

Caringa Australia Limited

57 250 634 865

Financial Statements

For the Year Ended 30 June 2020

Caringa Australia Limited

57 250 634 865

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For the Year Ended 30 June 2020

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General information

The financial statements cover Caringa Australia Limited as an individual entity. The financial statements are presented in Australian dollars, which is Caringa Australia Limited functional and presentation currency.

Caringa Australia Limited is a not-for-profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 August 2020. The directors have the power to amend and reissue the financial statements.

Caringa Australia Limited

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Directors' Report 30 June 2020

The directors present their report on Caringa Australia Limited for the financial year ended 30 June 2020.

Directors

The names of the directors in office at any time during, or since the end of, the year (in no particular order) are:

Names	Position	Appointed/Resigned
Timothy White MAICD	Chair from October 2019	Continuing
Matthew Katon MAICD	Vice Chair from October 2019	Continuing
Debbie Vlastaras	Director	Continuing
Coralie Hall	Director	Resigned June 2020
Phil Elliot	Director	Appointed September 2019
Katrina Austen	Director	Appointed September 2019
Collen Pritchard	Chair to September 2019	Resigned September 2019
Stephen McKimm	Vice Chair to September 2019	Resigned September 2019
Kenn Payne GAICD	Director	Resigned January 2020

Objectives

The Company's short term objectives are to continue to:

- Improve the depth and quality of support services within the National Disability Insurance Scheme (NDIS);
- Support 'A Complete Life' which is self-determined by clients and through participation within community and contribution within employment; and
- Promote choices for independent living in appropriate accommodation.

The Company's long term objectives are to:

- Maintain a sustainable and fiscally responsible Company that is a provider of choice for our quality services;
- Maintain a vibrant Caringa community comprising clients, workers and volunteers, which is embedded in the fabric of local life and community; and
- To continue broad engagement within our industry and our peers at local, State and National levels in order to inform and improve our professional practice, governance and decision making.

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Directors' Report 30 June 2020

Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the following strategies:

- Caringa has a well-recognised and respected brand;
- Caringa has a professional culture that supports our clients and staff;
- Caringa will maintain and grow its customer base;
- Caringa has a sound governance framework; and
- Caringa aims to operate at a 5% net profit.

Principal activities

The principal activity of Caringa Australia Limited during the financial year was the provision of services within the National Disability Insurance Scheme. This includes but is not limited to Supported Independent Living, short term accommodation, employment supports (including Supported Employment), support coordination, plan management, allied health services and capacity building.

No significant changes in the nature of the Company's activity occurred during the financial year.

Performance measures

The Company measures its performance against industry benchmarks published by its Industry Peak, National Disability Services. The Directors and Executive Leadership assess the Company's performance, achievements and financial performance against these benchmarks and against the Company's strategic objectives.

Members guarantee

Caringa Australia Limited is a company limited by guarantee. In the event of the company being wound up, ordinary members are required to contribute a maximum of \$10 each. Honorary members are not required to contribute.

The total amount that members of the company are liable to contribute if the company is wound up is \$270 (2019: \$280), based on 27 (2019: 28) current ordinary members

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Directors' Report

30 June 2020

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Timothy White MAICD

Qualifications and Experience

Chartered Accountant, White & Associates Accountants
1st year as director

Matthew Katon MAICD

Qualifications and Experience

Senior Financial Planner, Pentagon Wealth
Director 2 years

Debbie Vlastaras

Qualifications and Experience

Small Business Owner
Director 9 years

Coralie Hall

Qualifications and Experience

Retired Administrator, NSW Roads & Maritime Services
Director 5 years

Phil Elliot

Qualifications and Experience

Regional Manager, BT Financial Group.
Bachelor of Engineering.
Diploma of Financial Management.
First year as director

Katrina Austen

Qualifications and Experience

Lecturer, Southern Cross University.
Masters of Health Science, Grad Cert, Health Science
Bachelor of Nursing, Bachelor of Health Science.
First year as director

