L'Arche Australia Limited

ABN 33 008 547 028

Financial Statements

For the Year Ended 30 June 2020

L'Arche Australia Limited

ABN 33 008 547 028

Contents

For the Year Ended 30 June 2020

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Directors' Report
For the Year Ended 30 June 2020

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

1 General information

Directors

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

Names	Position	Appointed/Resigned
Dr Julia Walters	Chair Person	Appointed: 8 October 2011
Robert Nichols	Deputy Chair	Appointed: 9 November 2019
Carmel Towler	Treasurer	Appointed: 27 February 2010
David Treanor	National Leader	Appointed: 1 November 2008
Catryn Tuckwell	Company Secretary	Appointed: 1 December 2012
Brendan Sullivan	Board member	Appointed: 1 May 2016
Barry Sandison	Board member	Resigned: 29 June 2019
Greg Smith	Board member	Resigned: 15 February 2020
Krishnee Nair	Board member	Appointed: 25 November 2017
Ray Winn	Board member	Appointed: 23 February 2019
Sandra Casinader	Board member	Resigned: 25 February 2020
Josie Kitch	Board member	Appointed: 17 July 2013

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

Principal activities and significant changes in nature of activities

The principal activities of L'Arche Australia Limited during the financial year were the provision of services and programmes for people with intellectual disabilities and their assistants.

The following significant changes in the nature of the principal activities occurred during the financial year:

Management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

During the current year 2019-2020, all the Canberra properties and related mortgage were transferred to L'Arche Genesaret Canberra for the consideration of $1.00. The notional gain on the transfer of buildings of $165,765 was recognised in the profit and loss account.

The Company has also received government cash flow boost income of $17,992 as a part of the COVID-19 assistance package. If this notional and additional income had not been included in the comprehensive result, the comprehensive result for the year would have been a deficit of $40,396.

There were no other significant changes in the nature of L'Arche Australia Limited's principal activities during the financial year.

Short term objectives

The Company's short term objectives are to:

- strengthen and grow the fundraising of L'Arche Australia Limited to support current and future growth;

1 **General information continued**

Short term objectives continued

- work to increase the financial and human sustainability of L'Arche Australia Limited in Australia to support communities to plan for the future;
- support the current and emerging communities of L'Arche Australia Limited in Australia;
- restructure the National Board to support L'Arche Australia Limited to achieve Country status;
- progressively implement an integrated information technology platform for L'Arche Australia Limited that meets the needs of the business;
- widely promote L'Arche Australia Limited in Australia using a variety of forums to advocate for people with intellectual disability, attract Australian assistants and to support fundraising;
- significantly increase the number of Australian assistants;
- review all documentation to ensure it is aligned with L'Arche Australia Limited philosophy, the National Disablity Insurance Scheme and relevant legislative requirements;
- nurture the commitment and belonging of communities within the International Federation; and
- develop the human resources of L'Arche Australia Limited in Australia.

Long term objectives

The Company's long term objectives are to:

- make known the gifts of people with intellectual disabilities through mutually transforming relationships;
- foster an environment in community that responds to changing needs of members while being faithful to the core values of the founding story of L'Arche Australia Limited; and
- engage in the diverse local cultures of L'Arche while working together towards a more human society.

Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the following strategies the Company has prepared and approved the L'Arche Australia Limited Strategic Plan 2015 - 2020:

The plan sets out specific actions and key performance indicators to acheive each of the short term objectives. A report against the Strategic Plan is provided to the Board at each meeting.

1 General information continued

Members' guarantee

L'Arche Australia Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to $ 50 for members that are corporations and $ 50 for all other members, subject to the provisions of the company's constitution.

At 30 June 2020 the collective liability of members was $ 550 (2019: $ 550).

