner of Salvos Legal, delivering pro bono legal services to disadvantaged members of the community in family, criminal, immigration, and administrative law matters. Having started her legal career at Clayton Utz, Andrea left her career in corporate law behind to pursue her passions in the community sector.

Andrea completed a Master of International Law at the University of Sydney, during which time she undertook an internship at the United Nations Headquarters in New York. She was awarded a scholarship to complete a Graduate Certificate in Not for Profit Management, and has volunteered her time as a member of various committees, including the Law Society's Human Rights Committee, the Salvation Army's Women in Leadership Committee, and on the Management Committee of an NGO.

Jennifer Alexander, MBBS, MHP, M Comm, FAICD, FRACMA, FAFPHM(RACP)

Dr Alexander has been a member of the Board of Directors since 21 September 2017.

Jennifer is also a member of the Finance, Audit and Risk Committee.

Jennifer has held major CEO roles in the health sector, at the Australian Institute of Management and at the Royal Australasian College of Physicians. These roles have been coupled with extensive experience on public, private, government and NFP boards. Jennifer has helped guide organisations through restructuring, capital raising and a listing on the ASX. In addition, Jennifer is a non-executive director of MindGardens Alliance, a member of the University of New South Wales Council and a member of two Audit and Risk Committees.

Kathryn Greiner, Bachelor of Social Work (UNSW), Certificate in Early Childhood, Doctor of Letters (UNSW), AO, MAICD

Ms Greiner has been a member of the Board of Directors since 1 January 2018.

Kathryn is also a member of the Governance, Remuneration and Nominations Committee.

Kathryn has contributed in a wide range of leadership positions in public and private companies, government bodies and non-profit organisations. She is currently the Chair of several boards spanning research, health and ageing and is a Director of the Ramsay Foundation.

She was an elected Councilor to the City of Sydney Council from 1995 until 2004 and more recently has completed the Review of Funding for Schooling and led a review into Retirement Villages in NSW.

Stephen Hollings, BA (Hons), PhD, FAICD

Dr Hollings has been a member of the Board of Directors since 1 January 2018.

Stephen is also Chair of RASE Pty Limited.

Dr Stephen Hollings is CEO of the Heart Research Institute. He also consults to companies on strategy, digital opportunities and challenges, and marketing, with a portfolio skewed to the health sector.

He is a senior executive and non-executive director with extensive experience in highly competitive, customer-driven industries and has successfully led businesses through periods of growth and development as well as through times of unprecedented change created by economic turbulence, industry restructuring and disruptive technology. In his various Chair, CEO and senior executive roles he has become known for providing a strong focus on and a personal commitment to the development of emerging leaders, providing organisations with a robust talent pipeline.

Cameron O'Reilly, BEc (Hons), MPPM, GAICD

Mr O'Reilly has been a member of the Board of Directors since 1 January 2018.

Cameron is also a member of the Finance, Audit and Risk Committee.

Cameron has worked in government at State and Federal level, has led national industry associations, held public affairs roles in agencies and major corporates, and served on a range of public, not for profit and private sector boards.

Cameron is the Executive Director, Energy Reform and Investment in the NSW Department of Planning, Industry and Environment, a role that draws upon his nine years as the Chief Executive of the Energy Retailers Association of Australia (ERAA). From 2015-17 he was the Chief Executive of the Aged Care Guild, the peak industry body for private aged care providers.

Company Secretary

The Company Secretaries at the end of the financial year were:

Elisabeth Shaw, BA (Hons); M.Mgt. (Comm.); MProf Ethics; MCFT; GAICD; FAPS (FCCLP; FCCOUNP)

Ms Shaw was appointed as Company Secretary to the Board and all Board Committees in June 2018.

Ms Shaw is also the Chief Executive Officer.

Gillian Lawrence, BA (Hons), MBA, FCA, GAICD, GIA (Cert)

Ms Lawrence was employed by Relationships Australia (NSW) Limited in 2011 when she was also appointed as Company Secretary to the Board and all Board Committees. Prior to her departure from the company on 9 August 2019, Ms Lawrence was also the Chief Operating Officer.

Paul Harris, BEc, MEc, MBA, FCPA

Mr Harris was employed by Relationships Australia (NSW) Limited in March 2020 when he was also appointed as Company Secretary to the Board and all Board Committees.

Mr Harris is also the General Manager, Corporate Services.

The Board of Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year were:

Board Members	Board of Directors' Meetings		Finance, Audit & Risk Committee Meetings		Governance, Remuneration & Nominations Committee Meetings	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
Mr C Bertinshaw	10	10	N/A	N/A	4	4
Mr S Rust	10	10	6	5	4	4
Mr P Ricketts	10	10	6	6	N/A	N/A
Ms A Christie-David	10	10	N/A	N/A	4	4
Dr J Alexander	10	10	6	6	N/A	N/A
Ms K Greiner	10	10	N/A	N/A	4	3
Dr S Hollings	10	10	N/A	N/A	N/A	N/A
Mr C O'Reilly	10	10	6	6	N/A	N/A

Board Committees

The agendas for Committee meetings are prepared in conjunction with the Chairs of the relevant Committees. Papers and submissions are distributed to the Committee members in advance and each committee has members of management in attendance as appropriate.

The purpose and function of these Board Committees are described below.

Finance, Audit & Risk Committee

The Finance, Audit & Risk Committee assists the Board in discharging its responsibilities in relation to financial management, identification, monitoring and controlling risk, internal control systems and reporting financial information.