Collen Pritchard

Qualifications and Experience

Retired Counsellor, NSW Health
Director 5 years

Stephen McKimm

Qualifications and Experience

Retired Director and Principal, McKimms Real Estate
Director 6 years

Kenn Payne GAICD

Qualifications and Experience

Consultant and CEO, Gurehgam Corporation
Director 7 years

Directors' Report

30 June 2020

Meetings of directors

During the financial year, 11 general meetings of directors were held (excluding the AGM). Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Timothy White MAICD	11	11
Matthew Katon MAICD	11	11
Debbie Vlastaras	11	10
Coralie Hall	11	10
Phil Elliot	9	9
Katrina Austen	9	9
Collen Pritchard	3	3
Stephen McKimm	3	3
Kenn Payne GAICD	6	5

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

Chair:



Timothy White

Dated: 26 August 2020

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2020

		2020	2019
	Note	\$	\$
Sales	3	816,147	916,987
Operating income	3	14,105,663	10,010,722
Grant income	3	498,528	639,535
Other income	3	470,964	476,092
		<u>15,891,302</u>	<u>12,043,336</u>
Cost of goods sold		(219,798)	(317,963)
Administration expenses		(405,151)	(105,345)
Operating expenses		(1,038,483)	(887,034)
Depreciation & amortisation expense		(368,606)	(315,443)
Motor vehicle expenses		(161,637)	(169,824)
Property expenses		(261,381)	(209,597)
Employment expenses		(11,671,641)	(9,351,679)
		<u>1,764,605</u>	<u>686,451</u>
Surplus for the year		-	-
Other comprehensive income		-	-
Other comprehensive income		<u>1,764,605</u>	<u>686,451</u>
Total comprehensive income for the year		<u><u>1,764,605</u></u>	<u><u>686,451</u></u>

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Statement of Financial Position As At 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	2,377,436	4,616,245
Trade and other receivables	6	402,496	217,290
Inventories	7	97,436	108,680
Other financial assets	8	2,803,311	-
Other assets	9	10,980	29,661
TOTAL CURRENT ASSETS		5,691,659	4,971,876
NON-CURRENT ASSETS			
Property, plant and equipment	10	7,555,358	3,963,026
Right-of-use asset	10	34,136	-
TOTAL NON-CURRENT ASSETS		7,589,494	3,963,026
TOTAL ASSETS		13,281,153	8,934,902
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	519,380	449,536
Borrowings	12	56,863	874
Lease liabilities	13	34,923	-
Employee benefits	15	1,073,176	898,441
Other liabilities	14	1,239,709	12,475
TOTAL CURRENT LIABILITIES		2,924,051	1,361,326
NON-CURRENT LIABILITIES			
Borrowings	12	955,112	-
Employee benefits	15	346,046	282,237
TOTAL NON-CURRENT LIABILITIES		1,301,158	282,237
TOTAL LIABILITIES		4,225,209	1,643,563
NET ASSETS		9,055,944	7,291,339
EQUITY			
Retained earnings		9,055,944	7,291,339
TOTAL EQUITY		9,055,944	7,291,339

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 30 June 2020

2020

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2019	7,291,339	7,291,339
Profit or loss attributable to members	1,764,605	1,764,605
Balance at 30 June 2020	<u>9,055,944</u>	<u>9,055,944</u>

2019

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2018	6,604,888	6,604,888
Profit or loss attributable to members	686,451	686,451
Balance at 30 June 2019	<u>7,291,339</u>	<u>7,291,339</u>

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 30 June 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from operations	16,822,087	11,667,878
Payments to suppliers and employees	(13,256,986)	(10,996,850)
Interest received	31,544	58,603
Net cash provided by (used in) operating activities	<u>3,596,645</u>	<u>729,631</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment net	107,744	365,288
Purchase of buildings, property plant & equipment	(4,053,838)	(226,118)
Proceeds from disposals of investments	73,756	-
Purchase of financial assets	(3,009,140)	-
Net cash used by investing activities	<u>(6,881,478)</u>	<u>139,170</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	2,037,742	-
Net movement of facility/borrowings	-	(4,795)
Payment of borrowings	(991,718)	-
Net cash used by financing activities	<u>1,046,024</u>	<u>(4,795)</u>
Net increase (decrease) in cash and cash equivalents held	(2,238,809)	864,006
Cash and cash equivalents at beginning of year	4,616,245	3,752,239
Cash and cash equivalents at end of financial year	5 <u>2,377,436</u>	<u>4,616,245</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

