INTERRELATE LIMITED

(A COMPANY LIMITED BY GUARANTEE, NOT HAVING A SHARE CAPITAL)

ACN: 000 413 301

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entity (the group) for the financial year ended 30 June 2020.

Directors

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

			Directors' Meetings	
	Date appointed	Date of cessation	Number eligible to attend	Number attended
Fadiya Ali	4/06/2018		11	6
Adele Ezzy	2/03/2018		11	10
Vivek Chopra	13/02/2020		6	5
Antony Floyd	25/11/2016		11	10
Alan Gibson	28/10/2008	29/11/2019	3	3
Wendy Haigh	26/07/2019		11	9
Jason Hincks	3/06/2019		11	9
Paul Newman	24/08/2015	13/02/2020	6	3
Kate Russell	30/05/2020		2	1
Graham West	01/07/2011		11	10
Deborah Wilmoth	14/05/2019		11	10

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

Information on Directors

Director	Expertise	Board Committee Membership
Fadiya Ali	Legal	Finance, Audit and Asset Management
Adele Ezzy	Information Technology	People, Culture & Performance
Vivek Chopra	Finance and Risk	Finance, Audit and Asset Management
Antony Floyd	Education and Governance	Governance & Engagement
Alan Gibson	Finance	Finance, Audit and Asset Management
Wendy Haigh	Social Impact Investment and Social Enterprise	Finance, Audit and Asset Management
Jason Hincks	Marketing and Communication	Governance & Engagement
Paul Newman	Mediation/ Aboriginal and Torres Strait Islander Engagement	People, Culture & Performance
Kate Russell	Aboriginal culture and engagement and Governance	People, Culture & Performance
Graham West	Youth/Management	People, Culture & Performance
Deborah Wilmoth	Clinical and Forensic Psychologist	Governance & Engagement

Short- and Long-term Objectives and Strategy

The company and controlled entities's short- and long-term objectives are to:

- provide for the direct provision of relief of poverty, suffering, distress, misfortune or helplessness of persons in Australia by providing assistance to persons, families and children in need of relief as a consequence of family breakdown; and
- enhance capacity of persons in Australia to work through life's challenges and strengthen their relationships.

The company's strategy for achieving these objectives includes:

- to lead the way in providing responsive, cutting-edge, transformative relationship services with and for our diverse communities.

Principal Activities

The company's principal activities during the year were:

- The provision of children's contact services, family and relationship services (which incorporates counselling, relationship education services and services for men), family dispute resolution, post separation co-operative parenting services, counselling support for carers, support for people who experienced institutional child sexual abuse who are considering and applying to the National Redress Scheme , mental health support services, communities for children, domestic violence support, support for people affected by the disability role commission and school programs.

These activities assisted the company in achieving its objectives by enabling the:

- provision of children's contact services that offers separated parents an opportunity to meet with their children and to engage in safe and friendly change-over and change-back in a relaxed, family environment.
- provision of counselling services to support individuals and families with emotional or relationship concerns.
- provision of family relationship education and skills training included services for Aboriginal and Torres Strait Islander families and families with cultural and language differences. School programs educated children about bullying and relationships. Interrelate's Reconciliation Action Plan is making a difference in closing the gap between Aboriginal and Torres Strait Islander and other Australians. These services were supported by quality books and other resources and online activities accessible at www.interrelate.org.au.
- provision of services for men; to assist fathers become more effective parents, deal with anger in relationships, improve positive communication and other parenting techniques.
- provision of family dispute resolution services to assist separated families and individuals to manage the effects of family separation, and to manage without the services of a Court, the development of mutually agreed parenting plans in the best interests of the children and property arrangements.
- provision of post separation cooperative parenting services to help separated parents who are fighting understand how parental conflict affects children and how to focus on the needs of their children.
- provision of carers counselling providing support to carers of people with a significant disability.
- the provision of user pay school services programs for families and children to educate about puberty, sexuality and relationships.
- provision of support services to male victims (from 16 years of age) of domestic and family violence. This is achieved by: initial contact and case coordination; and representation of serious threat male victims at local safety action meetings.
- provision of counselling support for people affected by the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with a Disability.
- provision of redress service to support people considering and applying to the National Redress Scheme for people who experienced institutional child sexual abuse.
- provision of holistic Family Mental Health Support Services for children, young people and their families to prevent poor mental health outcomes; through advocacy, referral, case management, groups and home visiting.
- provision of Communities for Children services that supports: parental capability; including addressing barriers to secure attachment, respectful parenting and healthy parent-child relationships. It also enhances parent/carer knowledge and skills to meet their child's needs and support their child's development and learning.
- company to improve its quality and efficiency of its services in order to increase the social benefits achieved towards the company's purposes.

Interrelate monitors its reporting compliance through our Performance and Risk Framework. One of the Key Performance indicators reported to the Board through this framework is compliance with government reporting requirements. The Executive Management Team is responsible for compliance. In addition, the Performance and Risk Framework monitors progress against financial measures, staffing measures such as, efficiencies and compliance in on-boarding, staff attrition and retention, the clinical governance framework, client outcomes and satisfaction, client wait times, efficiencies in service delivery and compliance. The Performance Framework informs practice and enables learnings to inform practice across the organisation

The delivery of high quality relationship services to clients against target numbers of clients consistent with government funding agreements for the period 1 July 2019 to 30 June 2020 is as follows:

Program type	2019 - 2020 Actual number of clients served	2019 - 2020 Target number of clients to serve	2019 - 2020 Actual number of clients served as a proportion of the target number	2018 - 2019 Actual number of clients served
Children's Contact Service*	1,650	1,455	113%	1,973
Family and Relationship Services*	5,973	8,745	68%	10,566
Family Dispute Resolution*	6,465	8,329	78%	9,256
Family Mental Health Support Service	886	1,500	59%	2,485
Men's Domestic Violence Support Service	5,363	5,100	105%	4,746
Post Separation Co-operative Parenting	1,035	1,185	87%	1,015
Specialised Family Violence Service	172	150	115%	170
Redress Service	91	-	-	143
Communities for Children	139	174	80%	443
Disabilty Royal Commission Counselling Services	36	-	-	-
User Pay School Services - NSW	41,700	70,000	60%	78,752
User Pay School Services - VIC	15,951	35,000	46%	26,777
User Pay School Services - QLD	1,075	-	-	-
Total	**80,536**	**131,638**	**61%**	**136,326**

* This number includes both government funded and private client numbers.

Factors Impacting Service Delivery

Interrelate's service delivery has been impacted during the course of the year by bushfires in NSW between September 2019 and February 2020. In areas affected by the bushfires, clients and staff were unable to attend service delivery at different times due to the fires. This reduced the number of clients seeking service during this time.

COVID-19 has also impacted service delivery since March 2020. Since March, Interrelate has offered limited face to face service delivery based on health advice. All centre based services have been offered remotely via video or phone. Interrelate's significant investment over the last three years allowed this to happen with minimum disruption to clients and staff.

The uncertainty around the bushfires and COVID-19 saw a 29% decline in clients presenting for centre based relationship services during the 2019-2020 financial year compared to last year.

Our services within schools were significantly impacted between March and June. A limited number of programs were run and this resulted in a 45% decline in client numbers compared to the 2018 – 2019 financial year. During this time, services were transitioned to an online platform to allow service delivery to continue in the new financial year.

Interrelate has been the beneficiary of government financial support during COVID-19. This offset our decline in revenue and ensured the continued service to our vulnerable clients and employment of our staff during this difficult time.

Members' Guarantee

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of $90 each towards meeting any outstanding obligations of the Company. At 30 June 2020, the total amount members of the company are liable to contribute if the company is wound up is $3,420 (2019: $4,410).

Auditor’s Independence Declaration

The lead auditor’s independence declaration for the year ended 30 June 2020 has been received and can be found on page 5 of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.

Graham West
Director
Dated at Sydney, 6 November 2020

Chartered Accountants

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INTERRELATE LIMITED
ACN: 000 413 301

Auditor's Independence Declaration to the Directors of Interrelate Limited

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

(i) no contraventions of the auditor independence requirements as set out in Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012* in relation to the audit; and

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

Rupaninga Dharmasiri
Registration number: 298632
7 Help St, Chatswood NSW 2067

Dated this 30th day of October 2020

INTERRELATE LIMITED AND CONTROLLED ENTITY

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

		Consolidated Group	
	Note	**2020**	**2019**
		$	**$**
Revenue	3	27,289,422	23,951,845
Other income		-	8,789
Employment expenses		(19,521,011)	(18,321,518)
Depreciation and amortisation expense		(2,023,757)	(719,715)
Administration & office expenses		(199,714)	(46,009)
Consulting & research fees		(566,450)	(700,694)
Occupancy expenses		(1,065,755)	(2,220,108)
Operational expenses		(842,985)	(683,403)
Technology expenses		(933,189)	(1,266,095)
Asset impairment		(250,000)	-
Current year surplus (loss)		1,886,561	3,092
Total comprehensive income for the year		1,886,561	3,092