Director Information

Dr Julia Walters	Chairperson L'Arche Australia
Qualifications	M.A. Oxon; BM, BCh; Postgrad. Diploma Epidemiology & Biostatistics; PhD. General Practitioner (Retired); Previous Board Chair L'Arche Beni Abbes Hobart
Experience	Board member since October 2011
Robert Nichols	Deputy Chair
Experience	Rob has fourty years experience in human services mostly with Wesley Mission Melbourne and Uniting Care Community Options.
Brendan Sullivan	Board member
Experience	Board Chairperson of L'Arche Hobart, Beni-Abes. He has been in his current role for eighteen months. Brendan works for himself as a Business Development Consultant.
Sandra Casinader	Board member
Experience	Sandra holds a Bachelor of Business. She is a Fellow of the Australasian Institute of Banking and Finance and is the Vincent Fairfax Fellow at the Melbourne Business School.Sandra has over 25 years of extensive financial services experience with a strong focus on program management, reengineering and strategic sourcing.
Josie Kitch	Board member
Qualifications	Board member since 17 July 2013
Ray Winn	Board member and Chairperson of L'Arche Melbourne
Experience	Ray holds Bachelor's and Master's degrees in economics and has worked for over 30 years as an economist in public and private sector organisations.
Krishnee Nair	Board member
Qualifications	Community leader L'Arche NSW
Experience	Board member since November 2017
Gregory Owen Smith	Board member
Qualifications	Bachelor of Economics Macquarie University, Sydney 1990. Member of the Institute of Chartered Accountants 1994. Renewed Public Practicing Certificate 2018. Member of l'Arche NSW since 1984. Member of Saint Vincent de Paul Society.

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Directors' Report

For the Year Ended 30 June 2020

Barry Sandison	Board member
Experience	Barry was appointed Director of the Australian Institute of Health and Welfare in June 2016 With over 33 years' experience in the public sector across more than 13 agencies, his expertise covers a wide range of health and welfare related work Barry holds a Bachelor of Business Management
David Treanor	National Leader
Qualifications	DSW, CQSW, MPA, PhD. 20 years' experience working in human services.
Experience	Board member since November 2008
Carmel Towler	Treasurer
Qualifications	Business Administrator. Board Chair L'Arche Brisbane.
Experience	Board member since February 2010
Catryn Tuckwell	Company Secretary
Qualifications	General Counsel Arts Centre Melbourne company secretary. Bachelor of Science, Bachelor of Laws, Masters of Intellectual Property Law, Diploma of Financial Markets
Experience	Company Secretary since December 2012

Auditor's independence declaration

The auditor's independence declaration in accordance with section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* for the year ended 30 June 2020 has been received and can be found on page 5 of the financial report.

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

Director: Carmel Towler

Director: ...

JULIA WALTERS, CHAIRPERSON

Dated 10 Th November 2020

Hardwickes
more than accounting

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L'Arche Australia Limited

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Auditor's Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012 to the Responsible Persons of L'Arche Australia 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 section 60-40 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.

Hardwickes

Hardwickes
Chartered Accountants

R Johnson

Robert Johnson FCA
Partner

Canberra 10/11/20

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
Revenue and other income	5	**584,019**	411,971
Administrative expenses		**(68,270)**	(76,751)
Depreciation	9(a)	**(8,750)**	(20,592)
Employee benefits		**(258,436)**	(238,518)
Insurance		**(14,338)**	(10,833)
International levies		**(45,462)**	(51,656)
Other expenses		**(33,353)**	(53,576)
Telephone and fax		**(1,409)**	(2,295)
Travel		**(10,640)**	(36,218)
Profit /(Loss) before income tax		**143,361**	(78,468)
Income tax expense	3(a)	**-**	-
Profit/(Loss) for the year		**143,361**	(78,468)
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**143,361**	(78,468)

The accompanying notes form part of these financial statements.

L'Arche Australia Limited

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Statement of Financial Position

As At 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**374,922**	177,018
Trade and other receivables	7	**64,739**	55,535
Financial assets	8	**1,000,000**	1,208,087
Other assets	10	**7,847**	4,038
TOTAL CURRENT ASSETS		**1,447,508**	1,444,678
NON-CURRENT ASSETS			
Property, plant and equipment	9	**389,456**	584,149
TOTAL NON-CURRENT ASSETS		**389,456**	584,149
TOTAL ASSETS		**1,836,964**	2,028,827
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	**19,640**	33,224
Employee benefits	13	**45,867**	44,878
Other liabilities	12	**29,079**	-
TOTAL CURRENT LIABILITIES		**94,586**	78,102
NON-CURRENT LIABILITIES			
Trade and other payables	11	**-**	351,708
TOTAL NON-CURRENT LIABILITIES		**-**	351,708
TOTAL LIABILITIES		**94,586**	429,810
NET ASSETS		**1,742,378**	1,599,017
EQUITY			
Retained earnings		**1,742,378**	1,599,017
TOTAL EQUITY		**1,742,378**	1,599,017

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2020

2020

	Retained Earnings	Total
	$	$
Balance at 1 July 2019	**1,599,017**	**1,599,017**
Profit for the year	**143,361**	**143,361**
Balance at 30 June 2020	**1,742,378**	**1,742,378**