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

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the *Australian Charities and Not-for-profits Commission Act 2012*, as appropriate for not-for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(b) New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all standards which became effective for the first time at 30 June 2020, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

(c) Revenue and other income

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

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(c) Revenue and other income

Revenue from contracts with customers

4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company are:

Servicing NDIS participants

Revenue is recognised on transfer of goods or services to the client as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods. Payments are received in arrears after the care has already been provided, and there is no specific ongoing performance obligation connected to the revenue received. A receivable in relation to these services is recognised when a bill or claim has been invoiced or submitted, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the Company 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 Company 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.

Sales of manufactured goods

The manufacturing division of the Company generates revenue from building and selling timber products. Sales are on demand with no long term contracts.

Revenue is recognised upon transfer of control to the customer upon completion and collection. The sale is transferred to receivables when the entitlement to payment becomes unconditional.

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Gain on disposal of non-current assets

When a non-current asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(d) Income Tax

As the company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax

(e) Current and non-current classification

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

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve 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 twelve months after the reporting period. All other assets are classified as non-current.

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

(f) Cash and cash equivalents

Cash and cash equivalents comprises 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.

(g) Leases

For comparative year

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

For current year

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

Notes to the Financial Statements For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(g) Leases

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(h) Property, Plant and Equipment

Classes of property, plant and equipment are measured using the cost as specified below.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Land and buildings

Land and buildings are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(h) Property, Plant and Equipment

Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a straight-line method from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant and Equipment	5 - 40%
Motor Vehicles	20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(i) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(i) Financial Instruments

Financial assets

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 90 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(i) Financial instruments

Financial assets

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

(j) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the assets is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(k) 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.

(l) 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 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 twelve months 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 national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(l) Employee benefits

Employee benefits are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

Termination benefits

Termination benefits are those benefits paid to an employee as a result of either the entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Termination benefits are recorded as a provision at the earlier of the following dates:

- When the entity can no longer withdraw the offer of those benefits; and
- When the entity recognises costs for a restructuring that is within the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of termination benefits.

(m) 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.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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 operating cash flows.

(n) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

(o) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and are net of any rebates and discounts received.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Critical Accounting Estimates and Judgments

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

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

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

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Caringa Australia Limited

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Notes to the Financial Statements For the Year Ended 30 June 2020

3 Revenue	2020	2019
	\$	\$
Sales	-	123,209
- Books & gifts	594,530	621,639
- Manufacture	221,617	172,139
- General	<u>816,147</u>	<u>916,987</u>
Operating income	12,767,754	9,286,052
- NDIS income	889,020	292,265
- Brokerage support	217,200	220,315
- Board income	231,689	205,658
- Rent income	-	6,432
- Program services income	<u>14,105,663</u>	<u>10,010,722</u>
Grant income	-	20,023
- Grants ADHC	60,454	179,623
- Grants DSS	438,074	439,889
- Grants DOH	<u>498,528</u>	<u>639,535</u>
Other revenue	13,287	33,353
- Tea tree oil income	81,715	58,603
- Interest & dividends	122,736	148,927
- Gain on disposal of assets	34,484	93,097
- Salary subsidies	50,000	-
- Government Stimulus - Boost	168,742	142,112
- Other revenue	<u>470,964</u>	<u>476,092</u>
Total Revenue	<u>15,891,302</u>	<u>12,043,336</u>
4 Result for the Year		
The result for the year includes the following specific expenses:		
Net loss on disposal of property, plant and equipment	<u>-</u>	<u>38,821</u>
5 Cash and cash equivalents	1,064	870
Cash on hand	875,959	3,513,948
Cash at bank	1,500,413	1,101,427
Short-term bank deposits	<u>2,377,436</u>	<u>4,616,245</u>

Caringa Australia Limited

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Notes to the Financial Statements For the Year Ended 30 June 2020

6 Trade and other receivables

	2020	2019
	\$	\$
CURRENT		
Trade receivables	298,846	229,392
Allowance for expected credit loss	(61,391)	(11,374)
	<u>237,455</u>	<u>218,018</u>
Other receivables	165,041	(728)
	<u>402,496</u>	<u>217,290</u>

Reconciliation of changes in the provision for impairment of receivables is as follows:

Balance at beginning of the year	11,374	162,592
Additional impairment loss recognised	50,017	18,031
Amounts written off as uncollectable		
Unused amounts reversed	-	(169,249)
Balance at end of the year	<u>61,391</u>	<u>11,374</u>

7 Inventories

CURRENT		
At cost:		
Stock on hand	<u>97,436</u>	<u>108,680</u>

8 Other Financial Assets

Financial assets at fair value through profit or loss

CURRENT		
Other financial asset	3,059,311	-
Held-for-trading (impairment)	(256,000)	-
	<u>2,803,311</u>	<u>-</u>

9 Current assets other

CURRENT		
Prepayments	7,230	19,423
Deposits & securities	3,750	10,238
	<u>10,980</u>	<u>29,661</u>

Caringa Australia Limited

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Notes to the Financial Statements For the Year Ended 30 June 2020

10 Property, plant and equipment

	2020	2019
	\$	\$
LAND AND BUILDINGS		
Land		
At cost	<u>1,492,899</u>	<u>718,899</u>
Buildings		
At cost	<u>6,615,984</u>	<u>3,821,440</u>
Accumulated depreciation	<u>(1,314,728)</u>	<u>(1,210,940)</u>
	<u>5,301,256</u>	<u>2,610,500</u>
Total land and buildings	<u>6,794,155</u>	<u>3,329,399</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	<u>435,232</u>	<u>313,689</u>
Accumulated depreciation	<u>(155,815)</u>	<u>(139,214)</u>
	<u>279,417</u>	<u>174,475</u>
Right-of-Use - Premises Lease		
Opening balance	<u>79,651</u>	<u>-</u>
Accumulated depreciation	<u>(45,515)</u>	<u>-</u>
Total leased premises	<u>34,136</u>	<u>-</u>
Motor vehicles		
At cost	<u>1,063,825</u>	<u>967,547</u>
Accumulated depreciation	<u>(600,783)</u>	<u>(552,130)</u>
	<u>463,042</u>	<u>415,417</u>
Leasehold Improvements		
At cost	<u>68,727</u>	<u>68,727</u>
Accumulated amortisation	<u>(49,983)</u>	<u>(24,992)</u>
Total improvements	<u>18,744</u>	<u>43,735</u>
Total plant and equipment	<u>795,339</u>	<u>633,627</u>
Total property, plant and equipment	<u>7,589,494</u>	<u>3,963,026</u>

Notes to the Financial Statements
For the Year Ended 30 June 2020

10 Property, plant and equipment

(a) Movements in Carrying Amounts

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

	Land	Buildings	Plant and Equipment	Right of Use Assets	Motor Vehicles	Leasehold Improvements	Total
	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2020							
Balance at the beginning of year	718,899	2,610,500	174,475	-	415,417	43,735	3,963,026
Additions	774,000	2,794,544	140,369	79,651	265,274	-	4,053,838
Disposals	-	-	-	-	(58,764)	-	(58,764)
Depreciation expense	-	(103,788)	(35,427)	(45,515)	(158,885)	(24,991)	(368,606)
Balance at the end of the year	1,492,899	5,301,256	279,417	34,136	463,042	18,744	7,589,494

Caringa Australia Limited

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Notes to the Financial Statements For the Year Ended 30 June 2020

11 Trade and other payables

	2020	2019
	\$	\$
CURRENT		
Trade payables	111,681	67,834
Other sundry payables	118,509	81,196
Accrued expenses	289,190	300,506
	<u>519,380</u>	<u>449,536</u>

12 Borrowings

CURRENT		
Bank loans	<u>56,863</u>	<u>874</u>
NON-CURRENT		
Bank loans	<u>955,112</u>	<u>-</u>
Total borrowings	<u>1,011,975</u>	<u>874</u>

(a) Assets pledged as security

The bank loans (Including line of credit) are secured by first mortgages over some of the entity's land and buildings. There are no bank covenants attached to loans.

(b) Bank loan facility

The loans are structured with facility term 5y, but with amortisation plan over 15y and balloon repayment at the end of year 5

- Loan 21369749 CS01 initial amount \$1,000,000 residual balance in 60 months \$715,772
- Loan 21369749 CS02 initial amount \$1,000,000 residual balance in 60 months \$712,069
- Number of monthly repayments remaining are 182 on the residential mortgage loan 21369749 6304

The position of this facility as at 30 June 2020 is as follows:

Total available facility	3,131,741	1,240,988
Amounts used	<u>(1,011,975)</u>	<u>(874)</u>
Total unused facility	<u>2,119,766</u>	<u>1,240,114</u>

Caringa Australia Limited

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Notes to the Financial Statements For the Year Ended 30 June 2020

13 Lease Liabilities

	2020	2019
	\$	\$
CURRENT		
Lease liabilities	34,923	-

14 Other liabilities

	2020	2019
CURRENT		
Unexpended funds	1,239,709	12,475

15 Employee Benefits

Current liabilities		
Employee benefits	1,073,176	898,441
Non-current liabilities		
Employee benefits	346,046	282,237

16 Capital and Leasing Commitments

Contracted Commitments

144 Fitzroy Street Grafton

Fit out & security of new office building	78,565	-
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17 Leasing Commitments

(a) Other expenditure commitments

Minimum payments:		
- not later than one year	-	42,399

In the 2019 financial year the company had a non-cancelable contract for the provision of key software & printing support, this was extinguished in the 2020 financial year.

(b) Operating leases

- not later than one year	-	103,881
- between one year and five years	-	34,736
	-	138,617

In the 2019 financial year the company had non-cancelable rental leases for the premises at Grafton Shopping World & Coffs Harbour City Centre Mall that had remaining terms of 11 & 22 months. From 1 July 2019, the entity has recognised right-of-use assets for these leases. See note 9, and 1 (g) for more information.

Caringa Australia Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

18 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Company is \$ 466,322 (2019: \$ 439,858).

19 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (30 June 2019:None).

20 Related Party Transactions

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.

Transaction with related parties:

During the current financial year end 30 June 2020 year ended Caringa Australia Limited had no related party transactions.

In the previous financial year ended 30 June 2019 there were no related party transactions.

Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 18: Key Management Personnel Disclosures.

21 COVID19 Impact

As at balance date the Coronavirus (COVID-19) pandemic continues to impact communities and businesses. The members of the Board together with management have evaluated the impact of the outbreak of Coronavirus since the end of the financial year on the entity in regards to economic volatility and other associated events. As a provider of an essential service Caringa Australia Ltd has assessed the ongoing impact of the event to be minimal in respect of revenue and going concern aspects. However, ongoing assessments as well as changes to processes and policies may be still be required and it is assessed that additional support for clients and associated compliance costs for cleaning supplies and personal protection equipment will increase. The Board have concluded though that, due to the rapid and ongoing changes, a reasonable estimate of the full extent of the impact cannot be made at this time.

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 Company, the results of those operations or the state of affairs of the Company in future financial years.

Caringa Australia Limited

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Directors' Declaration

In the directors' opinion:

- (a) The financial statements and notes, satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* including:
 - (i) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
 - (ii) giving a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the directors.

Chair: 

Timothy White

Dated 26 August 2020

Independent Audit Report to the members of Caringa Australia Limited

Report on the Audit of the Financial Report

Opinion

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

In our opinion, the accompanying financial report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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 obtained at the date of this auditor's report is included in the directors report, (but does not include the financial report and our auditor's report thereon).

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

Independent Audit Report to the members of Caringa Australia Limited

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 on the other information obtained prior to the date of this auditor's report, 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 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 - Reduced Disclosure Requirements 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 the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

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



Murray McDonald
Director, Audit & Assurance



Moore Australia Audit (QLD/NNSW)
Chartered Accountants

26 August 2020