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

INTERRELATE LIMITED AND CONTROLLED ENTITY

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

		Consolidated Group	
	Note	2020	2019
		$	$
CURRENT ASSETS			
Cash and cash equivalents	4	2,252,127	1,273,488
Trade and other receivables	5	652,869	419,805
Financial assets	6	2,014,701	14,593
Inventories on hand	7	36,570	41,148
Other current assets	8	550,204	539,604
TOTAL CURRENT ASSETS		5,506,471	2,288,638
NON-CURRENT ASSETS			
Financial assets	9	-	250,000
Property, plant and equipment	10	8,381,484	8,737,793
Intangible assets	11	120,523	148,006
Right of use assets	12	2,351,201	-
Other	13	49,990	49,227
TOTAL NON-CURRENT ASSETS		10,903,198	9,185,026
TOTAL ASSETS		16,409,669	11,473,664
CURRENT LIABILITIES			
Trade and other payables	14	1,116,212	1,063,740
Contract liabilities	15	380,083	279,001
Employee benefits	16	1,568,825	1,310,661
Lease liability	12	1,139,450	-
TOTAL CURRENT LIABILITIES		4,204,570	2,653,402
NON-CURRENT LIABILITIES			
Employee benefits	16	571,558	491,083
Lease liability	12	1,110,681	-
Provisions	17	307,120	-
TOTAL NON-CURRENT LIABILITIES		1,989,359	491,083
TOTAL LIABILITIES		6,193,929	3,144,485
NET ASSETS		10,215,740	8,329,179
EQUITY			
Reserves	20	3,872,255	3,872,255
Retained surplus		6,343,485	4,456,924
TOTAL EQUITY		10,215,740	8,329,179

The above Statement of Financial Position should be read in conjunction with the accompanying notes

INTERRELATE LIMITED AND CONTROLLED ENTITY

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Retained Surplus	Capital Profits Reserve	Revaluation Surplus	Total
Balance at 30 June 2018	**4,453,832**	**816,587**	**3,055,668**	**8,326,087**
Comprehensive income				
Profit for the year	3,092	-	-	3,092
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	3,092	-	-	3,092
Other				
Transfer of realised capital profits to retained surplus	94,459	-	(94,459)	-
Transfer from retained surplus to capital profits reserve	(94,459)	94,459	-	-
Total other	-	94,459	(94,459)	-
Balance at 30 June 2019	**4,456,924**	**911,046**	**2,961,209**	**8,329,179**
Comprehensive income				
Profit for the year	1,886,561	-	-	1,886,561
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	1,886,561	-	-	1,886,561
Balance at 30 June 2020	**6,343,485**	**911,046**	**2,961,209**	**10,215,740**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

INTERRELATE LIMITED AND CONTROLLED ENTITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated Group 2020 $	2019 $
Cash flows from operating activities			
Receipts from customers, government and others		28,920,894	25,641,469
Payments to suppliers and employees		(24,613,316)	(26,154,354)
Interest received		105,084	86,182
Net cash provided by / (used in) operating activities	23(b)	4,412,662	(426,703)
Cash flows from investing activities			
Payment for property, plant, equipment & intangibles		(271,325)	(70,040)
Proceeds from sale of property, plant & equipment		-	384,026
Net cash provided by/ (used in) investing activities		(271,325)	313,986
Cash flows from financing activities			
Repayment of lease liability		(1,162,590)	-
Net cash (used in) financing activities		(1,162,590)	-
Net increase / (decrease) in cash and cash equivalents		2,978,747	(112,717)
Cash and cash equivalents at beginning of the year		1,288,081	1,400,798
Cash and cash equivalents at end of the year	23(a)	4,266,828	1,288,081

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover Interrelate Limited and its controlled entity (the "consolidated group" or "group"). Interrelate Limited is a company limited by guarantee. The Company is registered as a charity with the Australian Charities and Not-for-profits Commission and domiciled in Australia.

The separate financial statements of the parent entity, Interrelate Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The principal activities of the Company for the year ended 30 June 2020 were the provision of relationship services relevant to community needs, that aim to empower people to live and relate more effectively.

The functional and presentation currency of the Company is Australian dollars.

The financial statements were authorised for issue on 5 November 2020 by the directors of the Company.

Comparatives are consistent with prior years, unless otherwise stated.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012.

Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Interrelate Limited) and its subsidiary. A subsidiary is an entity that the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and the has the ability to affect those returns through its power over the entity. Details of the subsidiary are provided in Note 19(a).

The assets, liabilities and results of the subsidiary are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of the subsidiary have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Change in Accounting Policy

a. Revenue from Contracts with Customers - Adoption of AASB 15

The group has adopted AASB 15 Revenue from Contracts with Customers (AASB15) and AASB 1058 Income of Not-for-Profit Entities (AASB 1058) for the first time in the current year with a date of initial application of 1 July, 2019.

The group has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July, 2019.

AASB 15 applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. AASB 1058 simplifies the income recognition requirements that apply to not-for-profit entities, in conjunction with AASB 15. The adoption of these standards do not materially impact the presentation of the group’s financial statements.

Grants – operating

Under AASB 1004, most grant income was recognised as revenue on receipt. Under AASB 1058 and AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed or recognised at the point in time that the control of the services pass to the customer.

Statement of Profit or Loss and Other Comprehensive Income

The group's statement of profit or loss and other comprehensive income is not materially different under AASB 15 / AASB 1058 from that which presented under the previous revenue standards.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement of Financial Position

The group's statement of financial position is not materially different under AASB 15 / AASB 1058 from that which presented under the previous revenue standards.

Statement of Cash Flows

The group's statement of cash flows is not materially different under AASB 15 / AASB 1058 from that which presented under the previous revenue standards.

b. Leases - Adoption of AASB 16

The group has adopted AASB 16 Leases using the modified retrospective (cumulative catch-up) method from 1 July, 2019 and therefore the comparative information for the year ended 30 June 2020 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations.

The impact of adopting AASB 16 is described below:

Group as a lessee

Under AASB 117, the group assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the group or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short term leases and leases of low value assets).

The group has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

AASB 16 includes a number of practical expedients which can be used on transition, the group has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the the group's incremental borrowing rate at 1 July 2019;
- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjustment by the any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- the right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset;
- excluded leases with an expiry date prior to 30 June 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 30 June 2019.

Financial statement impact of adoption of AASB 16

The group has recognised right-of-use assets of $3,719,884, lease liabilities of $3,412,764 and a make good provision of $307,120 for property leases at 1 July, 2019, for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July, 2019 was 3.60%.

Accounting Policies

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

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

Revenue recognition

There is no material difference in the recognition of revenue between the current year and the comparative year.

Government funding

A number of the group's programs are supported by grants received from federal, state and local governments.

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Grants whose performance obligations are not met are shown in the Consolidated Statement of Financial Position, under the heading of Current liabilities as Contract liabilities.

Contracts with clients that are not enforceable or do not have sufficiently specific performance obligations fall under AASB 1058, amounts arising from such grants are recognised at the assets fair value when the asset is received. The group considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard. Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Fees from Clients

Fees charged for services provided to clients are recognised upon the delivery of the service to the customer. Where services are provided throughout the financial year, the fees that are attributable to the current financial year are recognised as revenue over time. Fee receipts for periods beyond the financial year are shown in the *Consolidated Statement of Financial Position,* under the heading of *Current liabilities as Contract liabilities*.

Sale of Goods

Revenue from sales of goods comprises revenue earned (net of returns, discounts and allowances) from the sale of resources developed by the organisation, or purchased for resale. Sales revenue is recognised when the control of goods passes to the purchaser pursuant to an enforceable sales contract at the point in time the performance obligation has been satisfied.

Interest Income

Interest revenue is recognised on an accrual basis using the effective interest method.

Asset Sales

The gain or loss on disposal of all non-current assets is determined as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

Donations

Donations collected are recognised as revenue when the group gains control, economic benefits are probable and the amount of the donation can be measured reliably, unless they have been provided for a specified purpose. Where provided for a specified purpose they are are shown in the Consolidated Statement of Financial Position, under the heading of Current liabilities as Contract liabilities until the purpose has been met.

b. **Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis consistent with the use of the resources.

Administration and office expenses are those incurred in connection with administration of the group and compliance with constitutional and statutory requirements.

Consulting and research fees are those incurred in undertaking consulting work and research to support and develop the group's work in strengthening relationships.

Occupancy expenses are those incurred in connection with owning and leasing premises to conduct our services.

Operational expenses are those costs directly incurred in supporting the objects of the group.

Technology expenses are those incurred in the use of technology to support the work of the group.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Inventories

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential.

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition.

d. Property, Plant and Equipment

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

Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in the statement of profit or loss and other comprehensive income.

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.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date the group obtains control of the asset.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on either a straight line basis or reducing balance basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease including option periods or the estimated useful lives of the improvements.
The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	4%
Property Fit Out	10%
Leasehold Improvements	8.6% - 100%
Furniture, Equipment & Motor Vehicles	2% - 75%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

At the end of each reporting period, the group reviews the carrying values of its plant and equipment to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the group would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset's class, the group estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal when the item is no longer used in the operations of the group or when it has no sale value. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Any part of the asset revaluation reserve attributable to the asset disposed of or derecognised is transferred to retained earnings at the date of disposal.

e. **Leases**

The Company as lessee

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the group commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified “at fair value through profit or loss” in which case transaction costs are recognised immediately as expenses in profit or loss.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and reduction for impairment and adjusted for an cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

Financial assets
Financial assets are subsequently measured at:
– amortised cost;
– fair value through other comprehensive income; or
– fair value through profit or loss

Measurement is on the basis of two primary criteria:
– the contractual cash flow characteristics of the financial asset; and
– the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
– the financial asset is managed solely to collect contractual cash flows; and
– the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:
– the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
– the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The group initially designates a financial instrument as measured at fair value through profit or loss if:
– it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
– it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
– it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments
At initial recognition, as long as the equity instrument is not held for trading or not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the group's accounting policy.

Impairment

At the end of each reporting period, the group assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset or group of financial assets will be deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a "loss event"), which has an impact on the estimated future cash flows of the financial asset(s).