2019

	Retained Earnings	Total
	$	$
Balance at 1 July 2018	1,677,485	1,677,485
Profit for the year	(78,468)	(78,468)
Balance at 30 June 2019	1,599,017	1,599,017

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Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**785,871**	457,064
Payments to suppliers and employees		**(804,669)**	(521,574)
Interest received		**8,615**	16,095
Interest paid		**-**	677
Net cash provided by/(used in) operating activities	18	**(10,183)**	(47,738)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from maturity of term deposit		**208,087**	(1,208,087)
Net cash provided by/(used in) investing activities		**208,087**	(1,208,087)
Net increase/(decrease) in cash and cash equivalents held		**197,904**	(1,255,825)
Cash and cash equivalents at beginning of year		**177,018**	1,432,843
Cash and cash equivalents at end of financial year	6	**374,922**	177,018

The accompanying notes form part of these financial statements.

The financial report covers L'Arche Australia Limited as an individual entity. L'Arche Australia Limited is a not-for-profit Company, registered and domiciled in Australia.

The functional and presentation currency of L'Arche Australia Limited is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*.

2 Change in Accounting Policy

Revenue from Contracts with Customers - Adoption of AASB 15

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

The Company 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.

The key changes to the Company's accounting policies and the impact on these financial statements from applying AASB 15 and AASB 1058 are described below.

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

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. The new income recognition requirements shift the focus from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations.

The core principle of the new income recognition requirements in AASB 1058 is when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives, the excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately.

Where there is an 'enforceable' contract with a customer with 'sufficiently specific performance obligations, income is recognised when (or as) the performance obligations are satisfied under AASB 15, as opposed to immediate income recognition under AASB 1058.

Impact of adopting the new revenue Standards AASB 15 and AASB 1058

The Company has assessed the impact of adopting the new revenue standards and it was determined that the adoption of these new standards had no significant impact on the Company's current revenue streams.

3 Summary of Significant Accounting Policies

(a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Revenue and other income

For comparative year

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 Company 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.

Revenue from contracts with customers

For current year

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

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

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.

3 Summary of Significant Accounting Policies continued

(b) Revenue and other income continued

Specific revenue streams

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

Operating grants

When the Company receives operating grant revenue, donations or bequests, it assess whether the contract is enforceable and has sufficiently specific performance obligations in accordance to AASB 15:

When both these conditions are satisfied, the Company:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Company:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards;
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If the contract liability is recognised as a related amount above, the Company recognises income in profit or loss when or as it satisfies its obligations under the contract.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(c) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST.

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

3 Summary of Significant Accounting Policies continued

(d) Property, plant and equipment

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

Land and buildings

Land and buildings are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

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

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

Fixed asset class	Depreciation rate
Buildings	2.5%

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.

(e) 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).

3 Summary of Significant Accounting Policies continued

(e) Financial instruments continued

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
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

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:

- 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 and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Equity instruments

The Company has no investments that falls into this category.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

3 Summary of Significant Accounting Policies continued

(e) Financial instruments continued

Financial assets continued

Net gains or losses, including any interest or dividend income are recognised in profit or loss (refer to hedging accounting policy for derivatives designated as hedging instruments.)

The Company has no investments that falls into this category.

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 significantly 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 30 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 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 multiplied this by the amount of the expected loss arising from default.

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.

Other financial assets measured at amortised cost

3 Summary of Significant Accounting Policies continued

(e) Financial instruments continued

Financial assets continued

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables and other payables.

(f) 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 an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset 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.

(g) 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.

3 Summary of Significant Accounting Policies continued

(h) 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. Ernployee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

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

(i) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	1 July 2020	The amendments refine the definition of material in AASB 101 to clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material	Unlikely to be any impact on the reported financial position, performance or cash flows in the financial statements.
AASB 2020-1 Amendments to Australian Accounting Standards – Classifications of Liabilities as Current or Non-Current	1 July 2022	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as noncurrent if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	Little impact expected but entities should consider the appropriate classification of liabilities as current or non-current.

4 Critical Accounting Estimates and Judgments

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key judgments - COVID 19

The COVID-19 outbreak has impacted the way of life in Australia. This has affected the ability of the Company to continue operations as usual and has impacted on its operating results. In accordance with national guidelines, the Company has implemented remote working arrangements in response to government requirements and to ensure the wellbeing and safety of all employees and visitors.

