**YWCA AUSTRALIA**
**ACN 111 663 873**

Annual Financial Report
For the Year Ended 30 June 2020

**YWCA Australia**
**ACN 111 663 873**

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## DIRECTORS' REPORT

The directors present their report, together with the consolidated financial statements of the Group, being YWCA Australia (the Company) and its controlled entities, for the financial year ended 30 June 2020.

### General information

### Directors

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

| | | |
|---|---|---|
| 1. | Helen Conway (Chair from 1 July 2020) | Appointed 26 May 2020 |
| 2. | Julia Goodall (Deputy Chair) | |
| 3. | Julie Boyd (Chair) | Resigned on 30 June 2020 |
| 4. | Juliana Nkrumah AM | |
| 5. | Nicole Freeman | |
| 6. | Cara Gleeson | |
| 7. | Molly George | Appointed 13 December 2019 |
| 8. | Freya Mulvey | Appointed 2 December 2019 |
| 9. | Lina Tchung | Appointed 9 December 2019 |
| 10. | Kirsty Rourke | Appointed 26 May 2020 |
| 11. | Rebecca Thomas | Appointed 26 May 2020 |
| 12. | Lauren Tanner | Resigned 3 August 2020 |
| 13. | Isabelle Chassain (Deputy Chair) | Resigned 29 November 2019 |
| 14. | Taliska Arentsen | Resigned 28 November 2019 |
| 15. | Danielle Wruck | Resigned 27 November 2019 |

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

### Company secretary

Kate O'Donohue holds a Masters of Corporate Governance and a Bachelor of Arts and is a fellow of the Governance Institute of Australia and of the Institute of Chartered Secretaries and Administrators (UK).

### Principal activities

The object of the Company is to provide benevolent relief to people experiencing poverty, homelessness, violence or disadvantage, in particular, women and children. The Company seeks to achieve this object by the following principal activities:

- providing services for the safety and empowerment of women, young women and girls, including housing, counselling, education, training, mentoring, development, support and assistance across urban, regional and remote Australia;
- providing emergency, social, affordable and community housing and associated support services for the relief of homelessness;
- promoting gender equality through the social, economic, intellectual and physical empowerment of women, young women and girls;
- advancing the leadership of women and girls as a step towards improving the wellbeing, participation and empowerment of women, young women and girls;
- conducting and promoting research and advocacy for the benefit and safety of women, young women and girls; and
- being affiliated with and an active, engaged participant and supporter of the work of World YWCA to harness and develop the leadership and collective power of women and girls throughout Australia to achieve justice, peace, health, human rights, freedom, reconciliation and environmental sustainability for all people.

### Contributions on winding up

YWCA Australia is a Company limited by guarantee. In the event of, and for the purpose of winding up of the Company, the amount capable of being called up from each member and any person who ceased to be a member in the year prior to the winding up, is limited to $10, subject to the provisions of the Company's constitution.

Total amount that members of the Company are collectively liable to contribute if the Company is wound up is $23,300, based on 2330 current ordinary members.

### Operating results for the year

The consolidated deficit of the Group amounted to $2,935,314 (2019 deficit: $1,981,492).

### Events after the reporting date

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

### Environmental issues

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

### Board of directors

**Helen Conway**
Non-executive director and Chair (appointed 26 May 2020)

| | |
|---|---|
| Qualifications | BA, B. Laws |
| Experience | Helen is an experienced director, senior executive and lawyer who has worked in a range of organisations in commercial, public and not-for-profit sectors including in the insurance, transport, energy, retailing, education, health and construction industries. She is a governance expert, able to manage particularly sensitive regulatory issues, and an experienced spokesperson.<br><br>With an established track record in undertaking volunteer work in the not-for-profit sector, Helen is passionate about giving back to the community. She has a long-standing commitment to women's rights and gender equality including through many pro-bono committee and volunteer roles focusing on women's issues.<br><br>Helen is particularly passionate about leading and undertaking transformational change in organisations, something she did in her role as CEO of the Australian Government's Workplace Gender Equality Agency from 2011 and 2015. |

**Nicole Freeman**
Non-executive director

| | |
|---|---|
| Qualifications | B Arts (Hons), B Laws (Hons) |

Nicole Freeman is a practicing lawyer with a background in corporate and commercial law with a practicing Certificate from the Law Society of New South Wales.

Nicole joined the Board of YWCA NSW in 2017, and soon after stepped into the role of Chair of their Merger Sub-Committee. Nicole joined Clayton Utz in 2014 as a corporate lawyer in the Mergers and Acquisitions team before joining Landerer & Company as a Legal Associate in 2017, focusing on a range of corporate and commercial matters, including, corporate structuring, joint ventures, foreign investment laws and other Corporations Act and company law matters.

Nicole is also a director of the Stella Prize, a literary award for Australian female authors.

**Molly George**
Non-executive director (appointed 13 December 2019)
Member of the People, Culture and Governance Committee

| | |
|---|---|
| Qualifications | BA (Fine Arts) |
| Experience | Molly is creative, curious and motivated. With a background in fine arts, she loves arts and culture, learning about food, and is constantly inspired by creativity within Australia's youth arts and wider sector. She works at SYN Media, currently as Media Learning Manager overseeing the social enterprise 'SYN Media Learning', and previously as Pathways Manager, supporting a community of over 500 young volunteers.<br><br>She's the current Youth Representative at the Community Broadcasting Association of Australia (CBAA), and a 2019 Foundation for Young Australians (FYA) 'Young Social Pioneer' for her proposal to improve governance diversity and inclusion policies and practices. |

**Cara Gleeson**
Non-executive director

| | |
|---|---|
| Qualifications | B Arts, MA (Social Research) |
| Experience | Cara Gleeson is an expert in research and policy on preventing violence against women, gender equality, women's rights, peace and security. Currently, Cara is Director of Practice Leadership at Our Watch, the national foundation to prevent violence against women and their children. She leads a multi-disciplinary team and oversees the national respectful relationships education portfolio across early, primary, secondary and tertiary levels; the sports engagement portfolio (including working with AFL, ARU and NRL national codes) and the workplace equality and respect standards.<br><br>Cara has previously worked at VicHealth in their prevention of violence against women program, in the Australian Government Office for Women and at Women's International League for Peace and Freedom in Geneva. She has served as a director at YWCA Canberra 2008-10, Director at YWCA Victoria since 2013, and YWCA Housing since 2015. She has also sat on numerous committees and working groups. Cara was previously the Chair of YWCA Housing and the Vice-President of YWCA Victoria. |

**Julia Goodall**
Non-executive director and Deputy Chair
Member of the Young Women's Council

| | |
|---|---|
| Qualifications | BSc – Animal Science |

| | |
|---|---|
| Experience | Julia designs and scales social impact initiatives through innovative leadership, human centred design, curiosity and optimism. Julia has project managed Australian Red Cross's humanitarian response to COVID-19 and works to design and develop strategic solutions to prepare people for the impacts of disasters. Previous roles with Red Cross have included management, youth resilience and community engagement through which she has developed strong relationships across sectors and driven a culture of volunteer leadership.<br><br>In a voluntary capacity, Julia has led strategic projects for NGOs, these have included youth-led organisation Big Week Out, women's leadership organisation Spence Club and sporting events.<br><br>Julia has served as a Director of YWCA Australia since 2018, a member of the Young Women's Council since 2019 and a Director of YWCA Housing and YWCA National Housing since 2020, having previously collaborated with YWCA Adelaide on youth resilience and leadership projects. Julia has also served on governance committees for Spence Club, Lockington Horse Trials, the Pony Club Association of SA and in Ex. Officio capacity for the Red Cross South Australian Youth Advisory Committee. |

**Freya Mulvey**
Non-executive director (appointed 2 December 2019)
Member of the Nominations Committee and Property Assets Committee

| | |
|---|---|
| Qualifications | B. Media; B. Law |
| Experience | Freya is a commercial lawyer from Darwin in the Northern Territory, and a passionate advocate for gender equality.<br><br>Her proudest girl power moment came when she shared Amy Cuddy's messaging on body language and power posing with her colleagues from West Timor and started a safe and constructive discussion about gender inequality in the workplace and changing the power dynamics in their professional lives.<br><br>In 2018, Freya was voted in as an inaugural member of the YWCA Australia's Young Women's Council, contributing to the YWCA movement and vision of a better future for Australian women, young women and girls.<br>Freya believes that through the collective agency of YWCA's member base, we will continue to accelerate the advancement of gender equality and empowerment of women. |

**Juliana Nkrumah AM**
Non-executive director

| | |
|---|---|
| Qualifications | MSc. Sociology; BSc Hons Sociology and Social Anthropology |
| Experience | Juliana Nkrumah AM is the Domestic Violence Project Manager at Settlement Services International. She was the leader on programs to Stop the practice of Female Genital Mutilation in NSW and influenced similar work across Australia. She also coordinated the Multicultural Community Liaison Officer Program in the NSW Police Force for over a decade.<br><br>Juliana founded African Women Australia and has served on several Boards to improve the status of women, including the Board of YWCA NSW, Australian National Committee on Refugee Women, Act for Peace, African Ministerial Committee, Harmony Alliance and the Eminent Australians Committee to review the Australian Citizenship Test. She is also a highly recognised inspirational public speaker. |

Juliana was awarded Membership of the Order of Australia for her work in the community and was the winner of Woman of the West from University of Western Sydney in 2007.

**Kirsty Rourke**
Non-executive director (appointed 26 May 2020)
Member of the People, Culture and Governance Committee

Qualifications: LLB (Hons), B Com, GDLP, Grad Dip Property Valuation and Development, GAICD

Experience: Kirsty Rourke is the CEO of the City of Brisbane Investment Corporation Pty Ltd, Brisbane City Council's Urban Wealth Fund. Kirsty has significant property investment expertise and was formerly a property lawyer at Holding Redlich. In her role as CEO, Kirsty is focused on targeting environmentally sustainable, socially beneficial investments that will deliver profit back to Brisbane.

Kirsty was appointed as a Young Woman Director of YWCA Queensland in 2014 and YWCA Australia in 2015 and continued to serve on those Boards until the merger in May 2018. Subsequently, in June 2018, Kirsty was appointed to the YWCA National Housing Board and YWCA Housing Board and in 2020 was reappointed to the YWCA Australia Board. Kirsty is passionate about young women's leadership and providing women and families with access to long term, stable accommodation.

**Lina Tchung**
Non-executive director (appointed 9 December 2019)
Member of the Finance, Audit and Risk Committee

Qualifications: B. Business (Management)/Commerce

Experience: Lina is a Chartered Accountant, working as an auditor with a broad background in finance, audit, risk and governance.

Lina joined Macquarie Group in 2019 as a Division Director in Internal Audit. She previously worked as a Director at EY in the financial services assurance practice. Having spent 17 years at EY, Lina specialised as an external auditor in wealth and asset management and worked in both Sydney and San Francisco.

Lina was appointed as an U30 Director of YWCA NSW in 2009 and continued to serve on the Board, Finance, Risk and Compliance Committee and later as a strong advocate on the NSW Merger Committee until the organisations integrated on 1 June 2018. Lina is also the treasurer of Immigration Advice & Rights Centre.

**Rebecca Thomas**
Non-executive director (appointed 26 May 2020)
Member of the Finance, Audit and Risk Committee

Qualifications: B. Sc (Hons.), Investment Management Certificate

Experience

Rebecca is a banking and funds management professional with deep experience in debt and equity financing, having led large scale investments across both Europe and Australia over the last 15 years. Rebecca is responsible for directing institutional investment into the for-purpose sector in her current role as Director, Impact Investing at Social Ventures Australia.

Rebecca joined the YWCA Housing and YWCA National Housing Boards in November 2019 and was appointed to the YWCA Australia Board in May 2020. Rebecca also volunteers with TwoGood, a social enterprise that works with women at risk of homelessness.

**Directors' meetings**

| **Directors** | **Meetings** | |
|---|---|---|
| | **Entitled to attend** | **Attended** |
| Taliska Arentsen* | 2 | 0 |
| Julie Boyd | 9 | 9 |
| Isabelle Chassain | 4 | 4 |
| Helen Conway | 1 | 1 |
| Nicole Freeman | 9 | 9 |
| Molly George | 5 | 5 |
| Cara Gleeson* | 5 | 4 |
| Julia Goodall | 9 | 8 |
| Freya Mulvey | 5 | 5 |
| Juliana Nkrumah* | 6 | 2 |
| Kirsty Rourke | 1 | 1 |
| Lauren Tanner | 9 | 8 |
| Lina Tchung | 5 | 5 |
| Rebecca Thomas | 1 | 1 |
| Danielle Wruck | 4 | 2 |

*Undertook a leave of absence during the reporting period.

**Indemnification and insurance of officers and auditors**

The only indemnities given, or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of YWCA Australia, are those in accordance with statutory regulations, and specifically, *The Corporations Act.*

**YWCA Australia**
**ACN 111 663 873**
**DIRECTORS REPORT**

**Auditor's independent declaration**

RSM Australia ('RSM') is the auditor of the Company and its subsidiaries. A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is set out on page 8.

Signed in accordance with a resolution of the board of directors.

| | |
|---|---|
| Director: Helen Conway | Director: Lina Tchung |

Dated this 15th day of October 2020

**RSM Australia Partners**

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## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of YWCA Australia for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the section 60-40 of the *Australian Charities and Not-For-Profits Commission Act 2012* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

**RSM AUSTRALIA PARTNERS**

Sherwood GNS

**Gary Sherwood**
Partner

Sydney, NSW
Dated: 15 October 2020

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 | 2019 |
|---|---|---|---|
| **Revenue and other income** | | **$** | **$** |
| Revenue | 3 | 31,487,267 | 34,456,918 |
| Other income | 3 | 457,683 | 1,042,752 |
| Total revenue and other income | | 31,944,950 | 35,499,670 |
| | | | |
| **Expenses** | | | |
| Administrative expense | | (1,685,894) | (3,096,435) |
| Brand and communication expense | | (258,681) | (273,618) |
| Cost of sales | 4 | (4,736,044) | (5,633,220) |
| Depreciation and amortisation expense | 4 | (2,605,016) | (1,500,046) |
| Employee benefits expense | | (20,164,583) | (21,310,182) |
| Finance costs | 4 | (192,962) | (262,011) |
| Information technology expense | | (1,938,976) | (1,059,593) |
| Motor vehicle expense | | (285,632) | (403,381) |
| Property, service and utilities expense | | (3,012,476) | (3,942,676) |
| Total expenses | | (34,880,264) | (37,481,162) |
| | | | |
| **Deficit before income tax** | | **(2,935,314)** | **(1,981,492)** |
| Income tax expense | 2 (d) | - | - |
| **Deficit for the year** | | **(2,935,314)** | **(1,981,492)** |
| | | | |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | |
| Net increase (decrease) in fair value of financial assets | | (354,887) | 1,723,239 |
| **Other comprehensive income (loss) for the year** | | **(354,887)** | **1,723,239** |
| **Total comprehensive loss for the year** | | **(3,290,201)** | **(258,253)** |

This statement should be read in conjunction with the notes to the consolidated financial statements

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

| | Note | 2020 | 2019 |
|---|---|---|---|
| **ASSETS** | | **$** | **$** |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 1,923,544 | 5,061,259 |
| Trade and other receivables | 6 | 1,825,559 | 752,916 |
| Inventories | 7 | 62,488 | 81,213 |
| Financial assets | 8 | 1,495,295 | 12,351,291 |
| Asset held for sale | 11 | 11,500,000 | 11,500,000 |
| Other assets | 9 | 305,491 | 327,598 |
| TOTAL CURRENT ASSETS | | **17,112,377** | **30,074,277** |
| NONCURRENT ASSETS | | | |
| Financial assets | 8 | 12,946,846 | 1,006,800 |
| Property, plant and equipment | 11 | 89,075,834 | 87,492,509 |
| Intangibles | 10 | 892,315 | 875,336 |
| TOTAL NONCURRENT ASSETS | | **102,914,995** | **89,374,645** |
| **TOTAL ASSETS** | | **120,027,372** | **119,448,922** |
| **LIABILITIES** | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 2,739,955 | 3,347,291 |
| Employee benefits | 13 | 1,370,770 | 1,331,547 |
| Lease liability | | 723,903 | - |
| Contract liabilities | 14 | 3,047,458 | 2,488,199 |
| TOTAL CURRENT LIABILITIES | | **7,882,086** | **7,167,037** |
| NONCURRENT LIABILITIES | | | |
| Borrowings | 15 | 5,712,422 | 3,712,422 |
| Lease liability | | 1,223,821 | - |
| Employee benefits | 13 | 508,818 | 528,006 |
| TOTAL NONCURRENT LIABILITIES | | **7,445,061** | **4,240,428** |
| **TOTAL LIABILITIES** | | **15,327,147** | **11,407,465** |
| **NET ASSETS** | | **104,700,225** | **108,041,457** |
| **EQUITY** | | | |
| Reserves | 16 | 3,155,089 | 6,249,977 |
| Retained surpluses | | 101,545,136 | 101,791,480 |
| **TOTAL EQUITY** | | **104,700,225** | **108,041,457** |

This statement should be read in conjunction with the notes to the consolidated financial statements

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

**2020**

| | Retained Surpluses | General Reserve | Financial Asset Reserve | Capital Profits Reserve (Adelaide) | Specific Purpose Reserves (Victoria) | Molly Griffith Legacy Reserve | Trust and Tied Funds | Timor Leste Committee Reserve | National Young Woman's Programme Reserve | Encore Programme Reserve | Total Reserve | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Balance at 1 July 2019** | 101,791,480 | 376,000 | 1,833,371 | 2,429,298 | 175,582 | 3,000 | 1,394,450 | 2,487 | 2,666 | 33,123 | 6,249,977 | 108,041,457 |
| Surplus for the year | (2,935,314) | - | - | - | - | - | - | - | - | - | - | (2,935,314) |
| Net fair value movements for investment in financial assets FVOCI | - | - | (354,887) | - | - | - | - | - | - | - | (354,887) | (354,887) |
| Transfer to and (from) reserves | 2,688,970 | (376,000) | | (2,429,298) | (175,582) | (3,000) | 282,155 | (2,487) | (2,666) | (33,123) | (2,740,001) | (51,031) |
| **Balance at 30 June 2020** | **101,545,136** | **-** | **1,478,484** | **-** | **-** | **-** | **1,676,605** | **-** | **-** | **-** | **3,155,089** | **104,700,225** |

**2019**

| | Retained Surpluses | General Reserve | Financial Asset Reserve | Capital Profits Reserve (Adelaide) | Specific Purpose Reserves (Victoria) | Molly Griffith Legacy Reserve | Trust and Tied Funds | Timor Leste Committee Reserve | National Young Woman's Programme Reserve | Encore Programme Reserve | Total Reserve | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Balance at 1 July 2018** | 105,207,443 | 484,821 | 110,132 | 2,429,298 | 175,582 | 3,000 | 1,231,034 | 2,487 | 2,666 | 33,123 | 4,472,143 | 109,679,586 |
| Surplus for the year | (1,981,492) | - | - | - | - | - | - | - | - | - | - | (1,981,492) |
| Net fair value movements for investment in financial assets FVOCI | - | - | 1,723,239 | - | - | - | - | - | - | - | 1,723,239 | 1,723,239 |
| Transfer to and (from) reserves | (1,434,471) | (108,821) | - | - | - | - | 163,416 | - | - | - | 54,595 | (1,379,876) |
| **Balance at 30 June 2019** | **101,791,480** | **376,000** | **1,833,371** | **2,429,298** | **175,582** | **3,000** | **1,394,450** | **2,487** | **2,666** | **33,123** | **6,249,977** | **108,041,457** |

This statement should be read in conjunction with the notes to the consolidated financial statements

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

| | Note | 2020<br>$ | 2019<br>$ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | |
| Receipts from customers | | 31,431,566 | 35,766,559 |
| Payments to suppliers and employees | | (32,551,596) | (36,175,407) |
| Payment of stamp duty on transfer of YWCA NSW assets | | - | (3,380,654) |
| Interest received | | - | 146,460 |
| Interest paid | | (138,275) | (261,862) |
| Net cash used in operating activities | 26 | (1,258,305) | (3,904,904) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | |
| Purchase of financial assets | | (1,489,968) | - |
| Proceeds from sale of financial assets | | - | 2,856,191 |
| Purchase of property, plant and equipment | 11 | (1,166,850) | (895,841) |
| Proceeds from sale of property, plant and equipment | 11 | - | 38,769 |
| Purchase of intangible assets | 10 | (441,948) | (622,362) |
| Net cash provided by (used in) investing activities | | (3,098,766) | 1,376,757 |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | | |
| Proceeds from (repayment of) borrowings | | 2,000,000 | (3,546,128) |
| Repayment of lease liability | | (780,644) | - |
| Net cash provided by (used in) financing activities | | 1,219,356 | (3,546,128) |
| Net decrease in cash and cash equivalents held | | (3,137,715) | (6,074,275) |
| Cash and cash equivalents at beginning of year | | 5,061,259 | 11,135,534 |
| **Cash and cash equivalents at end of financial year** | | **1,923,544** | **5,061,259** |

This statement should be read in conjunction with the notes to the consolidated financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2020**

YWCA Australia is a not-for-profit limited by guarantee company, registered and domiciled in Australia.

The 2020 consolidated financial report covers YWCA Australia (the Company) and its controlled entities ('the Group'). Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars.

The financial report was authorised for issue by those charged with governance on 15 October 2020.

## 1 Basis of preparation

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Board (AASB), International Financial Reporting Standards as issued by the international Accounting Standards Board, the Australian Charities and Not-for-profits Commission Act 2012 and the Corporations Act 2001, as appropriate for not-for-profit oriented entities.

The Group entities are not-for-profit entities for financial reporting purposes under the Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected noncurrent assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

When required by accounting standards, comparative figures have been adjusted to conform to changes in accounting standards for the current financial year.

## 2 Summary of significant accounting policies

### a. Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 21 to the consolidated financial statements.

### b. Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

Goodwill or a gain purchase may arise on the acquisition date. This is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured, and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

**c. New or 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. 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 16 Leases**

The Company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 *Leases* and eliminates the classifications of operating leases and finance leases for lessees. 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.

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

| | **1 July 2019** |
|---|---|
| | **$** |
| Operating lease commitments as at 1 July 2019 (AASB 117) | 2,804,358 |
| Finance lease commitments as at 1 July 2019 (AASB 117) | - |
| Operating lease commitments discount based on the incremental borrowing rate of 2.33% (AASB 16) | (19,013) |
| Short-term leases not recognised as a right-of-use asset (AASB 16) | - |
| Low-value assets leases not recognised as a right-of-use asset (AASB 16) | (56,977) |
| Accumulated depreciation as at 1 July 2019 (AASB 16) | - |
| Right-of-use assets (AASB 16) | 2,728,368 |
| | |
| Lease liabilities - current (AASB 16) | (780,645) |
| Lease liabilities - non-current (AASB 16) | (1,947,723) |
| Tax effect on the above adjustments | - |
| Reduction in opening retained profits as at 1 July 2019 | - |

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.

**Early adoption of standards**

The Company has not elected to adopt any pronouncements early.

**d. Income tax**

The Company and its subsidiaries are exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997.*

**e. Revenue from contracts**

Revenue is recognised when the amount of the revenue can be measured reliably, and it is probable that economic benefits associated with the transaction will flow to the Group. Specific criteria relating to the type of revenue as noted below, has been satisfied.

*Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company 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.

***Grant revenue***

Grant revenue is recognised in the consolidated statement of profit or loss and other comprehensive income when the entity obtains control of the grant; it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably. When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

The Group receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

***Government grants***
Government grants including Job Keeper subsidy are recognised in profit or loss when the Company satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the Company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

***Donations and bequests***
Donations and bequests are recognised as revenue when received, unless those donations and bequests are conditioned and made for specific programs in which case such donations and bequests are recorded as reserves in the balance sheet and recognised as revenue when those specific activities are undertaken.

***Rendering of services***
Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated, then the revenue is recognised to the extent of expenses recognised that are recoverable.

***Hotel revenue***
Revenue from the provision of accommodation and related services such as food and beverages, parking and other miscellaneous services at hotel properties is recognised in the period in which accommodation or service is provided, or the goods sold.

**f. Goods and services tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

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

**g. Inventories**

Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**h. Property, plant and equipment**

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

***Land and buildings***
Land and buildings are shown at fair value, based on periodic, at least every 3 years for commercial land and building and every 5 years for all other property assets, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the

carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

***Plant and equipment***
Plant and equipment are measured using the cost model.

### i. Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group, commencing when the asset is ready for use.

Where there is an uncertainty around the useful life, residual values, and expected condition of an asset, management will make a judgement around the useful life and depreciate the asset accordingly.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The following useful lives are applied:

| | |
|---|---|
| Buildings: | 40 years |
| Plant and equipment: | 3-10 years |
| Furniture, fixtures and fittings: | 5 years |
| Motor vehicles: | 3 years |
| Lease hold improvements: | Term of lease |

***Derecognition policy / gain or loss on disposal***
An item of property plant and equipment is derecognised upon disposal or when there is no further economic benefit to the Company. Gain and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

***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 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 Group 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.

### j. 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.

### k. Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

The following useful lives are applied:

| | |
|---|---|
| Software | 3 years |

### l. Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### m. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

### n. Investment 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, its carrying value is written off.

***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 measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

**o. Noncurrent assets or disposal groups classified as held for sale**

Noncurrent assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For noncurrent assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the noncurrent assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of noncurrent assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.
Noncurrent assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised. Noncurrent assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

***Assets held for sale***
The Company entered into an agreement of sale for its property located at 179 Cleveland Street, Redfern for the sum of $15,050,000 and executed a Put and Call Option Deed on 7 November 2019. The purchaser exercised the Call option to purchase the property on 6 August 2020 and paid a 10% deposit. The Contract for Sale and Purchase of the property was exchanged on 26 August 2020. The purchaser paid an extension fee equal to 5% of the purchase price on 30 September 2020. The purchaser is expected to pay a further extension fee equal to 10% of the purchase price on 6 April 2021. The final settlement is expected to occur on 6 August 2021.

**p. Employee benefits**

Provision is made for the Company’s liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

**q. Fair value measurement**

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

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

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

### r. Trade and other payables

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

### s. Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

### t. 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 when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

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

### u. Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### v. Contract liabilities

Contract liabilities represent the Company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Company has transferred the goods or services to the customer.

### w. Current and noncurrent classification

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

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

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

### x. Critical accounting estimates and judgements

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances. These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates. The significant estimates and judgements made have been described below.

***Coronavirus (COVID-19) pandemic***
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

***Allowance for expected credit losses***
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in Note 6, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

***Estimation uncertainty***
Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided where applicable.

***Fair value of land and buildings***
The Company has elected to use the revaluation model as its accounting policy in relation to land and buildings. AASB 116, Property, Plant and Equipment requires that land and buildings be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. It further requires that

revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. Management and the board are of the opinion that the fair value of land and buildings is not expected to fluctuate significantly on an annual basis and consequently have determined that the commercial property assets will be valued at least once every three years, and at least once every five years for all other current and future property assets. The last valuations were conducted in the 2018 financial year. The current COVID pandemic has created an environment where there is a significant judgement and estimation uncertainty with regards to estimating the fair value of land and buildings. Management through consultation with external advisors and other market evidence have concluded that the values of commercial properties are not impaired. For the housing stock, management have performed an analysis of the rental income and vacancy rates and concluded that the housing stock is not impaired based on the rental yield and vacancy rates.

***Impairment of property, plant and equipment***
The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

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

***Residual value of assets***
There is an uncertainty around the useful life, residual values, and expected condition of the two commercial building assets used for running hotel accommodation business. Based on a consistent appreciation in value over years, management has exercised their judgement in determining that the residual value of both buildings will be likely to remain above cost/fair value whenever disposed of in the future and therefore no depreciation is calculated and recorded in the financial statements for these two buildings, including any subsequent building improvements from 1 June 2018.

***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.

## 3 Revenue and other income

| | 2020 | 2019 |
|---|---|---|
| **Revenue** | **$** | **$** |
| Accommodation income | 9,299,233 | 12,924,313 |
| Donations | 223,954 | 195,351 |
| Food & beverage income | 1,783,474 | 2,502,013 |
| NDIS | 1,871,368 | 2,056,647 |
| Grant income | 15,124,197 | 16,382,154 |
| Job Keeper subsidy | 2,149,929 | - |
| Other operating revenue | 1,035,112 | 396,440 |
| | 31,487,267 | 34,456,918 |
| **Other income** | | |
| Interest and dividend income | 402,696 | 937,156 |
| Sundry income | 54,987 | 105,596 |
| | 457,683 | 1,042,752 |
| **Total revenue and other income** | 31,944,950 | 35,499,670 |

***Disaggregation of revenue***

| | 2020 | 2019 |
|---|---|---|
| Geographical regions | | |
| Australia | 31,944,950 | 35,499,670 |

## 4 Expenses

| | 2020 | 2019 |
|---|---|---|
| | $ | $ |
| Deficit before income tax includes the following specific expenses: | | |
| *Cost of sales:* | | |
| Cost of sales | 4,736,044 | 5,633,220 |
| *Depreciation:* | | |
| Land and building | 502,630 | 486,525 |
| Computer, plant and equipment | 276,193 | 317,599 |
| Furniture, fixtures and fittings | 495,581 | 536,810 |
| Motor vehicles | 114,333 | 105,974 |
| Leasehold improvements | 27,421 | 8,910 |
| Plant and equipment right of use asset | 47,030 | - |
| Office suite right of use asset | 718,277 | - |
| Motor vehicle right of use asset | 130,428 | - |
| Total depreciation | 2,311,893 | 1,455,818 |
| *Amortisation:* | | |
| Software | 293,123 | 44,228 |
| Total amortisation | 293,123 | 44,228 |
| Total depreciation and amortisation | 2,605,016 | 1,500,046 |
| *Finance cost:* | | |
| Interest on borrowings | 138,275 | 262,011 |
| Interest on lease liabilities | 54,687 | - |
| Total finance cost | 192,962 | 262,011 |
| Superannuation expense: | | |
| Defined contribution superannuation expense | 1,523,172 | 1,496,178 |

## 5 Cash and cash equivalents

| | | |
|---|---|---|
| Cash at bank and in hand | 1,923,544 | 5,061,259 |
| | 1,923,544 | 5,061,259 |

## 6 Trade and other receivables

| | | 2020<br>$ | 2019<br>$ |
|---|---|---|---|
| CURRENT | | | |
| Trade receivables | | 753,010 | 696,878 |
| Less: allowance for expected credit losses | | - | (2,603) |
| | | 753,010 | 694,275 |
| Other receivables | 6 (a) | 1,072,549 | 58,641 |
| Total trade and other receivables | | 1,825,559 | 752,916 |

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

*Allowance for expected credit losses*
The Group has recognised a loss of $nil in profit or loss in respect of the expected credit losses for the year ended 30 June 2020 (30 June 2019: $2,603).

The Group has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the Coronavirus (COVID-19) pandemic.

(a) The substantial increase in other receivables relates primarily to Job Keeper subsidy receivable for June 2020.

## 7 Inventories

| | 2020 | 2019 |
|---|---|---|
| CURRENT | | |
| At cost: | | |
| Stock on hand - consumables | 62,488 | 81,213 |
| | 62,488 | 81,213 |

Write downs of inventories to net realisable value during the year were $nil (2019: $nil).

## 8 Financial assets

### Fair value through other comprehensive income (FVOCI)

| | | 2020 | 2019 |
|---|---|---|---|
| CURRENT | | | |
| Financial assets | | 1,495,295 | 12,351,291 |
| | | 1,495,295 | 12,351,291 |
| NONCURRENT | | | |
| Financial assets | 8 (a) | 12,946,846 | 1,006,800 |
| | | 12,946,846 | 1,006,800 |

The movement of investment between current and noncurrent is based on the maturity dates of the investments as at the reporting date.

(a) Financial assets are classified as noncurrent based on the board approved investment strategy being medium to long term and no intentions to liquidate the portfolio in the short term.

## 9 Other assets

| | 2020 | 2019 |
|---|---|---|
| | $ | $ |
| CURRENT | | |
| Prepayments | 178,591 | 138,503 |
| Bonds and deposits | 126,900 | 189,095 |
| | 305,491 | 327,598 |

## 10 Intangibles

| | 2020 | 2019 |
|---|---|---|
| **Software** | | |
| Balance at beginning of year | 1,033,587 | 411,225 |
| Additions | 441,948 | 622,362 |
| Disposal | (286,047) | - |
| Balance at end of year | 1,189,488 | 1,033,587 |
| **Accumulated amortisation:** | | |
| Balance at beginning of year | (158,251) | (114,023) |
| Amortisation | (293,123) | (44,228) |
| Disposal | 154,201 | - |
| Balance at end of year | (297,173) | (158,251) |
| Net carrying value | 892,315 | 875,336 |

## 11 Property, plant and equipment

| Consolidated year ended 30 June 2020 | Capital Works In Progress $ | Land and Buildings $ | Plant and Equipment $ | Furniture, Fixtures and Fittings $ | Motor Vehicles $ | Leasehold Improvements $ | Right of use asset: Equipment $ | Right of use asset: Office Suite $ | Right of use asset: Motor Vehicle $ | Total $ |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance at the beginning of year | 315,116 | 82,919,705 | 2,391,877 | 1,596,424 | 241,036 | 28,351 | - | - | - | 87,492,509 |
| Adaption of AASB 16 | - | - | - | - | - | - | 147,294 | 2,342,105 | 238,969 | 2,728,368 |
| Additions | 440,802 | 35,965 | 538,778 | 151,305 | - | - | - | - | - | 1,166,850 |
| Depreciation expense | - | (502,630) | (276,193) | (495,581) | (114,333) | (27,421) | (47,030) | (718,277) | (130,428) | (2,311,893) |
| **Balance at the end of year** | **755,918** | **82,453,040** | **2,654,462** | **1,252,148** | **126,703** | **930** | **100,264** | **1,623,828** | **108,541** | **89,075,834** |

| Consolidated year ended 30 June 2019 | Capital Works In Progress $ | Land and Buildings $ | Plant and Equipment $ | Furniture, Fixtures and Fittings $ | Motor Vehicles $ | Leasehold Improvements $ | Right of use asset: Equipment $ | Right of use asset: Office Suite $ | Right of use asset: Motor Vehicle $ | Total $ |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance at the beginning of year | 100,042 | 94,791,226 | 2,292,637 | 2,025,692 | 344,397 | 37,261 | - | - | - | 99,591,255 |
| Additions | 215,074 | 115,004 | 416,839 | 107,542 | 41,382 | - | - | - | - | 895,841 |
| Depreciation expense | - | (486,525) | (317,599) | (536,810) | (105,974) | (8,910) | - | - | - | (1,455,818) |
| Disposals | - | - | - | - | (38,769) | - | - | - | - | (38,769) |
| Transferred to non-current asset held for sale | - | (11,500,000) | - | - | - | - | - | - | - | (11,500,000) |
| **Balance at the end of year** | **315,116** | **82,919,705** | **2,391,877** | **1,596,424** | **241,036** | **28,351** | **-** | **-** | **-** | **87,492,509** |

Additions to the right-of-use assets during the year were $2,728,368 as a result of the adoption of AASB 16, *Leases* (Note 2(c)).

The Company leases land and buildings for its offices under agreements of between 3 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Company also leases plant and equipment under agreements of between 3 to 7 years.

The Company leases office equipment under agreements of less than two years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

***Security***

At 30 June 2020, a property carried at a value of $43m is subject to first registered mortgage to secure a business loan facility of $8.4m (Loan facility $8.2m and bank guarantee $200K).

***Land and building transferred to asset held for sale***

The Company entered into an agreement of sale for its property located at 179 Cleveland Street, Redfern for the sum of $15,050,000 and executed a Put and Call Option Deed on 7 November 2019. The purchaser exercised the Call option to purchase the property on 6 August 2020 and paid a 10% deposit. The Contract for Sale and Purchase of the property was exchanged on 26 August 2020. The settlement will occur on 6 August 2021.

This asset is currently recorded at carrying value of $11.5m and classified as an asset held for sale in the current assets. AASB 5 requires a noncurrent asset to be classified as held for sale at the lower of its carrying amount and fair value.

***Independent valuations of interest in land and buildings***

In assessing current values for the Company's interest in property, plant and equipment, the directors have relied upon independent valuations from registered qualified valuers.

***Measurement of fair values***

Amounts disclosed above represent the fair value of the Company's interests in property, plant and equipment as determined at the time of the most recent independent valuation report.

Independent registered qualified valuers were engaged to perform the valuations. The values are determined based on the highest and best use of each property. In all cases, the existing use is the highest and best use, and values are determined on a going concern basis. Going concern value is based on capitalisation, discounted cash flows and direct comparison methodologies, and significant unobservable inputs including the forecast net income for each property, the capitalisation and discount rates used in determining fair value, and the comparison rates used.

In the valuations performed on 1 June 2018, the capitalisation rates utilised ranged from 4% to 6% and the pre-tax discount rates utilised ranged from 7% to 12% per annum. For direct comparison methodology, reference was made to recent sales of similar properties in similar locations, improvements, trading levels and profitability.

The current COVID pandemic has created an environment where there is a significant judgement and estimation uncertainty with regards to estimating the fair value of land and buildings. Management through consultation with external advisors and other market evidence have concluded that the values of commercial properties are not impaired. For the housing stock, management have performed an analysis of the rental income and vacancy rates and concluded that the housing stock is not impaired based on the rental yield and vacancy rates.

***Most recent valuations of interest in Property, Plant and Equipment***

Freehold land, buildings and improvements last valued on 1 June 2018: $94.6m

## 12 Trade and other payables

| | 2020 | 2019 |
|---|---|---|
| | $ | $ |
| CURRENT | | |
| Trade payables | 694,076 | 1,386,318 |
| GST payable | 346,987 | 260,912 |
| Other payables | 1,698,892 | 1,700,061 |
| | 2,739,955 | 3,347,291 |

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

## 13 Employee benefits

| | | |
|---|---|---|
| CURRENT | | |
| Long service leave | 223,473 | 226,853 |
| Provision for employee benefits | 1,147,297 | 1,104,694 |
| | 1,370,770 | 1,331,547 |
| NONCURRENT | | |
| Long service leave | 508,818 | 528,006 |
| | 508,818 | 528,006 |

## 14 Contract liabilities

| | | |
|---|---|---|
| CURRENT | | |
| Grant income deferred | 2,699,328 | 2,221,382 |
| Income received in advance | 348,130 | 266,817 |
| | 3,047,458 | 2,488,199 |

*Reconciliation*
Reconciliation of the values at the beginning and end of the current and previous financial year are set out below:

| | | |
|---|---|---|
| Opening balance | 2,488,199 | 3,476,260 |
| Payments received | 17,837,781 | 17,558,205 |
| Transferred to revenue – performance obligations satisfied | (17,278,521) | (18,546,266) |
| Closing balance | 3,047,458 | 2,488,199 |

**Unsatisfied performance obligations**
The closing amount of contract liabilities represent transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period and is expected to be recognised as revenue in future periods as follows:

| | | |
|---|---|---|
| Within 12 months | 2,273,019 | 2,264,640 |
| 12 to 24 months | 468,903 | 223,559 |
| 24 to 36 months | 305,536 | - |
| | 3,047,458 | 2,488,199 |

## 15 Borrowings

| | Note | 2020 | 2019 |
|---|---|---|---|
| | | $ | $ |
| NONCURRENT | | | |
| Secured liabilities: | | | |
| Bank loan | | 5,712,422 | 3,712,422 |
| Total noncurrent borrowings | | 5,712,422 | 3,712,422 |
| Total borrowings | | 5,712,422 | 3,712,422 |

### a. Security

The bank loan with a total variable interest only drawdown facility of $8.2 million is secured by registered first mortgage over a non-residential real property located at 5-11 Wentworth Avenue, Sydney NSW and first ranking charge over other assets being a going concern business operated from the subject property. The amount of unused facility as at 30 June 2020 is $2.49m (30 June 2019: $4.49m). The facility expires on 29 August 2022, with a 3-year term. The initial interest rate of the loan facility was 3.98% and the interest rate as at the reporting date is 2.33%.

The current facility limit of the bank guarantee is $200,000. The interest rate is 2% per annum. The amount of unused facility as at 30 June 2020 is $5,500 (30 June 2019: $5,500).

### b. Business card facility

The Company has an unsecured business card facility of $100,000. The amount utilised is repayable on a monthly basis.

## 16 Reserves

| | Note | 2020 | 2019 |
|---|---|---|---|
| Capital Profits Reserve (Adelaide) | | - | 2,429,298 |
| Encore Programme Reserve | | - | 33,123 |
| Financial Asset reserve | | 1,478,484 | 1,833,371 |
| General Reserve | | - | 376,000 |
| Molly Griffiths Legacy Reserve | | - | 3,000 |
| National Young Women's | | - | 2,666 |
| Specific Purpose Reserves (Victoria) | | - | 175,582 |
| Timor Leste Committee Reserve | | - | 2,487 |
| Trust and Tied funds | 16 (a) | 1,676,605 | 1,394,450 |
| | | 3,155,089 | 6,249,977 |

During the year, the reserve balances have been transferred to retained earnings. These reserve balances were historically brought forward as part of the business combination and are no longer valid as of the reporting date.

a. Trust and tied funds represent bequests and special purpose donations received from time to time. The YWCA Australia Board has agreed to report Trust and tied funds in the Statement of Changes in Equity, along with any Reserves operating during the course of the financial year. The changes to the Statement of Changes in Equity ensure transparent reporting and enable the Board to ensure that the terms and conditions of bequests and tied funds are being met. Upon request, Members can receive information on the purpose of each Fund named in the Trust and Tied Funds.

| | 2020 | 2019 |
|---|---|---|
| | $ | $ |
| Alice Springs Fund | 251,955 | 261,469 |
| Bayliss Reserve Fund | 125,314 | - |
| Bess Carr Memorial Fund | 59,923 | 62,180 |
| Elizabeth Ashton Memorial Fund | 40,188 | 41,702 |
| IV Morrow Memorial Fund | 5,018 | 5,212 |
| Margaret Davey Estate Fund | 51,842 | 53,782 |
| Margaret Davey Memorial Fund | 78,424 | 81,378 |
| Member Association Support Fund | 100,197 | 103,967 |
| Member and Staff Development Fund | 99,292 | 103,028 |
| Overseas Aid Fund | 14,651 | 15,201 |
| Polykarpou Fund | 207,435 | - |
| Regional Development Fund | 474,253 | 492,095 |
| Una Porter Memorial Fund | 96,738 | 100,378 |
| Violet Fay Memorial Fund | 30,299 | 31,439 |
| Wood Scholarship Memorial Fund | 41,076 | 42,619 |
| | 1,676,605 | 1,394,450 |

## 17 Financial risk management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Group is exposed to are described below:

**Specific risks**
- Liquidity risk
- Credit risk
- Market risk - interest rate risk and price risks.

**Financial instruments used**
The principal categories of financial instrument used by the Group are:
- Trade receivables
- Cash at bank
- Bank overdraft
- Investments in listed shares
- Trade and other payables
- Floating rate bank loans

| | Note | 2020 | 2019 |
|---|---|---|---|
| **Financial assets** | | **$** | **$** |
| Cash and cash equivalents | 5 | 1,923,544 | 5,061,259 |
| Trade receivables including provision for impairment | 6 | 753,010 | 694,275 |
| Financial assets at fair value through OCI (current) | 8 | 1,495,295 | 12,351,291 |
| Financial assets at fair value through OCI (noncurrent) | 8 | 12,946,846 | 1,006,800 |
| Total financial assets | | 17,118,695 | 19,113,625 |
| **Financial liabilities** | | | |
| Trade and other payables | 12 | 2,739,955 | 3,347,291 |
| Borrowings | 15 | 5,712,422 | 3,712,422 |
| Total financial liabilities | | 8,452,377 | 7,059,713 |

***Objectives, policies and processes***
Those charged with governance have overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk, credit risk and price risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance function under policies and objectives previously set and reviewed from time to time. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate risk and assessment of market forecasts for interest rates.

Those charged with governance receive monthly reports which provide details of the effectiveness of the processes and policies in place. Mitigation strategies for specific risks faced are described below:

***Liquidity risk***
Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly. At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities.

The table below reflect maturity analysis for financial assets.

| | Floating interest rate | | Within 1 year | | 1 to 5 years | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| **Financial assets - cash flows receivable** | $ | $ | $ | $ | $ | $ | $ | $ |
| Cash and cash equivalents | 1,923,972 | 5,061,259 | - | - | - | - | 1,923,544 | 5,061,259 |
| Trade, term and loans receivables | - | - | 753,010 | 694,275 | - | - | 753,010 | 694,275 |
| Financial assets at fair value through OCI (current) | - | - | 1,495,295 | 12,351,291 | - | - | 1,495,295 | 12,351,291 |
| Financial assets at fair value through OCI (noncurrent) | - | - | - | - | 12,946,846 | 1,006,800 | 12,946,846 | 1,006,800 |
| Total anticipated inflows | 1,923,972 | 5,061,259 | 2,248,305 | 13,045,566 | 12,946,846 | 1,006,800 | 17,118,695 | 19,113,625 |

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

*Financial liability maturity analysis - Non-derivative*

| | Within 1 year | | Over 1 year | | Total | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| **Financial liabilities due for payment** | $ | $ | $ | $ | $ | $ |
| Trade and other payables | 2,739,955 | 3,347,291 | - | - | 2,739,955 | 3,347,291 |
| Borrowings | - | - | 5,712,422 | 3,712,422 | 5,712,422 | 3,712,422 |
| Total contractual outflows | 2,739,955 | 3,347,291 | 5,712,422 | 3,712,422 | 8,452,377 | 7,059,713 |

The timing of expected outflows is not expected to be materially different from contracted cashflows.

***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

As disclosed in Note 6, the Group has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the Coronavirus (COVID-19) pandemic.

***Market risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices & interest rates.

*(i) Interest rate risk*

The Group is exposed to interest rate risk as funds are borrowed at variable interest rates. Borrowings issued at variable rates expose the Group to fair value interest rate risk.

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At the reporting date, the Group is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

*(ii) Price risk*

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held being fair value through other comprehensive income.

Such risk is managed through diversification of investments across industries and geographic locations.

## 18 Members' guarantee

YWCA Australia is a company limited by guarantee. In the event of, and for the purpose of winding up of the Company, the amount capable of being called up from each member and any person who ceased to be a member in the year prior to the winding up, is limited to $10, subject to the provisions of the Company's constitution.

## 19 Auditor's remuneration

| | 2020 | 2019 |
|---|---|---|
| | $ | $ |
| *Remuneration of the auditor:* | | |
| RSM | 67,000 | 70,000 |
| *Non assurance service:* | | |
| RSM | 109,955 | - |
| | 176,955 | 70,000 |

## 20 Fair value measurement

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

- Land and buildings
- Financial assets

***Fair value hierarchy***
AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

| | |
|---|---|
| Level 1 | Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. |
| Level 2 | Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. |
| Level 3 | Unobservable inputs for the asset or liability. |

The table below shows the assigned level for each asset and liability held at fair value by the Group:

| | Note | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **30 June 2020** | | $ | $ | $ | $ |
| **Recurring fair value measurements** | | | | | |
| Land and buildings | 11 | - | - | 82,453,040 | 82,453,040 |
| Financial assets at fair value – current | 8 | 1,495,295 | - | - | 1,495,295 |
| Financial assets at fair value – noncurrent | 8 | 12,946,846 | - | - | 12,946,846 |
| | | 14,442,141 | - | 82,453,040 | 96,895,181 |

| | Note | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **30 June 2019** | | $ | $ | $ | $ |
| **Recurring fair value measurements** | | | | | |
| Land and buildings | 11 | | | 82,919,705 | 82,919,705 |
| Financial assets at fair value – current | 8 | 12,351,291 | - | - | 12,351,291 |
| Financial assets at fair value – noncurrent | 8 | 1,006,800 | - | - | 1,006,800 |
| | | 13,358,091 | - | 82,919,705 | 96,277,796 |

***Transfers between levels of the hierarchy***
There were no transfers between levels of the fair value hierarchy.

***Highest and best use***
The current use of each asset measured at fair value is considered to be its highest and best use.

## 21 Interests in subsidiaries

### Composition of the Group

| | Principle place of business/country of incorporation | Percentage control/ interest (%)* 2020 | Percentage control/ interest (%)* 2019 |
|---|---|---|---|
| YWCA Housing | Australia | 100 | 100 |
| YWCA National Housing | Australia | 100 | 100 |

*The percentage of control/interest held is equivalent to the percentage of voting rights for all subsidiaries.

## 22 Contingencies

***The National Redress Scheme***

The National Redress Scheme is the scheme created as a result of the Royal Commission into Institutional Responses to Child Sexual Abuse – through the National Redress Scheme for Institutional Child Sexual Abuse Act 2018 (“the Act”). Among other things, it is designed to provide redress under the scheme which consists of: a monetary payment to survivors as a tangible means of recognising the wrong survivors have suffered; and a counselling and psychological component which, depending on where the survivor lives, consists of access to counselling and psychological services or a monetary payment; and a direct personal response to survivors from the participating institutions responsible.

During the reporting year, the Company decided to join the Scheme. As part of determining the Company’s participation in the scheme, an estimate had to be made of the amounts which would be payable to survivors of abuse if the survivors were to make a claim to the Scheme. While the Commonwealth is liable to bear the initial costs of paying redress payments and the counselling and psychological component of redress under the scheme, as well as the administration of the scheme; the Company will liable to pay funding contribution to reimburse the Commonwealth for their share of those costs.

As at 30 June 2020, the full scope of participating institutions under the National Redress Scheme, and the resulting level of financial payments are highly uncertain. As a result, the financial liability to the Commonwealth for monetary payments that will be made under this Act cannot be reliably measured.

In the opinion of those charged with governance, other than the matter stated above, YWCA Australia did not have any other contingencies as at 30 June 2020 (30 June 2019: None).

***YWCA National Housing (the subsidiary)***

Under the terms of a capital assistance grant dated May 2009, the Queensland Government Department of Communities (the "Department") has an interest in the subsidiary’s property at 112 Mary Street, Toowoomba equivalent to the current value of the funded buildings in the event that the subsidiary ceases to use the property for the purpose of providing community housing. The Department's interest in the property is reduced annually by a 2% return of equity to the subsidiary. Under this agreement the Department have an interest in the Betty Willis building and the Hoffman Wadley building at 112 Mary Street of 82% as at 30 June 2020. These assets were subject to independent valuation on 1 June 2018, with assessed fair values of $250,000 and $1,465,000 respectively. The estimated value of the contingent liability at 30 June 2020 is therefore $1,406,300.

Under the terms of a capital assistance grant dated December 2009, the Department also has an interest in the subsidiary’s property at 162 Denham Street, Townsville on the same basis as described for the Toowoomba property above. The Department's equity interest in the property at 30 June 2020 is 83%. The property has been independently valued at $3,500,000 effective 1 June 2018. The estimated value of the contingent liability at 30 June 2020 is therefore $2,905,000.

As a condition of these capital assistance grant funding agreements, the Queensland Government has a first registered mortgage over the property at both 112 Mary Street, Toowoomba and 162 Denham Street, Townsville.

The subsidiary has no intention to stop using the properties for community housing and therefore the above balances are only regarded as contingent liabilities at the year end.

## 23 Related parties

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

The Company provides office facilities, management and direct service staff to its subsidiary entities under a Contract for Services. Transactions between the Company and its subsidiary entities under the Contract for Services were:

| | 2020 | 2019 |
|---|---|---|
| | $ | $ |
| Fee for provision of staff resources, office space and administration services | | |
| - YWCA Housing | 950,914 | 1,120,927 |
| - YWCA National Housing | 399,959 | 588,256 |
| | 1,350,872 | 1,709,183 |

The Company also leases an office space from YWCA National Housing on commercial terms.

| | | |
|---|---|---|
| Rent for office space paid to YWCA National Housing | 72,000 | 72,000 |

## 24 Key management personnel remuneration

Key management personnel remuneration included within employee expenses for the year is shown below:

| | | |
|---|---|---|
| Short-term employee benefits | 1,683,010 | 2,063,823 |
| Long-term employee benefits | 282,369 | 30,650 |
| | 1,965,379 | 2,094,473 |

Key management personnel include the Chief Executive Officer and all Executive Managers who report to the Chief Executive Officer.

## 25 Capital and leasing commitments

| | 2020 | 2019 |
|---|---|---|
| | $ | $ |
| Capital commitments: | | |
| - not later than one year | 1,008,554 | - |
| | 1,008,554 | - |

Capital commitments relate to an affordable housing construction project in Bendigo, Victoria owned by the Company's subsidiary - YWCA Housing. The construction commenced in December 2019 and is expected to complete in December 2020.

| | 2020 | 2019 |
|---|---|---|
| Minimum lease payments under non-cancellable operating leases: | | |
| - not later than one year | 56,977 | 948,175 |
| - between one year and five years | - | 1,486,469 |
| | 56,977 | 2,434,644 |

Operating leases are in place for office space, motor vehicles and equipment and normally have a term between 1 and 5 years. Lease payments are increased on an annual basis to reflect market rentals. Current year leasing commitments relate to low-value assets leases that are not recognised as a right-of-use asset under AASB 16.

## 26 Cash flow information

### Reconciliation of result for the year to cashflows from operating activities

| | 2020 | 2019 |
|---|---|---|
| | $ | $ |
| Deficit for the year | (2,935,314) | (1,981,492) |
| Non-cash items in deficit: | | |
| - depreciation and amortisation | 2,605,016 | 1,500,046 |
| - loss on disposal of intangibles | 131,846 | - |
| Changes in assets and liabilities: | | |
| - (increase) decrease in trade and other receivables | (1,072,643) | 75,831 |
| - (increase) decrease in other assets | 22,107 | (65,085) |
| - (increase) decrease in inventories | 18,725 | (15,056) |
| - increase (decrease) in income in advance | 559,259 | (840,967) |
| - decrease in trade and other payables | (607,336) | (3,004,883) |
| - increase in provisions | 20,035 | 426,702 |
| Cashflows from operations | (1,258,305) | (3,904,904) |

## 27 Parent entity information

| | 2020 | 2019 |
|---|---|---|
| | $ | $ |
| Current assets | 14,510,674 | 24,253,410 |
| Noncurrent assets | 86,588,618 | 76,683,082 |
| Total assets | 101,099,292 | 100,936,492 |
| Current liabilities | 6,941,973 | 6,446,950 |
| Noncurrent liabilities | 7,445,060 | 4,240,428 |
| Total liabilities | 14,387,033 | 10,687,378 |
| Net assets | 86,712,259 | 90,249,114 |
| Reserves | 3,175,128 | 3,478,048 |
| Retained surpluses | 83,537,131 | 86,771,066 |
| Total equity | 86,712,259 | 90,249,114 |
| Revenue | 28,280,685 | 32,262,631 |
| Expenses | (31,431,668) | (34,531,789) |
| Deficit for the year | (3,150,983) | (2,269,158) |
| Total comprehensive loss | (3,485,830) | (545,919) |

## 28 Events after the end of the reporting period

The consolidated financial report was authorised for issue on 15 October 2020 by those charged with governance.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

## 29 Statutory information

The registered office and principal place of business of the Company is:

YWCA Australia
Level 1, 210 Kings Way
South Melbourne VIC 3205

## DIRECTORS' DECLARATION

In the directors' opinion:

- the attached consolidated financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards, the Australian Charities and Not-for-profits Commission Act 2012, the Corporations Regulations 2001, relevant state/territory Fundraising Acts and other mandatory professional reporting requirements;

- the attached consolidated financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached consolidated financial statements and notes give 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

- 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 made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

| | |
|---|---|
| Director: Helen Conway | Director: Lina Tchung |

Dated this 15th day of October 2020

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# INDEPENDENT AUDITOR'S REPORT
To the Members of YWCA Australia

## Opinion

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

In our opinion the accompanying financial report of the Group is in accordance with Division 60 of 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 financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013.

## Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

## Other Information

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

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

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

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

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

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that 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 Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM

**RSM Australia Partners**

GNS

**Gary Sherwood**
Partner

Dated: 15 October 2020