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the group no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

g. **Intangibles**

Trademarks

Trademarks are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Trademarks are amortised over their useful life of 10 years.

Software

Software is recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of between one and three years. It is assessed annually for impairment.

Video Development

Video Development costs are capitalised when the resource is expected to deliver future economic benefits and these benefits can be measured reliably.

Capitalised video development costs have a finite life and are amortised on a systematic basis based on the future economic benefits over the resources's useful life. Video Development costs are amortised over their useful life of 10 years.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. **Employee Benefits**

Employee benefits comprise wages and salaries, annual, long service, non-accumulating sick leave and contributions to superannuation plans.

Liabilities for wages and salaries expected to be settled within 12 months of reporting date are recognised in other payables in respect of employees' services up to the reporting date. Liabilities for annual leave in respect of employees' services up to the reporting date which are expected to be settled within12 months after the end of the period in which the employees render the related services are recognised in the provision for annual leave. Both liabilities are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Liabilities for time in lieu in respect of employee's services up to the reporting date which are expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in the provision for time in lieu.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided to employees up to the reporting date using the projected unit credit method. Consideration is given to anticipated future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

A long term provision is recognised for employee entitlements not expected to be settled wholly within 12 months after the end of the reporting period.

i. **Cash and Cash Equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short term deposits with an original maturity of three months or less where the investment is convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

j. **Accounts Receivable and Other Debtors**

Accounts receivable and other debtors include amounts receivable from government and customers for goods and services sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

k. **Taxation**

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are recognised inclusive of GST. The net amount of GST recoverable from or payable to the ATO is included as part of receivables or payables.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from or payable to the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Income Tax

The company and the subsidiary are charitable institutions for the purposes of Australian taxation legislation and are therefore exempt from income tax under Div 50 of the Income Tax Assessment Act 1997. This exemption has been confirmed by the ATO. Interrelate Limited holds deductible gift recipient status.

l. **Provisions**

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. Comparative Figures

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

When the group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period, in addition to the minimum comparative financial statements, must be disclosed.

n. Trade Creditors and Other Payables

Trade payables and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

o. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

<u>Valuation of Property</u>

The freehold land and buildings were independently valued at 30 June 2018 by Herron Todd White. The valuation was based on market value. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current demand for land and buildings in the area and recent sales data for similar properties. The fair value of land and buildings would change if any of these factors change.

<u>Provisions for employee benefits</u>

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures and periods of service. The amount of these provisions would change should any of these factors change in the next 12 months.

p. Economic Dependence

Interrelate Limited is dependent on the Department of Social Services and the Attorney General's Department for the majority of its revenue used to operate the business. As at 30 June 2020, the group has contracts with these departments until 30 June 2024 for the delivery of future services to the value of $67 million. On this basis, the Board of Directors has no reason to believe the Departments will not continue to support the group.

q. Fair Value of Asets and Liabilities

The group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

"Fair value" is the price the group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the group's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

2 PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards:

	2020	2019
	$	$
a. Statement of Financial Position		
Total current assets	5,504,362	2,286,409
Total non-current assets	10,903,198	9,185,026
Total assets	16,407,560	11,471,435
Total current liabilities	4,204,227	2,653,059
Total non-current liabilities	1,995,152	496,876
Total liabilities	6,199,379	3,149,935
Net assets	10,208,181	8,321,500
b. Statement of Profit or Loss and Other Comprehensive Income		
Revenue and other income	27,289,422	23,951,845
Current year surplus (loss)	1,886,681	(427)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	1,886,681	(427)

c. Guarantees

Interrelate Limited has not entered into any guarantees, in the current or previous financial years, in relation to the debts of its subsidiary.

3 REVENUE AND EXPENSES

	Consolidated Group	
	2020	2019
The profit or loss includes the following items of revenue and expense:	$	$
REVENUE		
Revenue from contracts with customers:		
Client fees	1,702,642	2,216,260
Federal Government grants	23,197,621	20,970,422
NSW Government grants	469,400	428,013
Other Grants	40,895	6,423
Rental income	83,084	53,402
Book and resource sales	40,754	46,337
	25,534,396	23,720,857
Other revenue:		
Donations	7,794	36,490
Interest revenue	105,084	86,182
Government COVID-19 support	1,564,357	-
Sundry income	77,791	108,316
	1,755,026	230,988
TOTAL REVENUE	27,289,422	23,951,845

		Consolidated Group	
3	**REVENUE AND EXPENSES (CONTINUED)**		
	EXPENSES	**2020**	**2019**
	Depreciation & amortisation of property, plant and equipment, intangible assets and right of use assets	**$**	**$**
	Buildings	129,875	142,447
	Property fit out	100,584	110,692
	Leasehold improvements	138,920	184,761
	Intangibles	69,305	84,228
	Video Development	3,302	3,302
	Furniture, equipment & motor vehicles	213,088	194,285
	Right of use assets	1,368,683	-
		2,023,757	719,715
	Employee benefits expense		
	Included in total employee benefits expense are contributions to defined contribution/accumulation type superannuation funds	1,660,065	1,640,118
4	**CASH AND CASH EQUIVALENTS**		
	Cash at bank	2,242,702	1,263,163
	Cash on hand	9,425	10,325
	Total cash and cash equivalents as stated in the statement of financial position	2,252,127	1,273,488
	Cash at bank earns interest at floating rates based on daily deposit rates.		
5	**CURRENT TRADE & OTHER RECEIVABLES**		
	Trade receivables	31,012	419,613
	Other receivables	621,857	192
		652,869	419,805
6	**CURRENT FINANCIAL ASSETS**		
	Held to maturity investment		
	Term deposits	2,014,701	14,593
		2,014,701	14,593
7	**CURRENT INVENTORIES**		
	At lower of cost and net realisable value		
	Books	36,570	41,148
8	**OTHER CURRENT ASSETS**		
	Prepayments	64,571	92,752
	Other	485,633	446,852
		550,204	539,604
9	**NON CURRENT FINANCIAL ASSETS**		
	Unlisted investments, at fair value:		
	Shares in unlisted corporations	250,000	250,000
	Provision for impairment	(250,000)	-
		-	250,000

10 PROPERTY, PLANT & EQUIPMENT

	Freehold Land & Buildings	Property Fit Out	Leasehold Improvements	Furniture, Equipment & Motor Vehicles	Totals
Cost or fair value					
At 30 June 2019	6,640,002	1,400,548	3,458,539	4,270,813	15,769,902
Additions	-	10,130	37,241	178,830	226,201
Disposals	-	-	(251,456)	(1,310,691)	(1,562,147)
At 30 June 2020	6,640,002	1,410,678	3,244,324	3,138,952	14,433,956
Accumulated depreciation					
At 30 June 2019	135,285	403,732	2,711,268	3,781,824	7,032,109
Charge for year	129,875	100,584	138,920	213,088	582,467
Eliminated on disposal	-	-	(251,456)	(1,310,648)	(1,562,104)
At 30 June 2020	265,160	504,316	2,598,732	2,684,264	6,052,472
Net carrying amount					
At 30 June 2020	6,374,842	906,362	645,592	454,688	8,381,484
At 30 June 2019	6,504,717	996,816	747,271	488,989	8,737,793

Revaluation on Land and Buildings

Freehold land and buildings are recorded at independent valuation, all other asset classes are recorded at cost. The group last engaged Herron Todd White, independent accredited valuers, to determine the fair value of its land and buildings. The effective date of the revaluation was 30 June 2018. Fair value is determined directly by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at valuation date. The directors do not believe that there has been a material movement in fair value since the revaluation date. In addition to the fair value of the buildings, the group has installed fit outs and is depreciating the cost of these over their useful lives. The carrying value of the fit outs at 30 June 2020 was $906,362. If at a future date the group did sell a building containing a fit out which was not fully depreciated, any carrying value not recovered in the sale price would be recognised as an expense to the statement of comprehensive income in that period.

Security

At 30 June 2020, two properties with a combined carrying amount of approximately $1,200,000 were held as security for the group's facilities with the bank.

11 INTANGIBLE ASSETS

	Consolidated Group 2020	Consolidated Group 2019
	$	$
Software:		
Cost	655,790	610,666
Accumulated Amortisation	(570,789)	(505,629)
Net Carrying Amount	85,001	105,037
Trademarks:		
Cost	48,642	48,642
Accumulated Amortisation	(32,006)	(27,861)
Net Carrying Amount	16,636	20,781
Video Development:		
Cost	33,000	33,000
Accumulated Amortisation	(14,114)	(10,812)
Net Carrying Amount	18,886	22,188
Total Intangibles:	120,523	148,006

Intangible assets have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss.

12 LEASES

The group leases office buildings which have been classified as right of use assets. These leases have an average of 3 years as their lease term.

Right of use assets	Office Buildings
As at 1 July 2019	3,719,884
Depreciation charge	(1,368,683)
Right of use asset balance at 30 June 2020	2,351,201

Lease liabilities	
Lease liabilities at 30 June 2020	
Current	1,139,450
Non-current	1,110,681
Total lease liabilities	2,250,131

A number of the building leases contain extension options which allow the group to extend the lease term by two years. The group includes options in the leases to provide flexibility and certainty to the group's operations and reduce costs of moving premises and the extension options are at the group's discretion. At commencement date and each subsequent reporting date, the group assesses where it is reasonably certain that the extension options will be exercised.

There are $2,695,222 in potential future lease payments which are not included in lease liabilities as the group has assessed that the exercise of the option is not reasonably certain.

The group applies the exemption for low value assets and as such does not recognise leases that have a lease term of 12 months or less or are of low value as a right of use asset or lease liability. The lease payments associated with these leases are recognised as an expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term. Low value assets consist of IT equipment.

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the group is a lessee are:

Interest expense on lease liabilities	100,029
Variable lease payments not included in the measurement of lease liabilities	579,824
Expenses relating to leases of low-value assets	177,770
	857,623

	Consolidated Group	
	2020	2019
13 OTHER NON CURRENT ASSETS	$	$
Rental bond	49,990	49,227
	49,990	49,227
14 TRADE AND OTHER PAYABLES		
Trade payables and accrued charges	1,116,212	1,063,740
	1,116,212	1,063,740
15 CONTRACT LIABILITIES		
Contract liabilities	380,083	279,001
	380,083	279,001
16 EMPLOYEE BENEFITS		
a. Composition		
Annual leave provision	1,186,780	972,936
Time in lieu provision	55,026	73,703
Long service leave provision	898,577	755,105
	2,140,383	1,801,744
b. Disclosure in the statement of financial position		
Short-term provision	1,568,825	1,310,661
Long-term provision	571,558	491,083
	2,140,383	1,801,744

Employee provisions represent amounts accrued for annual leave, time in lieu and long service leave.

16 EMPLOYEE BENEFITS (CONTINUED)

The current portion for this provision includes the total amount accrued for annual leave and time in lieu entitlements and the amounts accrued for long services leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement. Based on past experience the Group does expect the full amount of time in lieu to be settled within the next 12 months.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

	Consolidated Group	
	2020	2019
17 PROVISIONS	$	$
Provision for make good on right of use assets	307,120	-
	307,120	-

18 FINANCIAL ASSETS AND LIABILITIES

a. Financial risk management

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

	2020	2019
Financial assets		
Cash and cash equivalents	2,252,127	1,273,488
Loans and receivables	652,869	419,805
Held-to-maturity investments	2,014,701	14,593
Other - investment in unlisted company	-	250,000
Total financial assets	4,919,697	1,957,886
Financial liabilities		
Financial liabilities at amortised cost:		
- trade and other payables	1,116,212	1,063,740
- lease liabilities	2,250,131	-
Total financial liabilities	3,366,343	1,063,740

b. Fair value measurements

Fair value hierarchy
The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

18 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

2020	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Available-for-sale financial assets - shares in unlisted corporation	-	-	-	-
Freehold land and buildings	-	-	6,374,842	6,374,842
Total assets	-	-	6,374,842	6,374,842
2019				
Assets				
Available-for-sale financial assets - shares in unlisted corporation	-	-	250,000	250,000
Freehold land and buildings	-	-	6,504,717	6,504,717
Total assets	-	-	6,754,717	6,754,717

19 INTEREST IN SUBSIDIARY

a. Information about Subsidiary

The subsidiary listed below is a not for profit company limited by guarantee, where the sole member is the parent entity. The assets, liabilities, income and expenses of the subsidiary have been consolidated on a line-by-line basis in the consolidated financial statements of the Group.

Name of Subsidiary	Principal Place of Business	Controlling Interest Held by the Group	
		2020	**2019**
Family Life - Victoria Limited	Victoria, Australia	100%	100%

Family Life - Victoria Limited became a subsidiary of Interrelate Limited on 1 May 2017 and its activities have been absorbed into the operations of the company. The subsidiary is dormant and is expected to be wound up in the next financial year.

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

b. Significant Restrictions

There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

20 RESERVES

a. Capital Profits Reserve

The capital profits reserve records non-taxable profits on sale of investments and property, plant and equipment.

b. Revaluation Surplus

The revaluation surplus records revaluations of non-current assets.

21 LEASE COMMITMENTS

	Consolidated Group 2020	2019
Operating Leases	$	$
Non-cancellable operating leases contracted for but not recognised in the financial statements -		
Payable - minimum lease payments:		
not later than 12 months	189,077	835,304
between 12 months and 5 years	55,181	945,574
	244,258	2,188,762

Refer to note 12 for information about leases in 2020.

22 KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES

a. KMP compensation

	Consolidated Group	
	2020	**2019**
The aggregate amount of remuneration paid and or payable to Directors and members of the Interrelate Executive:	**$**	**$**
Short term benefits	1,411,587	1,189,580
Termination benefits	108,270	10,847
Post employment benefits	139,131	103,245
	1,658,988	1,303,672
The total remuneration paid and or payable to:		
Directors	206,984	188,555
Executive	1,452,004	1,115,117
	1,658,988	1,303,672

Remuneration paid and or payable to, and in respect of directors of the group is subject to an aggregate annual pooled limit (the pooled amount) agreed to by members of the group at general meeting. The pooled amount last approved by the members was $260,000 including superannuation at the general meeting held on 29 November 2019.

No remuneration was paid by the subsidiary entity to key management personnel.

b. Names of directors included in KMP disclosures, and dates of appointment / resignation where not full year:

Fadiya Ali
Adele Ezzy
Vivek Chopra (appointed 13/02/2020)
Antony Floyd
Alan Gibson (resigned 29/11/2019)
Wendy Haigh
Jason Hincks
Paul Newman (resigned 13/02/2020)
Kate Russell (appointed 30/05/2020)
Graham West
Deborah Wilmoth

c. Loans to Directors and other KMP

No loans are made to Directors or other KMP

d. Other transactions with Directors and other KMP

There are no other transactions with Directors or other KMP other than the following:

	2020	2019
Payments were made to the Wollongong Surf Leisure Resort, a related entity of a director, Mr Alan Gibson. These payments were for catering at the business' standard rates for the 2019 Interrelate staff conference. There was no cost for accommodation or conference room hire as these were donated by Mr Alan Gibson	-	21,615

		Consolidated Group	
23	**CASH FLOW INFORMATION**	**2020**	**2019**
a.	**Reconciliation of cash**	**$**	**$**
	Cash and cash equivalents per note 4	2,252,127	1,273,488
	Term deposits per note 6	2,014,701	14,593
	Total of cash & cash equivalents for statement of cash flows	4,266,828	1,288,081
b.	**Reconciliation of Cash Flows from Operating Activities with Net Current Year Surplus**		
	Net current year surplus/(loss)	1,886,561	3,092
	Non-cash flows -		
	Depreciation and amortisation expense	2,023,757	719,715
	Net (gain) / loss on disposal of property, plant and equipment	-	(8,789)
	Impairment of unlisted shares	250,000	-
	Change in operating assets and liabilities -		
	Decrease / (Increase) in receivables	(233,064)	(208,511)
	Decrease / (Increase) in inventories	4,578	(2,340)
	Decrease / (Increase) in other assets	(11,363)	(15,087)
	(Decrease) / Increase in payables	153,554	(840,660)
	(Decrease) / Increase in employee benefits	338,639	(74,123)
	Net cash flows provided (used) in operating activities	4,412,662	(426,703)

24	**FINANCING ARRANGEMENTS**		
	Unrestricted access was available at the reporting date to the following lines of credit:		
	Bank overdraft	920,000	920,000
	Bank leasing facility	477,000	477,000
		1,397,000	1,397,000
	Used at the reporting date:		
	Bank overdraft	-	-
	Bank leasing facility	-	-
		-	-
	Unused at the reporting date:		
	Bank overdraft	920,000	920,000
	Bank leasing facility	477,000	477,000
		1,397,000	1,397,000

25 AFTER BALANCE DATE EVENTS

Newcastle Development Application (DA)

Interrelate lodged a DA with Newcastle Council in 2017 to redevelop the site at 495 Hunter St and 364 King St Newcastle into two apartment towers consisting of 86 units. This DA was approved by the council on 20 October 2020. The value of these properties carried in the accounts at 30 June 2020 is pre DA. The directors will seek an independent valuation of these properties to determine the impact of the DA on the value of this land.

COVID-19

Interrelate has been the beneficiary of government financial support through JobKeeper and cash flow boost. These subsidies have offset our decline in revenue associated with COVID-19 and ensured the continued service to our vulnerable clients and continued employment of our staff during this difficult time. Interrelate has qualified for the continuation of JobKeeper for the December 2020 quarter. The company will assess its eligibility for the March 2021 extension.

26 ENTITY DETAILS

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

Interrelate Limited
Suite 423
14-16 Lexington Drive
Bella Vista NSW 2153

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Graeme O'Connor CA. Graeme has worked for Interrelate Limited for the past 15 years in the position of Head of Corporate Services. Graeme was appointed company secretary on 17/12/2008.

DIRECTORS' DECLARATION

In the directors' opinion:

(i) the attached financial statements and notes comply with the Australian Charities and Not-for-profits Commission Act 2012, the Australian Accounting Standards - Reduced Disclosure Requirements and other mandatory professional reporting requirements;

(iii) the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

(iii) 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 signed in accordance with subs 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.

Graham West

Director

Dated at Sydney, 6 November 2020

Chartered Accountants

305 / 7 Help Street
PO Box 437
Chatswood NSW 2057

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERRELATE LIMITED

Report on the Audit of the Financial report

Opinion

We have audited the financial report of Interrelate Limited & Controlled Entity, which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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 Interrelate Limited has been prepared in accordance with Div 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) giving a true and fair view of the registered entity'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 Div 60 of 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 registered entity 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.

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

The directors are responsible for the other information. The other information comprises the information included in the registered entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the registered entity 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 registered entity'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 registered entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

Dharmasiri

Rupaninga Dharmasiri
Registration number: 298632
Sydney, 9 November 2020

Lewis & Coble