The Company has determined that there are no going concern risks arising from the impact of the COVID-19 outbreak. The Directors have determined that the Company remains in a healthy cash position and retained stable grants, sponsorships and membership numbers for the 2021 financial year.

5 Revenue and Other Income

	2020	2019
	$	$
- Cashflow boost income	17,992	-
- Donations - administration and zone fund	-	3,277
- Donations- developing countries assistance fund	-	8,038
- Donations and bequests	71,144	71,297
- Interest income	6,385	16,096
- Levies	264,306	255,225
- Reimbursement	14,931	48,098
- Gain on the transfer of buildings	165,765	-
- Other income	43,496	9,940
Total Revenue and Other Income	584,019	411,971

6 Cash and Cash Equivalents

	Note	2020 $	2019 $
Cash at bank and in hand	14	374,922	177,018
		374,922	177,018

7 Trade and other receivables

	Note	2020 $	2019 $
CURRENT			
Trade receivables	14	45,255	45,535
Related Party Receivables	14	10,000	10,000
ATO intergrated account		9,484	-
		64,739	55,535

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

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

8 Other Financial Assets

	Note	2020 $	2019 $
CURRENT			
Term Deposit	14	1,000,000	1,208,087
		1,000,000	1,208,087

Notes to the Financial Statements

For the Year Ended 30 June 2020

9 Property, plant and equipment

	2020 $	2019 $
Plant and equipment		
At cost	**7,351**	7,351
Accumulated depreciation	**(7,351)**	(7,351)
Total plant and equipment	-	-
29 Gledden Street Chilfley		
At cost	-	66,115
Accumulated depreciation	-	(26,477)
Total 29 Gledden Street Chilfley	-	39,638
29 Gledden Street Chilfley Improvements		
At cost	-	70,000
Accumulated depreciation	-	(53,200)
Total 29 Gledden Street Chilfley improvements	-	16,800
52 James Street Curtin		
At cost	-	281,175
Accumulated depreciation	-	(165,785)
Total 52 James Street Curtin	-	115,390
52 James Street Curtin Improvements		
At cost	-	32,651
Accumulated depreciation	-	(18,536)
Total 52 James Street Curtin Improvements	-	14,115
44 Dryden Street Campsie		
At cost	**550,000**	550,000
Accumulated depreciation	**(160,544)**	(151,794)
Total 44 Dryden Street Campsie	**389,456**	398,206
Total property, plant and equipment	**389,456**	584,149

Notes to the Financial Statements

For the Year Ended 30 June 2020

9 Property, plant and equipment continued

(a) Movements in carrying amounts of property, plant and equipment

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

	Plant and Equipment	29 Gledden Street Chifley	29 Gledden Street Chifley Improvements	52 James Street Curtin	52 James Street Curtin Improvements	44 Dryden Street Campsie	Total
	$	$	$	$	$	$	$
Year ended 30 June 2020							
Balance at the beginning of year	-	**39,638**	**16,800**	**115,390**	**14,115**	**398,206**	**584,149**
Disposals - transferred	-	**(39,638)**	**(16,800)**	**(115,390)**	**(14,115)**	-	**(185,943)**
Depreciation expense	-	-	-	-	-	**(8,750)**	**(8,750)**
Balance at the end of the year	-	-	-	-	-	**389,456**	**389,456**

	Plant and Equipment	29 Gledden Street Chifley	29 Gledden Street Chifley Improvements	52 James Street Curtin	52 James Street Curtin Improvements	44 Dryden Street Campsie	Total
	$	$	$	$	$	$	$
Year ended 30 June 2019							
Balance at the beginning of year	311	40,524	19,600	122,419	14,931	406,956	604,741
Depreciation expense	(311)	(886)	(2,800)	(7,029)	(816)	(8,750)	(20,592)
Balance at the end of the year	-	39,638	16,800	115,390	14,115	398,206	584,149

Notes to the Financial Statements

For the Year Ended 30 June 2020

10 Other Assets

	2020 $	2019 $
CURRENT		
Accrued interest income	1,808	4,038
Cashflow boost income	6,039	-
	7,847	4,038

11 Trade and Other Payables

(a) Current payables

	Note	2020 $	2019 $
CURRENT			
Trade payables	14	-	7,560
GST Payable		291	5,621
Accrued expense	14	6,209	5,250
Other payables	14	13,140	14,793
		19,640	33,224