The Committee also provides a forum for communication between the Board, the senior financial staff and the external auditors.

Governance, Remuneration & Nominations Committee

The Governance, Remuneration & Nominations Committee assists the Board in fulfilling its governance responsibilities for matters of succession planning and appointments to the Board, Director Induction, Board performance assessment and reviewing and recommending board policy, and appointment and ongoing management of the Chief Executive Officer.

During the year an external evaluation was conducted in line with the Board Guidelines. This is to determine their effectiveness and value. This year's evaluation focused on director interaction both individually and as a team. Individual and group feedback has assisted directors to enhance their board engagement and improve effectiveness.

Governance and membership

The Company is a company limited by guarantee governed by the Directors who are elected by the members in a general meeting. Any member of the Company is eligible to be elected to the Board, if correctly nominated. The Constitution limits the number of Directors to a minimum of three and a maximum of eleven who may serve on the Board for a maximum of nine years, being three 3-year terms.

Resolution requirements for general meetings are in accordance with the Corporations Act 2001. The number of members as at 30 June 2020 and the comparison with last year is as follows:

	2020	2019
Total members	7	11

Vision, Purpose and Strategic Goals

Our vision is strong relationships, strong communities.

Relationships Australia (NSW) Limited's Purpose

Our purpose is reshaping lives together: connecting people and communities.

We are known for our expertise in relationship wellbeing and are respected for being able to make a difference in the lives of our customers.

The 2019-2022 Strategic Plan articulates the following four strategic goals:

Strategic Goals 2019 – 2022

Strategic Goal 1 – Growth Focus

We are recognised by our customers, peers and funders as thought leaders in the relationship health and wellbeing sector.

Strategic Goal 2 – Customer

We have increased access to our products and services for diverse and vulnerable communities, enabling customers to reach their goals and improve wellbeing across their lifespan.

Strategic Goal 3 – People

We invest in our people and the systems creating a learning environment that support/s delivery of excellent, values driven services and an inclusive workplace.

Strategic Goal 4 – Systems

Our integrated, secure solutions and data, enable the delivery of products and services to all customers when, how and where they want them.

Principal activities

During 2019-20, in accordance with our Vision and Purpose, services relating to more than 40 different programs were undertaken across New South Wales. These services include those relating to couple and family counselling, mediation and therapy services to adolescents and parents, professional training, relationships education programs and teaching parenting skills and helping disadvantaged families. Over 95,596 sessions were provided by our dedicated staff of 448 employees to approximately 39,177 customers.

We received funding in excess of \$36m from various government sources including Australian Government Department of Social Services; Attorney-General's Department; NSW Department of Communities and Justice; NSW Ministry of Health, Prevention and Response to Violence, Abuse and Neglect; NSW Department of Juvenile Justice, Attorney General and Justice; and Legal Aid NSW.

There were no significant changes in the nature of the activities by the Group during the year other than the continued development of a software platform called Radiant by the Group.

Operating and financial review

The total comprehensive income of the Group for the financial year was \$2,887,597 (2019: \$369,226).

Performance measurement

Relationships Australia (NSW) Limited continues to demonstrate full compliance with the accreditation standards for the Commonwealth Family Support Program. Industry accreditation standards, which cover a range of governance factors, including clinical governance, are also used to assess and ensure the quality of service provision and to monitor performance regarding HR/employment issues for the Group.

The Board and Management monitor compliance with accreditation requirements, financial performance and service activity levels ensuring that the level of contracted service delivery is achieved within budget and in accordance with service contracts and legal requirements.

Client feedback (on process and outcomes of services) and program evaluation data are used to inform the management of teams and individual staff. A range of effectiveness and efficiency key performance indicators relevant to each program is also monitored. This information, in addition to special research projects, informs the review and improvement of service design.

State of affairs

In the opinion of the Directors there were no significant changes to the state of affairs of the Group during the financial year that are not otherwise disclosed in this report or the financial statements.

Liability of members on winding up

Every member of the Company undertakes to contribute to the assets of the Company in the event of its being wound up during the time he or she is a member or within a year thereafter. This liability extends to the payment of debts and liabilities contracted before ceasing to be a member. Such liability is limited to \$20. As at 30 June 2020 there were 7 members (2019: 11).

Subsequent events

The Directors are of the opinion that there has been no item, transaction or event of a material or unusual nature likely to significantly affect the operations of the Company, or its state of affairs in future financial years, since the end of the financial year and the date of this report.

Environmental issues

The operations of Relationships Australia (NSW) Limited and its controlled entity are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

The Company is a non-profit making organisation and is prevented by its Constitution from paying dividends.

The Company's wholly owned subsidiary RASE Pty Limited is a for profit company. RASE Pty Limited was established to promote such objects and purposes which are public charitable purposes and which, as decided by the Directors, encourage, promote and support the values of the Holding Company and its activities.

Likely developments

The Directors do not believe it likely that there will be any material changes in the operations of the Company for the next twelve months. However, the Group to work on the technology platform called Radiant which facilitates the matching of clients seeking help with practitioners.

Directors' benefits

Director fees have been paid throughout the year ended 30 June 2020 within the \$300,000 remuneration pool that was approved at a members' meeting held on 17 August 2017 and ratified on 19 March 2020.

ACNC registration & compliance

The Company was automatically registered as a charity with the Australian Charities and Not-for-Profit Commission (ACNC) when its registration details transferred across from the Australian Taxation Office (ATO) having been previously endorsed by the ATO as a charity.

The Annual Information Statement and an Annual Financial Statement for 2019 were duly submitted to the ACNC as required.

COVID-19

The full implications of COVID-19 are still emerging, whilst all known implications have been captured at the time of reporting it is acknowledged that unforeseen implications may emerge after the reporting date.

Indemnification of officers or auditors

The Company has paid premiums in respect of directors' and officers' liability insurance contracts. These contracts insure directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a director or officer of the Company, other than conduct involving a willful misuse of duty.

The Directors have not included details of the nature of the liabilities covered nor the amount of the premium paid in respect of the directors' and officers' liability insurance contracts, as such disclosure is prohibited under the terms of the contract.

Auditor's independence declaration

The auditor's declaration of independence is set out on page 36 and forms part of the Directors' Report for the year ended 30 June 2020.

Signed in accordance with a resolution of the Directors:

On behalf of the Directors:



Chris Bertinshaw
Director
Sydney, 22 October 2020



Peter Ricketts
Director
Sydney, 22 October 2020

Directors' Declaration

In the opinion of the directors of Relationships Australia (NSW) Limited (the Company):

- (a) the Company is not publicly accountable;
- (b) the consolidated financial statements and notes, set out on pages 12 to 35, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors:



Chris Bertinshaw
Director
Sydney, 22 October 2020



Peter Ricketts
Director
Sydney, 22 October 2020

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2020

		2020	2019
	Note	\$	\$
Revenue	4	40,089,247	34,026,763
Expenditure			
Personnel expenses	5	(29,959,966)	(27,240,536)
Rental and other property related costs		(863,359)	(2,942,558)
Depreciation and amortisation - Right of Use Asset		(2,005,732)	-
Depreciation and amortisation - Other	11,12	(914,025)	(979,649)
Telecommunications and postage		(463,054)	(366,501)
Brokerage		(811,323)	(739,069)
Advertising and promotions		(407,144)	(432,452)
National levy and affiliation costs		(321,712)	(273,776)
Other expenses		(1,761,556)	(1,504,467)
Total Expenditure		(37,507,871)	(34,479,008)
Net finance income	6	226,221	743,471
Surplus for the Year	7	2,807,597	291,226
Other Comprehensive Income			
Increase in asset revaluation reserve	^	80,000	78,000
		80,000	78,000
Total Comprehensive Income for the Year		2,887,597	369,226

^ Refer to Consolidated Statement of Changes in Funds on page 14.

The notes on pages 16 to 35 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2020

		2020	2019
	Note	\$	\$
Assets			
Current Assets			
Cash and cash equivalents	8	9,119,352	464,059
Trade and other receivables	9	1,874,029	744,316
Other financial assets	10	9,719,341	14,219,510
Total Current Assets		20,712,722	15,427,885
Non-Current Assets			
Property, plant and equipment	11	2,471,940	3,045,495
Right of use asset	11	7,602,270	-
Intangibles	12	273,170	10,578
Total Non-Current Assets		10,347,380	3,056,073
Total Assets		31,060,102	18,483,958
Liabilities			
Current Liabilities			
Trade and other payables	13	7,754,552	3,621,816
Employee benefits	14	2,874,693	2,801,232
Provisions	15	326,924	793,633
Total Current Liabilities		10,956,169	7,216,681
Non-Current Liabilities			
Trade and other payables	13	6,332,494	-
Employee benefits	14	471,810	458,277
Provisions	15	811,297	373,655
Total Non-Current Liabilities		7,165,601	831,932
Total Liabilities		18,571,770	8,048,613
Net Assets		12,488,332	10,435,345
Funds			
Reserves	16	1,912,800	1,956,800
Retained surplus	17	10,575,532	8,478,545
Total Funds		12,488,332	10,435,345

The notes on pages 16 to 35 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Funds

For the year ended 30 June 2020

	Retained Surplus	Asset Revaluation Reserve	Asset Realisation Reserve	FRSP Fee Reserve	Total Changes in Funds
	\$	\$	\$	\$	\$
Balance at 30 June 2018	7,987,492	1,432,800	150,000	511,000	10,081,191
Total comprehensive income for the year					
Surplus for the year	291,226	-	-	-	291,226
Other comprehensive income	-	78,000	-	-	78,000
Total other comprehensive surplus	291,226	78,000	-	-	369,226
Transactions with owners, recorded directly in equity					
Transfers to reserves	215,000	-	-	(215,000)	-
Total transactions with members	215,000	-	-	(215,000)	-
Balance at 30 June 2019	8,478,545	1,510,800	150,000	296,000	10,435,345
Total comprehensive income for the year					
Lease liability – initial recognition	(834,610)	-	-	-	(834,610)
Surplus for the year	2,807,597	-	-	-	2,807,597
Other comprehensive income	-	80,000	-	-	80,000
Total other comprehensive surplus	1,972,987	80,000	-	-	2,052,987
Transactions with owners, recorded directly in equity					
Transfers to reserves	124,000	-	-	(124,000)	-
Total transactions with members	124,000	-	-	(124,000)	-
Balance at 30 June 2020	10,575,532	1,590,800	150,000	172,000	12,488,332

The notes on pages 16 to 35 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Cash receipts from grants		34,747,697	33,571,525
Cash receipts from fees, donations and other income		5,925,056	4,255,931
Cash paid to suppliers and employees		(33,799,786)	(36,818,937)
Interest received		149,449	212,249
Net cash from operating activities		7,022,416	1,220,768
Cash flows from investing activities			
Payments for property, plant and equipment		(320,185)	(194,226)
Transfers from/(to) term deposits		4,210,785	(3,970,557)
Net cash used for investing activities		3,890,600	(4,164,783)
Net cash from financing activities			
		(2,257,723)	-
Net (decrease)/increase in cash held		8,655,293	(2,944,014)
Cash and cash equivalents at beginning of financial year		464,059	3,408,073
Cash and cash equivalents at end of financial year	8	9,119,352	464,059

The notes on pages 16 to 35 are an integral part of these consolidated financial statements.

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2020

1. Reporting entity

Relationships Australia (NSW) Limited (the Company) is a not for profit company limited by guarantee, incorporated and domiciled in Australia. The address of the Company's registered office is Suite 102, 68 Waterloo Road, Macquarie Park NSW 2113. The consolidated financial statements as at and for the year ended 30 June 2020 comprise the financial statements of the Company and its controlled entity (together referred to as the Group). The Group is a not for profit entity.

The principal activities of the Group are to provide couple and family counselling, mediation and therapy services to adolescents and parents, professional training, relationships education programs and teaching parenting skills and helping disadvantaged families. Our services aim to prevent family and relationship breakdown and the suffering it causes and to promote better relationships.

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012.

This is the first set of the Company's annual financial statements in which AASB 16 Leases, AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit entities has been applied. Changes to significant accounting policies are described in note 2.5.

The consolidated financial statements were authorised for issue by the Board of Directors on 22 October 2020.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following items, which are measured on an alternative basis on each reporting date.

- (i) property measured at fair value; and
- (ii) financial assets designated at fair value through profit or loss.

2.3 Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

2.4 Use of estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

2. Basis of preparation (continued)

2.4 Use of estimates and judgements (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 16 – Provisions.

2.5 Changes in significant accounting policies

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income for Not-for-profit Entities

The Group has adopted AASB 15 Revenue from contracts with Customers and AASB 1058 Income of Not-for-profit Entities for the first time in the current year with a date of initial application of 1 July 2019. AASB 15 and AASB 1058 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118 Revenue, AASB 111 Construction contracts and related interpretations.

No impact was noted on the adoption of AASB 15, accordingly, the comparative information presented for 2019 has not been restated.

AASB 16 Leases

On 1 July 2019, the Group adopted AASB 16 Leases which replaces AASB 117. AASB 16 eliminates the classifications of operating leases and finance leases.

The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a corresponding lease liability. Straight-line operating lease expense recognition is replaced with a depreciation charge for the leased asset and an interest expense on the recognised lease liability (included in finance cost). For classification within the statement of cash flows, the lease payments are separated into principal and interest components.

The Group has adopted AASB 16 from 1 July 2019, using the modified retrospective approach. On transition to AASB 16, the Group recognised \$9,608,002 of right-of-use assets and \$10,442,612 of lease liabilities and the remaining recognised in retained earnings. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at the date of initial application. The rate applied is 3.65%

Operating lease commitments at 30 June 2019 as disclosed under AASB 17 in the Group's consolidated financial statements	\$3,837,722
Discounted using the incremental borrowing rate at 1 July 2019	\$9,608,002
Finance lease liabilities recognised as at 30 June 2019	\$31,998
– Recognition exemption for leases of low value assets	-
– Recognition exemption for leases with less than 12 months of lease term at transition	\$147,862
Lease liabilities recognised at 1 July 2020	\$8,491,395

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group.

3.1 Basis of consolidation

3.1.1 Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

3.1.2 Transactions eliminated on consolidation

Intra-group balances and any unrealised gains or losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

3.2 Income tax

The Company is a not-for-profit organisation and has been advised by the Australian Taxation Office that it is exempt from income tax pursuant to the *Income Tax Assessment Act 1997*. The Company's wholly owned subsidiary RASE Pty Limited is a for profit company and is subject to Income Tax.

3.3 Revenue

The Group receives federal, state and other government funding for various purposes. Grant income is recognised when the monies are received, and obligations have been met in relation to the grant or program. Funds received in advance of obligations being met are deferred and taken to income as the related expenses are incurred and obligations met.

The Group has initially adopted AASB 15 and AASB 1058 from 1 July 2019 as detailed in 2.5. The effective policies are consistent in all material respects for the 2018 and 2019 financial years, unless otherwise stated.

Revenue from the rendering of education, training and other services is recognised upon the delivery of the service to the customers.

The Group enrolled for the JobKeeper wage subsidy with the ATO on 8 May 2020 after satisfying the decline in turnover test, having elected to exclude Government grants. Subsidy income is recognised on an accruals basis.

All revenue is stated net of the amount of Goods and Services Tax (GST).

3. Significant accounting policies (continued)

3.4 Financial instruments

3.4.1 Non-derivative financial assets

The Group initially recognises receivables and deposits on the date that they are originated. All other financial assets, including assets designated at fair value through profit or loss, are recognised initially on the trade date, which is the date at which the Company becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Group classifies non-derivative financial assets into the following categories: (i) loans and receivables and (ii) financial assets at fair value through profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, term deposits and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is designated as such on initial recognition or is classified as held-for-trading. Financial assets that are subject to frequent changes in fair value and where there exists a possibility of sale in the near term are designated at fair value through profit or loss.

Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

The Group's investments in managed funds are classified as financial assets at fair value through profit or loss.

3. Significant accounting policies (continued)

3.4.2 Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when the contractual obligations are discharged or cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Group has a legal right to offset the amounts and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

3.5 Inventories held for distribution or consumption

Items of nil or nominal consideration that are held for distribution in the ordinary course of operations or consumed in the rendering of services are classified as an inventory asset.

These inventories are measured at the lower of cost and current replacement cost. An expense is recognised in the period in which the inventory is distributed or consumed.

3.6 Property, plant and equipment

Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation. Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Any property, plant and equipment donated to the Group or acquired at nominal cost are recognised at fair value at the date the Group obtains control of the assets.

3.6.1 Revaluation of land and buildings

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

Fair values are confirmed by independent valuations which are obtained with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the reporting date.

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 comprehensive income, in which case it is credited to that statement.

When the carrying amount of the land and buildings is decreased as a result of a revaluation, the decrease is recognised in the statement of comprehensive income except where a credit balance exists in the revaluation reserve in which case it is debited to that reserve.

3. Significant accounting policies (continued)

3.6.2 Depreciation

Items of property, plant and equipment (other than land) are depreciated over their useful lives to the Group commencing from the time that the asset is held ready for use. Depreciation is calculated on a straight line basis over the expected useful economic lives of the assets as follows:

	30 June 2020	30 June 2019
Buildings	25 years	25 years
Leasehold improvements	3-5 years	3-5 years
Motor vehicle	5 years	5 years
Plant and equipment	5-7 years	5-7 years
Computers	2-3 years	2-3 years
Software	3-5 years	3-5 years

Where an asset's life is not expected to greatly exceed twelve months, or expenditure of a minor capital nature less than \$5,000 is incurred, it is written off and not capitalised.

3.6.3 Impairment

The carrying values of land and buildings are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

Impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

Impairment losses are treated as a revaluation decrement because land and buildings are measured at revalued amounts.

3.7 Intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

3.8 Leased assets

Policy applicable for 1 July 2018 to 30 June 2019

Leases of terms during which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition such a leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy for that asset.

Other leases are operating leases and the leased assets are not recognised within the Group's consolidated statement of financial position.

Policy applicable for 1 July 2019 to 30 June 2020

Leases which convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for in accordance with AASB 16.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and any initial direct costs incurred.

3. Significant accounting policies (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the 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.

The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- lease payments in an optional renewal period if the Society is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Society is reasonably certain not to terminate early.

Short-term leases and leases of low-value assets The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets or peppercorn leases and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.9 Finance income and finance costs

Finance income comprises interest income and unit distributions on funds invested and fair value gains on financial assets at fair value through profit or loss.

Finance costs comprise fair value losses on financial assets at fair value through profit or loss and investment management fees.

3.10 Employee benefits

3.10.1 Short-term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.10.2 Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. That benefit takes into account retirement probabilities based on a market-tested actuarial model and is discounted to determine its present value.

The discount rate is the yield at the reporting date of Commonwealth Government bonds that have maturity dates approximating the terms of the Group's obligations.

3. Significant accounting policies (continued)

3.10.3 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

3.11 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.12 Goods and Services Tax (GST)

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 an item of the expense.

Receivables and payables in the consolidated statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the balance sheet.

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

3.13 Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in the statement of comprehensive income.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

3. Significant accounting policies(continued)

3.14 New standards and interpretations adopted

A number of new standards, amendments to standards and interpretations are effective for the annual period beginning after 1 July 2019. These include AASB 16 Leases, AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, which have been adopted in these financial statements.

4. Revenue

	2020 \$	2019 \$
Federal Government grants	23,890,236	21,642,866
State Government grants	8,568,537	8,276,423
Other Government grants	746,680	408,955
JobKeeper	2,976,000	-
Education revenue	351,770	385,363
Fees	3,061,413	3,082,587
Other income	494,611	230,568
	40,089,247	34,026,763

5. Personnel expenses

	2020 \$	2019 \$
Wages, salaries and leave entitlements	24,096,708	21,974,270
Superannuation contributions	2,107,074	1,991,816
Other personnel expenses	3,756,184	3,274,450
	29,959,966	27,240,536

6. Net finance income

	2020 \$	2019 \$
Interest income	193,587	257,811
Unit distributions – managed funds	212,980	288,396
(Loss)/Surplus on fair value of financial assets designated at fair value through profit or loss	(180,346)	197,194
	226,221	743,471

7. Surplus for the year

The surplus for the year includes the following expenses:

Net amounts provided for:	2020 \$	2019 \$
Change in employee benefits provision	86,993	163,582
Depreciation - Right of Use Asset (Operating Leases)	2,005,732	2,350,028
Other property and property related expenses	863,359	592,530
Depreciation – leasehold improvement	719,258	795,270

8. Cash and cash equivalents

	2020 \$	2019 \$
Cash on hand	7,010	7,040
Cash at bank	2,023,682	276,469
Cash at bank - call deposit and term deposit	7,088,660	180,550
	9,119,352	464,059

9. Trade and other receivables

	2020 \$	2019 \$
Trade debtors	1,427,017	307,813
Tenancy security deposits	58,534	80,756
Prepayments and other receivables	388,478	355,747
	1,874,029	744,316

Trade debtors are shown net of impairment losses of \$35,098 (2019: \$28,678). The amounts written off for the year ended 30 June 2020 were \$40,566 (2019: \$20,928).

The allowance accounts in respect of trade and other receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point the amount is considered irrecoverable and is written off against the financial asset directly.

10. Other financial assets

	2020 \$	2019 \$
Term deposits with maturity > 3 months	1,362,265	5,895,068
Investments at fair value through profit or loss (note 10.1)	8,357,076	8,324,442
	9,719,341	14,219,510

Investments are shown at fair value through profit and loss and comprises 7,964,430 units in an unlisted managed fund *Pendal Monthly Income Plus Fund* which is owned by BT Investment Management (the 'Responsible Entity').

The investment has been designated at fair value through profit or loss upon initial recognition as the Directors believe that doing so results in more relevant information being provided as their performance is actively monitored and they are managed on a fair value basis in accordance with the Company's investment strategy.

10. Other financial assets (continued)

10.1 Unlisted managed fund units

	2020	2019
	\$	\$
Balance at beginning of year	8,324,442	7,828,347
Investments during the year	212,980	298,901
Gain/(Loss) on revaluation	(180,346)	197,194
Balance at end of year	8,357,076	8,324,442

The investment is valued at the unit redemption price of \$1.0493 as at 30 June 2020 (2019: \$1.0721), as established by Pandal Group Limited.

The loss on revaluation of \$180,346 (2019: \$197,194 gain) is reflected under net finance income in the consolidated statement of comprehensive income (refer note 6).

11. Property, plant and equipment

	2020 \$	2019 \$
Land - at valuation		
Freehold land at independent valuation	905,000	740,000
Buildings - at valuation		
Buildings at independent valuation	475,000	560,000
	475,000	560,000
Total land and buildings	1,380,000	1,300,000
Leasehold improvements		
Leasehold improvement	6,377,894	6,297,013
Less: accumulated depreciation	(5,693,955)	(5,018,270)
	683,939	1,278,743
Plant and equipment at cost		
Furniture	36,231	22,235
Less: accumulated depreciation	(21,576)	(21,482)
Computer hardware and software	831,694	719,152
Less: accumulated depreciation	(571,784)	(452,065)
Office machines and equipment at cost	630,436	630,436
Less: accumulated depreciation	(508,953)	(448,993)
Total plant and equipment	396,048	449,283
Motor vehicles at cost		
Motor vehicle	27,583	27,583
Less: accumulated depreciation	(15,630)	(10,114)
Total motor vehicles	11,953	17,469
	2,471,940	3,045,495
Right of Use Asset		
Right of Use Asset	9,608,003	-
Less: accumulated depreciation	(2,005,732)	-
Total right of use asset	7,602,271	-

The revaluation of freehold land and buildings is based on the independent valuation of the market value of all land and buildings as at 30 June 2020 by C Cameron PMAPI AAVI of Preston Rowe Paterson Newcastle and Central Coast Pty Ltd.

Market value is determined by estimating the rental value of the property, which has then been capitalised at an appropriate rate of return. The resulting value for the property was then checked against the sales evidence for a range of commercial and retail premises in comparable locations.

Right of Use Asset

The right of use asset comprises the net current value of leases in accordance with AASB 16.

The Company has adopted AASB 16 from 1 July 2019, using the modified retrospective approach.

11. Property, plant and equipment (continued)

Reconciliation	Land	Buildings	Leasehold improvement	Plant & equipment	Motor vehicle	Total
	\$	\$	\$	\$	\$	\$
Balance 1 July 2019	740,000	560,000	1,278,743	449,283	17,469	3,045,495
Additions	-	-	109,947	126,538	-	236,485
Revaluation	165,000	(85,000)	14,507	-	-	94,507
Depreciation	-	-	(719,258)	(179,773)	(5,516)	(904,547)
Balance 30 June 2020	905,000	475,000	683,939	396,048	11,953	2,471,940

The Company's liabilities to St George Bank were secured by the commercial property at 4-6 Heddon Road, Broadmeadow, a term deposit of \$352,408 plus a registered fixed and floating charge over all assets and undertakings of the Company.

The carrying amount of the pledged property, plant and equipment is \$1,380,000 (2019: \$1,300,000).

12. Intangibles

	2020	2019
	\$	\$
Software at cost	919,983	647,913
Less: accumulated amortisation	(646,813)	(637,335)
	273,170	10,578
Reconciliation of software		
Balance at beginning of year	10,578	13,918
Add: additions	272,070	-
Less: amortisation for the year	(9,478)	(3,340)
Balance at end of year	273,170	10,578

13. Trade and other payables

	2020 \$	2019 \$
Current		
Trade payables	1,342,633	65,207
Salaries and wages accrued	841,557	505,522
Other payables and accruals	794,219	1,965,133
Grants received in advance	2,617,242	949,377
Deferred rent	-	2,970
Lease liability	2,158,901	31,998
Lease incentive – fit-out contribution	-	101,609
	7,754,552	3,621,816
Non-current		
Lease liability	6,332,494	-
	6,332,494	-

Trade creditors are generally settled within 30 days. The Directors consider the carrying amount of trade and other accounts payable approximate their net fair values.

Lease Liability

The lease liability includes the present value of the lease liability in accordance with AASB 16. The Company has adopted AASB 16 from 1 July 2019, using the modified retrospective approach.

14. Employee benefits

	2020 \$	2019 \$
Current		
Liability for annual leave	1,930,871	1,726,401
Liability for long service leave	943,822	1,074,831
	2,874,693	2,801,232
Non-current		
Liability for long service leave	471,810	458,277
	471,810	458,277

15. Provisions

	2020 \$	2019 \$
Make-good provision		
Balance at beginning of year	1,167,288	1,148,906
Provision made/(reversed) during the year	(29,067)	18,382
Balance at end of year	1,138,221	1,167,288
Current	326,924	793,633
Non-current	811,297	373,655
	1,138,221	1,167,288

The provision for make-good relates to premises occupied by the Group. The provision is based on estimates made by the Group's property consultant.

16. Reserves

	2020 \$	2019 \$
Asset revaluation reserve	1,590,800	1,510,800
Asset realisation reserve	150,000	150,000
FRSP fee reserve	172,000	296,000
Balance at end of year	1,912,800	1,956,800
Movements during the year:		
(a) Asset revaluation reserve		
Balance at beginning of year	1,510,800	1,432,800
Movements during the year	80,000	78,000
Balance at end of year	1,590,800	1,510,800
(b) Assets realisation reserve		
Balance at beginning of year	150,000	150,000
Movements during the year	-	-
Balance at end of year	150,000	150,000
(c) FRSP fee reserve		
Balance at beginning of year	296,000	511,000
Movements during the year	(124,000)	(215,000)
Balance at end of year	172,000	296,000

Asset revaluation reserve

The asset revaluation reserve includes the net revaluation increments and decrements from the revaluation of non-current assets in accordance with AASB 116.

Family Relationships Services Program (FRSP) fee reserve

Under the Grant Agreement – Families and Children and Grant Agreement – Attorney Generals Department – Families and Communities Program delivered by Department of Social Services – Families and Children with the Australian Government Department of Social Services (DSS), any fee income earned or generated by the Company from its use of DSS funding will be directed by the Company to costs associated with the FRSP. Fee income earned or generated by the Company includes any fees paid to the Company by other persons for the provision of services to those persons for which the Company receives the funding. Unspent income under these agreements that relates to fees is held in this reserve.

17. Retained surplus

	2020 \$	2019 \$
Balance at beginning of year	8,478,545	7,987,391
Lease liability – initial recognition	(834,610)	-
Surplus for the year	2,807,597	291,226
Transfer from reserves	124,000	215,000
Balance at end of year	10,575,532	8,478,545

18. Contingent liabilities

The Company has given certain bank guarantees in relation to premises leases. The Directors are of the opinion that provisions are not required in respect of these guarantees as it is not probable that a future sacrifice of economic benefits will be required.

	2020	2019
	\$	\$
Bank guarantees		
Stonehenge Pty Limited	31,167	31,167
Keochanh Pty Limited	19,602	19,602
The Trust Company (Australia) Limited	548,472	548,472
QTKT Pty Limited	102,511	102,511
GPT Funds Management 2 Pty Ltd	-	24,190
Nor'side Investments Pty Ltd	70,400	70,400
AMP Capital Funds Management Limited and Sunsuper Pty Limited	339,735	339,735
	1,111,887	1,136,077

The above bank guarantees relate to the following leased premises:

Stonehenge Pty Limited	202/203, Westfield Mt Druitt, cnr of Carlisle Avenue and Luxford Road, Mt Druitt
Keochanh Pty Ltd	125 Main Street, Blacktown
The Trust Company (Australia) Limited	Level 7, 10 Barrack Street, Sydney
QTKT Pty Limited	Suite 601, 126 Church Street, Parramatta
GPT Funds Management 2 Pty Ltd	Shop LB102A Rouse Hill Town Centre, Rouse Hill
Nor'side Investments Pty Limited	Suites 6 & 7, Level 2, 606 High Street, Penrith
AMP Capital Funds Management Limited and Sunsuper Pty Limited	Suite 1.02, Level 1, 68-72 Waterloo Road, Macquarie Park

19. Commitments

The Group has on 9 January 2020 undertaken to purchase IT services from Yash Technologies Australia Pty Limited to implement the Dynamics 365 Customer Relationship Management system. The total financial commitment for this contract is \$720,000. This is a phased system implementation and payment of \$180,000, being 25% of the total consultancy plus set-up costs, has been made in March 2020. The balance of the contract being \$540,000 remains an outstanding commitment as at 30th June 2020 and is awaiting completion of the subsequent milestones. It is expected that the full implementation will be completed in March 2021, though by their nature IT Software contracts are dependent on a range of factors, one of which is certification from external parties. Accordingly, this date may be subject to change. It is expected that a further \$1,853,116 will be incurred to deliver this implementation including IT hardware and internal salaries (2019: \$nil).

20. Members' guarantee

Relationships Australia (NSW) Limited is a company limited by guarantee, incorporated in New South Wales, Australia. Every member undertakes to contribute to the assets of the Company in the event of the Company being wound up during the time he or she is a member or within one year afterwards. The guarantee includes the payment of debts and liabilities of the Company contracted before the time at which he or she ceases to be a member and the costs, charges and expenses of winding up the Company and for the adjustment of the rights of the contributors among themselves, such amounts as may be required, not exceeding \$20. As at June 2020 the Company had 7 members (2019: 11).

21. Related parties

The following were key management personnel (KMP) of the Company during the reporting period and unless otherwise indicated were KMP for the entire period.

Non-Executive Directors

- Christopher Bertinshaw, MComm, BBus, Dip.Th, FAICD – Chair
- Steve Rust, BSc (Hons), Grad Dip Comp Studies, GAICD
- Andrea Christie-David, M Int Law, Grad Cert Legal Practice, LLB, BA (Linguistics), Cert IV Training & Assessment, GAICD
- Peter Ricketts, B Comm., MBA, FGIA, FCG (CS, CGP), CA, CFTP (Snr), FAICD
- Jennifer Alexander, MBBS, MHP, M Comm, FAICD, FRACMA, FAFPHM (RACP)
- Kathryn Greiner, Bachelor of Social Work (UNSW), Certificate in Early Childhood, Doctor of Letters (UNSW), AO, MAICD
- Stephen Hollings, BA (Hons), PhD, FAICD
- Cameron O'Reilly, BEc (Hons), MPPM, GAICD

Executives

- Elisabeth Shaw - Chief Executive Officer
- Paul Harris – General Manager, Corporate Services (from March 2020)
- David O’Kane – General Manager, Corporate Services (from October 2019, ceased employment December 2019)
- Gillian Lawrence – Chief Operating Officer (from August 2018, resigned August 2019)
- Megan Solomon – General Manager of Practice, Quality & Innovation (from August 2018)
- Kerrie McFadden – General Manager of Partnerships & New Business
- Sarah Rowley – General Manager of Business Development & Commercial
- Alex Aidar – General Manager of Business Transformation
- Rebecca Doyle – General Manager, People, Culture & Learning (from November 2019)

21. Related parties (continued)

21.1 Transactions with key management personnel (KMP)

The KMP pay and reward framework is a total employment cost package that may be delivered as a combination of cash, other remuneration such as superannuation and prescribed non-financial benefits at Board and management's discretion.

The combination of these comprises the KMP total compensation and is included in Personnel Expenses in note 5.

	2020	2019
	\$	\$
Aggregate compensation – Directors	275,014	279,120
Aggregate compensation – Executive	1,357,657	1,129,938

Remuneration paid to Directors is subject to an aggregate annual pooled limit (the pooled amount) agreed to by the members of Relationships Australia (NSW) Limited at general meeting. The pooled amount last ratified by the members was \$300,000 including superannuation on 19 March 2020.

From time to time, KMP of the Group, or its related parties, may purchase goods or acquire services from the Group. These are on the same terms and conditions as those entered into by other employees or customers and are minor or domestic in nature.

21.2 Transactions with non-key management personnel

There were no transactions entered into by non-KMP with any related parties during the financial period.

22. Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor, KPMG:

	2020	2019
	\$	\$
Audit and review of financial reports	45,000	44,000
Audit and review of acquittal returns	5,700	5,500
Other services	13,566	26,198
	64,266	75,698

Audit fees are in line with the Engagement Letter approved by the Board. The other services are for advice on the company structure and debt forgiveness for RASE Pty Limited. Prior year other services were for advice on the company structure for RASE Pty Limited and facilitation of a discovery discussion with other Relationship Australia organisations regarding our technology needs and solutions into the future.

23. Economic dependency

The Company is reliant on government grants for the majority of its revenue.

24. Parent entity disclosures

As at, and throughout the financial year ended 30 June 2020 the parent entity of the consolidated entity was Relationships Australia (NSW) Limited. It was agreed by the parent entity on 19 March 2020 to forgive the debt with RASE Pty Limited. The Company has applied \$1,906,740 as at 30 June 2020 in relation to prior period carried forward tax losses.

Reconciliation

Statement of profit and loss and other comprehensive income

	2020 \$	2019 \$
Revenue		
Government grants	33,195,452	30,328,244
Net finance income	226,221	743,471
Other revenue	6,650,572	3,615,189
Total Revenue	40,072,245	34,686,904
Expenses		
Employee expenses	29,596,317	27,011,301
Other expenses	7,454,384	7,113,762
Total expenses	37,050,701	34,125,063
Impairment loss on loan to subsidiary	(213,946)	(270,616)
Net surplus for the year	2,807,598	291,225
Other comprehensive income	80,000	78,000
Total comprehensive income for the year	2,887,598	369,225

24 Parent entity disclosures (continued)**Statement of financial position**

	2020 \$	2019 \$
Assets		
Total current assets	20,712,722	15,427,885
Total non-current assets	10,245,470	3,056,073
Total assets	30,958,192	18,483,958
Liabilities		
Total current liabilities	8,797,268	7,216,681
Total non-current liabilities	9,669,523	831,932
Total liabilities	18,466,791	8,048,613
Net assets	12,491,401	10,435,345
Total equity		
Revaluation reserve	1,590,800	1,510,800
Asset realisation reserve	150,000	150,000
FRSP fee reserve	172,000	296,000
Retained Earnings	10,578,601	8,478,545
Total equity	12,491,401	10,435,345

25. Events subsequent to reporting date

There have been no events subsequent to the balance date which would have a material effect on the Group's consolidated financial statements as at 30 June 2020.

26. Impacts of COVID-19

The coronavirus COVID-19 has had an impact on the Group's operations and activities and is expected to increasingly affect the Group. It is not possible to accurately determine the nature or extent of the impacts or the time over which the company will be impacted, however it is possible that it will be material to the Group as the effects and consequences are outside the Group's control and are far reaching in Australia and globally. Based on the current available information, the Directors believe that the Company will remain a going concern.



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To the Directors of Relationship Australian (NSW) Limited.

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Cameron Roan
Partner
Sydney
22 October 2020



Independent Auditor's Report

To the members of Relationships Australia (NSW) Limited

Opinion

We have audited the **Financial Report**, of the Relationships Australia (NSW) Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2020, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Consolidated statement of financial position as at 30 June 2020.
- ii. Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Directors' declaration of the Company.

The Group consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.



Other information

Other Information is financial and non-financial information in Relationships Australia (NSW) Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report.

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. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC.
- ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iii. Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and 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 objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.



We also:

- i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Group's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Group and Company to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Cameron Roan

KPMG

Partner

Sydney

22 October 2020