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

(b) Non-current payables

	Note	2020 $	2019 $
NON-CURRENT			
Trade and other payables	14	-	351,708
		-	351,708

12 Other Liabilities

	2020 $	2019 $
CURRENT		
Grants in advance	22,000	-
Alice Spring Projects Funds	7,079	-
	29,079	-

13 Employee Benefits

	2020	2019
	$	$
Current liabilities		
Annual leave entitlements	**20,977**	17,926
Long service leave	**24,890**	26,952
	45,867	44,878

14 Financial Risk Management

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

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

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

Specific risks

- Liquidity risk
- Credit risk
- Market risk - interest rate risk

Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Trade and other payables

14 Financial Risk Management continued

	Note	2020 $	2019 $
Financial assets			
Held at amortised cost			
Cash and cash equivalents	6	**374,922**	177,018
Term Deposit	8	**1,000,000**	1,208,087
Trade and other receivables	7	**55,255**	55,535
Total financial assets		**1,055,255**	1,263,622
Financial liabilities			
Financial liabilities at fair value			
Trade and other payables	11	**19,349**	379,311
Total financial liabilities		**19,349**	379,311

Objectives, policies and processes

Those charged with governance have overall responsibility for the establishment of L'Arche Australia Limited's financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk, liquidity risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and L'Arche Australia Limited's activities.

The day-to-day risk management is carried out by L'Arche Australia Limited's finance function under policies and objectives which have been approved by those charged with governance. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and assessment of market forecasts for interest rate movements.

Liquidity risk

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

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

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

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

14 Financial Risk Management continued

Credit risk

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

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

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

Trade receivables

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

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company review includes external ratings, if they are available, financial statements, credit agency information and industry information. Credit limits are established for each customer and the utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

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

Market risk

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

(i) Interest rate risk

The Company is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

15 Members' Guarantee

The Company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* 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 $ 50 each towards meeting any outstandings and obligations of the Company. At 30 June 2020 the number of members was 11 (2019: 11).

Notes to the Financial Statements

For the Year Ended 30 June 2020

16 Auditors' Remuneration

	2020	2019
	$	$
Remuneration of the auditors of the company, Hardwickes Chartered Accountants, for:		
- auditing or reviewing the financial statements	**4,750**	5,300
Total	**4,750**	5,300

17 Contingencies

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

18 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	2020	2019
	$	$
Profit / (loss) for the year	**143,361**	(78,468)
Non-cash flows in profit:		
- depreciation	**8,750**	20,592
- net gain on disposal of property	**(165,765)**	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(9,204)**	29,803
- (increase) in other assets	**(3,809)**	(677)
- increase in income in advance	**29,079**	-
- (decrease) in trade and other payables	**(13,584)**	(14,827)
- increase/(decrease) in employee benefits	**989**	(4,161)
Cashflows from operations	**(10,183)**	(47,738)

Notes to the Financial Statements

For the Year Ended 30 June 2020

19 Events after the end of the Reporting Period

L'Arche Australia will transfer the property (44 Dryden St Campsie) to L'Arche Sydney in the FY2021.

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.

20 Statutory Information

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

L'Arche Australia Limited
94 Barrack St
Hobart TAS 7000

L'Arche Australia Limited

ABN 33 008 547 028

Responsible Persons' Declaration

The responsible persons declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Responsible person Carmel Towler .... Responsible person ....

Dated 10 Th November 2020

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Hardwickes
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Hardwickes Partners Pty Ltd
ABN 21 008 401 536

Independent Auditor's Review Report

Report on the Review of the Financial Report

Conclusion

We have reviewed the financial report of L'Arche Australia Limited, which comprises the statement of financial position as at 30 June 2020, the income and expenditure statement, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information, and the committee members declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying financial report of L'Arche Australia Limited does not present fairly, in all material respects, the financial position of the Company as at 30 June 2020, and its financial performance and its cash flows for the year ended on that date, in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)*) and Australian Accounting Standards.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Company's financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act). As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Company and should not be distributed to or used by parties other than the Company. Our conclusion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance

Management of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control management determines is necessary to enable the preparation and fair preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act), including giving a true and fair view of the Company's financial position as at 30 June 2020 and its performance for the year ended on that date, and complying with Australian Accounting Standards.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Hardwickes

Hardwickes
Chartered Accountants

R Johnson

Robert Johnson FCA
Partner

Canberra

Date 10/11/20

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND