The Northcott Society
(A company limited by guarantee)
and its controlled entities

ABN 87 302 064 152

Annual financial report

30 June 2021

Contents

The Northcott Society and its controlled entities

Directors' report

For the year ended 30 June 2021

The directors present this report together with the financial report of The Northcott Society (the Company or the Society) and of its controlled entities (the Group) for the financial year ended 30 June 2021 and the auditor's report thereon.

1 Directors

The directors of the Society at any time during or since the end of the financial year are:

Name and qualifications	Northcott responsibilities	Experience and other directorships
Mr. Michael Briggs B Comm, ACA, AGIA, ACG (CGP), MBA Chair	Appointed 27 March 2003 Chair, The Northcott Society since 2009 Chair, Northcott Supported Living Director, Northcott Innovation Limited Member, Finance and Properties Committee Member, Nomination Committee Member, Remuneration Committee Member, Risk Committee	Business Advisor and Investor Chair, Antec Group Pty Limited Director of RLT International Ltd (UK) Director Guided Knowledge Ltd (UK)
Ms. Kirsten Armstrong M.Ec, M.PH, FIAA, GAICD	Appointed 7 January 2013 Chair, Risk Committee	Principal, Taylor Fry Founder and Director of Three Rivers Consulting Fellow, Institute of Actuaries of Australia Member, Health Practice Committee of the Actuaries Institute Graduate Member, Australian Institute of Company Directors
Mr. Richard Blaiklock B Comm, MBA	Appointed 19 November 2003 Chair, Nomination Committee Chair, Remuneration Committee	Chair, Baresque Australia Pty Ltd group and affiliated companies
Mr. Nick Cardno MA (Hons), CA, MAICD	Appointed 7 February 2013 Member, Finance and Properties Committee	Partner, EY Director, EY Transaction Advisory Services Ltd Member, Institute of Chartered Accountants (Scotland) Member, Institute of Chartered Accountants (Australia) Member, Australian Institute of Company Directors
Mr James Christian PSM, MPA (ANU)	Appointed 20 February 2020 Member, Risk Committee	CEO, NSW Aboriginal Land Council Member, NSW Council of Social Service Board Lead Strategist and Head of Secretariat – First Nations Heritage Protection Alliance
Dr. Christopher Janssen MB BS (Sydney), MBA (IMD), FAICD	Appointed 27 November 1986	Founder and Managing Director, GPC Electronics Pty Limited and affiliated companies Advisory Committee, The Warren Centre for Advanced Engineering Ltd at the University of Sydney Member of Abbotsleigh School Council Warden, St Andrew's Anglican Church, Wahroonga Registered (non-practising) Medical Practitioner Fellow of the Australian Institute of Company Directors
Mr Jeyan Jeevaratnam B Eng (Hons1) MBA, M Eng Sc, MAICD	Appointed 14 May 2020 Member, Finance and Properties Committee	General Manager, Enterprise Business, Microsoft Asia Member, Australian Institute of Company Directors Member, Young Presidents Organisation
Mr. Andrew Mansour B Ec LLB (Hons)	Appointed 30 August 2010 Retired 10 March 2021 Chair, Risk Committee	Partner at Allens Linklaters, Head of the Firm's Defence Group
Ms. Debra Richards BA (Lib Studies), Graduate Diploma, MA, MAICD	Appointed 1 December 2012 Member Nomination Committee Member Remuneration Committee	Director, Production Policy APAC, Netflix Vice President, Communications & Media Law Association Director and Treasurer, International Institute of Communications Deputy Chief Adjudicator, Alcohol Beverages Advertising Code Adjudication Panel Member, Australian Institute of Company Directors
Ms. Liz Forsyth BA (Hons), BSW (Hons), Dip Mgmt, MAICD	Appointed 1 September 2020 Managing Director and Chief Executive Officer, Northcott Director, Northcott Innovation Limited Director, SpineCare Foundation Director, Northcott Therapy ACT Pty Limited Member, Finance and Properties Committee Member, Nomination Committee Member, Remuneration Committee Member, Risk Committee	Member, Australian Institute of Company Directors

1 Directors (continued)

Name and qualifications	Northcott responsibilities	Experience and other directorships
Ms. Kerry Stubbs BA (Hons), MA (Hons), Grad Cert, (Writing, MAICD)	Appointed 27 February 2008 Resigned 31 August 2020 Managing Director and Chief Executive Officer, Northcott Director, The SpineCare Foundation Ltd Director, Northcott Innovation Limited Director, Northcott Therapy ACT Pty Limited Director, Northcott Supported Living Member, Finance and Properties Committee Member, Nomination Committee Member, Remuneration Committee	Deputy Chancellor of Western Sydney University Member of the Board of Trustees, Western Sydney Chair, Finance and Investment Committee, Western Sydney University Chair, Audit and Risk Committee, CRC for Water Sensitive Cities Director, CRC for Water Sensitive Cities Member, Australian Institute of Company Directors Telstra Business Women's Awards – 2007 NSW IBM Community & Government Award Winner
Ms. Jodi Swinburne B Comm CPA	Appointed 29 June 2018 Member, Finance and Properties Committee	Chief Financial and Chief Operating Officer, APAC of Cushman Wakefield
Mr. Hugh Wehby BEc (Hons), DipInvRel	Appointed 29 June 2018 Chair, Finance and Properties Committee	Group Executive Partners, Delivery and Risk, Transurban

In accordance with the Society's Constitution, after a 3-year term, the directors retire from the Board of Directors at the forthcoming Annual General Meeting of members and are eligible to offer themselves for re-election upon ratification by the Board.

2 Company Secretaries

Mr Lee Carpenter (ACMA, Grad Cert Bus Admin, CPA, MBA, GAICD, CGMA) was appointed to the position of Company Secretary in May 2008 and resigned in December 2020. Mr Carpenter was the Deputy Chief Executive Officer of the Northcott Society and was a Director or Northcott Innovation Limited. Mr Alex Varley (B.Bus, GradDip Urban Studies), General Manager - Customer Experience and Director of Creativity Inc. and Ms Amanda Thomas (ACMA, CPA), Chief Financial Officer and Director of Creativity Inc. were appointed additional Company Secretaries from 22 March 2018 and 17 May 2018, respectively.

3 Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of Northcott during the financial year are:

Director	Board Meetings		Finance and Properties Committee		Nomination Committee		Remuneration Committee		Risk Committee	
	Attended	**Held***	**Attended**	**Held***	**Attended**	**Held***	**Attended**	**Held***	**Attended**	**Held***
Mr M Briggs	11	11	7	8	2	2	2	2	2	2
Ms K Armstrong	10	11							4	4
Mr R Blaiklock	11	11			2	2	2	2		
Mr N Cardno	11	11	8	8						
Mr James Christian	8	11							4	4
Ms L Forsyth	9	9	7	7	1	2	1	2	4	4
Dr C Janssen	11	11								
Mr Jeyan Jeevaratnam	11	11	1	1						
Mr A Mansour	8	8							3	3
Ms D Richards	11	11			2	2	2	2		
Ms K Stubbs	2	2	1	1	1	1	1	1		
Ms J Swinburne	10	11	7	8						
Mr H Wehby	9	11	6	7						

* Number of meetings held during the time the director held office during the period

4 Principal activities, objectives and strategies

The principal activities of the consolidated entity during the course of the financial year were the provision of individual and family support, respite, recreation and leisure programs, day programs, accommodation, employment, equipment and technology, specialist services and therapy services to people with disabilities in New South Wales and the Australian Capital Territory.

The Society's long-term objective:

The Society's long-term objective is to help build an inclusive society where people can live the life they choose. This is achieved in partnership with our customers and stakeholders to ensure we provide services that are professional, customer-focused and designed to assist people with disabilities and their communities achieve their goals and aspirations.

4 Principal activities, objectives and strategies (continued)

In order to ensure we meet the long-term objectives, the Society will:

* Be innovative in our service delivery, to ensure service provision best meets the needs of our customers.
* Develop a recognised and respected brand to attract and retain customers and supporters.
* Grow our services in areas of identified need, particularly regional NSW, the ACT and within Indigenous communities.
* Develop and maintain a skilled workforce to meet the needs of customers as we expand.
* Develop mutual and long-term partnerships with our stakeholders, to ensure our customers have access to the best level of service delivery.
* Develop a number of mechanisms to encourage research and development, including a targeted and holistic program, which translates research into practice. This ensures the services we offer our customers are indicative of best practice and are validated and measured.

The Society's short-term objectives:

The Society’s shorter term objectives are based on the organisation’s Strategic Plan, which identifies 2 key priorities for Northcott:

Quality and Outcomes

A key strategic focus of Quality and Outcomes for our Customers, placing quality, safeguarding and customer outcomes at the forefront. While a driving focus is centred on quality for our customers, we also leverage this strategic priority of 'quality' to drive the transition of our workforce and organsiation capabilities.

Growth and Evolution

To commence the foundational work that is required to provide a platform for sustainable growth, that is 'true to our purpose', and will evolve our capabilities in the key areas of customer, workforce and organisation. These foundations will ensure we can best serve our communities through innovative ideas and investment in models of support that will promote inclusion for all. This includes a strategy for indigenous Australians along with a Reconciliation Action Plan.

A key principle of Consistency and Simplicity

Now that the NDIS is well established, The Northcott Society believes that it's time for a focus on consistency of service delivery and simplicity across its organisation. This principle will underpin all our strategic planning and business planning activities.

5 Operating and financial review

Review and result of operations

The operations for the year ended 30 June 2021 resulted in a consolidated net surplus of $14,572,893 (2020: $ 8,561,612) driven by an operating surplus of $4,493,321 (2020: $5,141,713) and a non-operating surplus of $10,079,572, mainly derived from investment earnings of $9,129,736.

Major impacts for the year include:

* COVID-19 impacts that affected most businesses, however, for us this also added both additional expenses and lost revenue because of customers staying home and not using our services during the financial year. This was only partially compensated with PPE payments and other Government Initiatives
* An unexpected reduction in revenue for Supported Living services as a result of the NDIS changing SIL claiming criteria
* The reflection in employee liabilities of the new Northcott Enterprise Agreement
* During the year, the COVID Cashflow Grant issued by the NDIA in April 2020 was repaid in full.

Growth in the year was slower than expected as new accommodation could not be opened on time due to the pandemic.

In addition, Northcott focussed on aligning its workforce in a single enterprise agreement which was approved by the Fair Work Commission on 5th July 2021.

Significant changes in the state of affairs

The entity acquired at the beginning of 2020, Creativity Services Ltd, has been fully integrated into Northcott with all services now being performed within The Northcott Society legal entity. Northcott has also acquired land in the Illawarra and is embarking on building a new facility to consolidate its Oak Flats and Wollongong services. This is an exciting opportunity for the organisation to deliver more to the community in the Illawarra.

COVID-19 has had a significant impact on our results for the year to 30 June 2021. Unlike many other disability service providers, we remained open for business as an essential service to the community. A number of our customers were relying on us remaining open and it enabled us to develop COVID-19 mitigations and action plans. It is noted that Northcott have now temporarily closed many of its services in compliance with Government Public Health Orders.

Poor customer attendance meant we had to financially support many day-program and vocational services. The accommodation services had many customers staying home where they would normally be in the community or in day-programs provided by other services resulting in higher staffing, and hence, higher costs.

As it is expected that COVID-19 will continue to have outbreaks and hotspots as is evident currently. The organisation is acutely aware that continuing operations during increased spread of the virus would affect services adversely, but it is establishing vaccine hubs in its centres, where possible, and continuing to develop and implement protocols in line with guidance from NSW Health and Federal and State Governments.

6 Events subsequent to reporting date

On 5th July 2021, the Fair Work Commission approved the Northcott Enterprise Agreement that was balloted in February 2021. Consistent with relevant accounting policies, the accrued employee liabilities, including long service leave and annual leave, have been adjusted with the relevant effect of the new Enterprise Agreement in these statutory accounts. In addition, provisions have been made for payments relating to the transition to the new Northcott Enterprise Agreement.

Apart from the above, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Society, to affect significantly the operations of the Group, the results of those operations, or state of affairs, of the Group, in future financial years.

7 Environmental regulation

The Group's operations are not subject to any significant environmental regulation under either Commonwealth or State legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any significant breaches of those requirements as they apply to the Group.

8 Indemnification and insurance of officers

Indemnification

The Society has agreed to indemnify the current and former directors of the Society and its controlled entities against all liabilities to another person (other than the Society or a related body corporate) that may arise from their position as directors of the Society and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Society will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

The Society has paid insurance premiums in respect of directors' and officers' liability and legal expenses insurance contracts, for current and former directors and officers, including executive officers of the Society and directors and executive officers and secretaries of its controlled entities. The insurance premiums relate to:

* costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and

* other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage. Under the terms of the contract of insurance, further details of the insurance cover are not permitted to be disclosed.

9 Members' Guarantee

The Northcott Society is incorporated as a company limited by guarantee. In the event of the Company being wound up, each member undertakes to contribute a maximum of $1 for payment of the Company's liabilities. At 30 June 2021 there were 87 members (2020: 92 members) and the amount of capital that could be called up in the event of the Company being wound up is $87 (2020: $92).

10 Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 32 and forms part of the Directors' report for financial year ended 30 June 2021.

This report is made with a resolution of the directors:

M. Briggs
Chairman
Dated at Sydney this 17 September 2021

The Northcott Society and its controlled entities

Statements of profit or loss and other comprehensive income

For the year ended 30 June 2021

		Consolidated		The Society	
In AUD	***Note***	**2021**	**2020**	**2021**	**2020**
Revenue from operations					
Revenue from NDIA participant funding		189,087,558	185,195,880	187,740,803	183,693,198
Revenue from NDIA grants funding		18,302,432	14,181,253	18,302,432	14,181,253
Revenue from other government funding		4,805,087	2,470,983	4,805,087	2,470,983
Revenue from fundraising and donations	*21*	948,968	1,494,871	928,968	1,451,621
Revenue from other operating revenue		3,719,619	2,992,371	3,063,019	1,563,761
Total revenue from operations		216,863,664	206,335,358	214,840,309	203,360,816
Non-operating revenue					
Revenue from estates and bequests	*22*	322,012	2,847,025	322,012	2,847,025
Profit from sale of non-current assets		673,076	244,477	673,076	244,477
Finance income	*7*	9,129,736	389,395	5,773,055	144,850
Total non-operating revenue		10,124,824	3,480,897	6,768,143	3,236,352
Total revenue for the year		226,988,488	209,816,255	221,608,452	206,597,168
Expenses from operations					
Cost of sales	*6*	(63,981)	(66,056)	(63,981)	(65,605)
Client programme expenses		(186,192,528)	(183,394,801)	(190,385,668)	(181,191,318)
Fundraising expenses	*21*	(767,967)	(1,095,140)	(767,967)	(1,095,140)
Corporate support expenses		(25,345,867)	(16,637,648)	(24,938,653)	(16,283,972)
Total expenses from operations		(212,370,343)	(201,193,645)	(216,156,269)	(198,636,035)
Non-operating expenses					
Estates and bequests expenses	*22*	(45,252)	(60,998)	(45,252)	(60,998)
Total expenses for the year	*6*	(212,415,595)	(201,254,643)	(216,201,521)	(198,697,033)
Operating surplus/(deficit) for the period		4,493,321	5,141,713	(1,315,960)	4,724,781
Total surplus for the period		14,572,893	8,561,612	5,406,931	7,900,135
Total comprehensive income for the year		14,572,893	8,561,612	5,406,931	7,900,135

The notes on pages 10 to 29 are an integral part of these financial statements.

The Northcott Society and its controlled entities

Statements of financial position

As at 30 June 2021

In AUD	***Note***	**Consolidated 2021**	**Consolidated 2020**	**The Society 2021**	**The Society 2020**
Assets					
Cash and cash equivalents	*8*	9,469,971	9,872,359	7,993,034	8,413,379
Trade and other receivables	*9*	7,171,764	9,501,065	7,213,957	9,519,487
Financial assets at fair value through profit or loss		85,517,010	96,248,515	58,147,825	71,765,965
Prepayments		1,435,253	1,385,225	1,435,253	1,318,707
Total current assets		103,593,998	117,007,164	74,790,069	91,017,538
Intangible assets	*11*	3,902,901	4,127,490	3,902,901	4,127,490
Property, plant and equipment	*10*	26,432,752	28,887,043	26,432,752	28,452,705
Total non-current assets		30,335,653	33,014,533	30,335,653	32,580,195
Total assets		133,929,651	150,021,697	105,125,722	123,597,733
Liabilities					
Trade and other payables	*12*	7,322,245	9,223,039	6,961,424	9,030,720
Employee benefits	*13*	28,631,212	30,887,699	15,554,327	11,292,499
Provisions	*14*	177,430	402,399	177,430	402,399
Lease liability	*16*	2,477,304	2,687,478	2,477,304	2,386,728
Other current liabilities	*15*	7,372,768	31,680,284	6,770,809	31,043,672
Total current liabilities		45,980,959	74,880,899	31,941,294	54,156,018
Employee benefits	*13*	553,149	500,384	614,912	500,383
Provisions	*14*	1,010,994	1,333,766	964,944	1,287,716
Lease liability	*16*	3,891,304	5,386,296	3,891,304	5,347,279
Total non-current liabilities		5,455,447	7,220,446	5,471,160	7,135,378
Total liabilities		51,436,406	82,101,345	37,412,454	61,291,396
Net assets		82,493,245	67,920,352	67,713,268	62,306,337
Accumulated funds					
General accumulated funds		82,493,245	67,920,352	67,713,268	62,306,337
Total accumulated funds		82,493,245	67,920,352	67,713,268	62,306,337

The notes on pages 10 to 29 are an integral part of these financial statements.

The Northcott Society and its controlled entities

Statements of changes in equity

For the year ended 30 June 2021

In AUD	Consolidated	The Society
Balance at 1 July 2019	59,358,740	54,406,202
Total comprehensive income for the period		
Surplus for the period	8,561,612	7,900,135
Balance at 30 June 2020	67,920,352	62,306,337
Balance at 1 July 2020	67,920,352	62,306,337
Total comprehensive income for the year		
Surplus for the period	14,572,893	5,406,931
Balance at 30 June 2021	82,493,245	67,713,268

The notes on pages 10 to 29 are an integral part of these financial statements.

The Northcott Society and its controlled entities

Statements of cash flows

For the year ended 30 June 2021

In AUD	***Note***	**Consolidated 2021**	**Consolidated 2020**	**The Society 2021**	**The Society 2020**
Cash flows from operating activities					
Cash receipts from NDIA participant funding		190,459,722	194,539,584	193,465,553	193,494,757
Cash receipts from NDIA grants and other government funding		23,107,519	16,652,236	23,107,519	16,652,236
Cash receipts from estates and bequests		322,012	2,847,025	322,012	2,847,025
Cash receipts from other revenue sources		4,668,587	4,081,322	3,991,987	3,015,382
Cash paid to suppliers and employees		(235,825,219)	(192,148,713)	(237,702,361)	(190,229,231)
Cash from operations		(17,267,379)	25,971,454	(16,815,290)	25,780,169
Interest and distributions received		2,255,216	1,030,726	1,535,146	1,030,850
Net cash (used in)/from operating activities		(15,012,163)	27,002,180	(15,280,144)	26,811,019
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment and intangible assets		960,753	663,231	960,753	663,230
Acquisition of property, plant and equipment and intangible assets		(3,957,003)	(5,531,936)	(3,957,003)	(5,531,936)
Proceeds from/(acquisition of) managed fund investments		17,606,025	(22,967,308)	17,856,049	(22,504,206)
Acquisition of Creativity, net of cash acquired		-	405,920	-	-
Net cash from/(used in) investing activities		14,609,775	(27,430,093)	14,859,799	(27,372,912)
Net decrease in cash and cash equivalents		(402,388)	(427,913)	(420,345)	(561,893)
Cash and cash equivalents at 1 July		9,872,359	10,300,272	8,413,379	8,975,272
Cash and cash equivalents at 30 June	*8*	9,469,971	9,872,359	7,993,034	8,413,379

The notes on pages 10 to 29 are an integral part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2021

1 Reporting entity

The Northcott Society (the 'Society' or 'Company') is a not-for-profit company limited by guarantee and domiciled in Australia. The consolidated financial statements of the Society for the financial year ended 30 June 2021 comprise the Society and its controlled entities (together referred to as the 'Group').

2 Basis of preparation

a) Statement of compliance

In the opinion of the directors, the Company is not publicly accountable. The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASBs) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012.

These financial statements comply with the Australian Accounting Standards - Reduced Disclosure Requirements.

(b) Estimates and judgements

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 preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Information about judgements made in applying accounting poicies and/or assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:
- provisions on make good obligation (note 3(h));
- provision for doubtful debts (note 3(f)); and
- intangible assets (note 3(e)).

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, by the Company and its controlled entities.

(a) Basis of consolidation

(i) Subsidiaries

The Group financial statements consolidate those of the Parent company and all of its subsidiaries as of reporting date. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Business combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Intangible assets are assessed in the business combination and is recognised and measured at fair value in accordance with the principles if it is separable or arises from other contractual rights, refer to note 3 (e) (ii).

Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationship. Any gain on a bargain purchase is recognised in equity.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

3 Significant accounting policies (continued)

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and at-call deposits.

Where payment terms for disposed assets are deferred for more than twelve months, the receivable is discounted to its present value. The unwinding of the discount is recognised as interest income.

Financial assets at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(d) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Impairment of assets is discussed in Note 3(f).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

3 Significant accounting policies (continued)

(iii) Depreciation

With the exception of freehold land, depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.
Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the entity will obtain ownership by the end of the lease term.

The estimated useful lives in the current and comparative periods are as follows:
- Buildings: 40 years
- Leasehold improvements: 3 years
- Plant and equipment: 4 – 10 years
- ECEI assets: 3 years (term of agreement)
- Motor vehicles: 4 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

(e) Intangible assets

(i) Internally generated intangible assets

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs.

Intangible asset is a website developed by the Company, which it anticipates will drive additional revenue streams.

Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The estimated useful lives in the current and comparative periods are as follows:
- Website: 5 years

(ii) Acquired intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3 Significant accounting policies (continued)

(ii) Acquired intangible assets (continued)

The estimated useful lives in the current and comparative periods are as follows:
- Buildings projects: 40 years
- Software: 7 years

(f) Impairment

(i) Financial assets

The Company recognises loss allowances for expected losses on:
- financial assets measured at amortised cost;
- debt investments measured at fair value through other comprehensive income; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit losses. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, 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 maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of expected credit losses
Credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). Credit losses are discounted at the effective interest rate of the financial asset.

Presentation of allowance for expected credit losses in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at fair value through other comprehensive income, the loss allowance is charged to profit or loss and is recognised in other comprehensive income.

Write-off
The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company expects no significant recovery from the amount written off.

3 Significant accounting policies (continued)

(g) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item ‘Client programme expenses’. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

(iii) Other long term employee benefits

The Group’s net obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs.

(iv) Short term employee benefits

Short term employee benefits are expensed as the related service is provided and are recorded under personnel expenses. Personnel expenses include wages and salaries and superannuation benefits. A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.
Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(v) Termination benefits

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

3 Significant accounting policies (continued)

(h) Provisions

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

(i) Revenue

(i) Revenue recognition policy for revenue from contracts with customers (AASB 15)

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration. The customer for these contracts is the fund provider.

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
5. Recognise revenue

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 Group have any significant financing terms as there is less than 12months between receipt of funds and satisfaction of performance obligations.

Goods sold and services rendered

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the reporting date.

The stage of completion is assessed by reference to estimates of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

Rental and accommodation

Revenue from rental and accommodation is recognised in the income statement on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

Funding from the National Disability Insurance Agency

Revenue from NDIA grants funding

Reciprocal NDIA grants funding are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognised in the statement of profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised. Revenue from non-reciprocal grants is recognised when the Group obtains control of the funds.

3 Significant accounting policies (continued)

(j) Revenue (continued)

(i) Revenue recognition policy for revenue from contracts with customers (AASB 15) (continued)

Revenue from NDIA participant funding

Revenue from NDIA participant funding comprises funding for ongoing services and specific purposes. This funding comprises mainly the receipts from NDIA. The remaining funds are individually insignificant and are received from various government associations. These are recognised as income in the statement of profit or loss in the period to which the funding relates to the extent that expenditure has been incurred in accordance with the terms and conditions attached to the funding.

The revenue is recognised once the services have been provided.

Funding from acquisition

Funding has also been received as part of the agreement to acquire Northcott Supported Living (NSL). This funding is to provide specified services at pre-agreed houses in various locations. Revenues are recognised when the services are performed.

Where funding in a period exceeds related expenditure, unspent amounts are either:

• Deferred and recognised as unearned income in the Statement of Financial Position if they are repayable to related government bodies under the terms and conditions of the funding; or

• Deferred and recognised as unearned income in the Statement of Financial Position if amounts are not repayable but related expenditure has not yet been incurred in accordance with the terms and conditions of the funding; or

•Recognised as income if the amounts are not repayable and no obligation exists to incur expenditure in accordance with specified terms and conditions. Amounts deferred are presented within “Current liabilities – Other”.

(ii) Revenue recognition policy for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Grant income

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but maybe property which has been donated or sold to the Group at significantly below its fair value.

Once the asset has been recognised, the Group recognises any related liability amounts (e.g. provisions, financial liabilities).Once all assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability.

Capital grants

Capital grants received under an enforceable agreement to enable the Group to acquire or construct an item of property, plant and equipment to identified specifications which will be controlled by the Group (once complete) are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Group.

3 Significant accounting policies (continued)

(j) Revenue (continued)

(ii) Revenue recognition policy for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058) (continued)

Disposal of non-current assets

The net gain on disposal of non-current assets is recognised as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.
The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

Donations

Monetary donations are recognised as the Company obtains control, normally on receipt.

Non-monetary donations include pro-bono services and other contributed goods that are recognised at fair value of the goods or services received, once the Group gains control of the contribution and if the fair value can be measured reliably.

No amounts are included in the financial report for services donated by volunteers.

Estates and bequests

Estates and bequests received are recognised as income by the Group when it obtains a legal right and therefore control of the bequeathed items.

Managed fund income distributions

Managed fund income distributions are recognised in the period in which they are receivable.

(k) Finance income and expense

Finance income comprises interest income on funds invested, managed fund income distributions and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprises changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognised on financial assets.

3 Significant accounting policies (continued)

(l) Leases

The Group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

At inception of a contract, the Group assesses whether a contract or arrangement contains, a Lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into, on or after 1 July 2019.

(i) *As a lessee*

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the Site on which It is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, it any, and adjusted tor certain remeasurements of the lease liability.

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

The Group determines its incremental Borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

3 Significant accounting policies (continued)

(l) Leases (continued)

(i) *As a lessee (continued)*

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

- fixed payments, including in-substance fixed payments;
- variable payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment'.

Short-term leases and leases of low-value assets

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

(ii) *As a lessor*

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is an operating lease. As of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

3 Significant accounting policies (continued)

(l) Leases (continued)

(ii) *As a lessor (continued)*

If an arrangement contains lease and non-lease components, then the Group applies AASB 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in AASB 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight- line basis over the lease term.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from AASB 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

(m) Income tax

The Group is exempt from income tax under the Income Tax Assessment Act, 1997, as amended.

(n) Goods and services tax

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 taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

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

4 Determination of fair values

A number of the Group’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investment in equity securities

The fair value of financial instruments classified as fair value through profit and loss is their quoted bid price at the reporting date.

5 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2020 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- Amendments to References to Conceptual Framework in AASB Standards.
- Definition of a Business (Amendments to AASB 3).
- AASB 17 *Insurance Contract.*

Notes to the financial statements (continued)

For the year ended 30 June 2021

6 Expenses

In AUD	Consolidated 2021	Consolidated 2020	The Society 2021	The Society 2020
Cost of sales	63,981	66,056	63,981	65,605
Depreciation and amortisation expense	6,806,833	6,319,764	6,797,726	5,679,799
Employee benefits expenses	186,110,047	179,120,539	190,002,275	177,226,179
Travel expenses	2,914,343	3,003,998	2,865,822	2,929,131
Technology expenses	1,862,399	1,836,793	1,810,604	1,788,548
Fundraising expenses	767,967	1,095,140	767,967	1,095,140
Estates and bequests expenses	45,252	60,998	45,252	60,998
Other expenses	13,844,773	9,751,355	13,847,894	9,851,633
Total expenses	212,415,595	201,254,643	216,201,521	198,697,033

7 Finance income - net

In AUD	Consolidated 2021	Consolidated 2020	The Society 2021	The Society 2020
Interest income	25,135	(44,285)	2,686	50,783
Managed fund income distribution	2,381,774	1,283,606	1,684,153	1,176,754
Unrealised gain from managed fund investments	5,917,660	277,564	3,476,448	277,564
Realised gain/(loss) from managed fund investments	956,860	(918,895)	761,461	(1,163,564)
Lease related interest expense	(151,693)	(208,595)	(151,693)	(196,687)
Net finance income	9,129,736	389,395	5,773,055	144,850

8 Cash and cash equivalents

In AUD	Consolidated 2021	Consolidated 2020	The Society 2021	The Society 2020
Cash on hand	55,408	59,500	25,108	25,800
Cash at bank	9,414,563	9,812,859	7,967,926	8,387,579
Cash and cash equivalents	9,469,971	9,872,359	7,993,034	8,413,379

9 Trade and other receivables - net

In AUD	Consolidated 2021	Consolidated 2020	The Society 2021	The Society 2020
Current				
Trade receivables	5,085,344	7,305,851	5,080,564	7,329,331
Other receivables	2,086,420	2,195,214	2,133,393	2,190,156
	7,171,764	9,501,065	7,213,957	9,519,487

10 Property, plant and equipment - net

In AUD

Consolidated

	Freehold land	Buildings	Leasehold improvements	Capital work in progress	Early Child Early Intervention	Plant and equipment	Right of use asset	Total
Cost								
Balance at 1 July 2020	2,083,393	18,875,878	4,967,804	288,502	891,623	14,034,802	10,382,970	51,524,972
Additions	1,256,723	564,266	479,595	-	104,621	1,383,164	1,264,342	5,052,711
Disposals	-	(68,123)	(958,549)	-	(19,352)	(2,184,636)	-	(3,230,660)
Transfers	-	-	-	(168,633)	-	168,633	-	-
Lease modifications	-	-	-	-	-	-	(126,445)	(126,445)
Balance at 30 June 2021	3,340,116	19,372,021	4,488,850	119,869	976,892	13,401,963	11,520,867	53,220,578
Depreciation								
Balance at 1 July 2020	-	7,216,762	3,467,447	-	611,996	8,906,603	2,435,121	22,637,929
Depreciation charge for the year	-	475,745	203,374	-	376,792	2,186,579	3,339,754	6,582,244
Disposals	-	(2,699)	(525,273)	-	(11,904)	(1,892,471)	-	(2,432,347)
Lease modifications	-	-	-	-	-	-	-	-
Balance at 30 June 2021	-	7,689,808	3,145,548	-	976,884	9,200,711	5,774,875	26,787,826
Carrying amounts								
At 1 July 2020	2,083,393	11,659,116	1,500,357	288,502	279,627	5,128,199	7,947,849	28,887,043
At 30 June 2021	3,340,116	11,682,213	1,343,302	119,869	8	4,201,252	5,745,992	26,432,752

The Society

	Freehold Land	Buildings	Leasehold improvements	Capital work in progress	Early Child Early Intervention	Plant and equipment	Right of use asset	Total
Cost								
Balance at 1 July 2020	2,083,393	18,807,755	4,552,053	288,502	891,623	13,172,440	9,739,923	49,535,689
Additions	1,256,723	564,266	479,595	-	104,621	1,383,164	1,264,342	5,052,711
Disposals	-	-	(542,798)	-	(19,352)	(1,322,274)	643,047	(1,241,377)
Transfers	-	-	-	(168,633)	-	168,633	-	-
Lease modifications	-	-	-	-	-	-	(126,445)	(126,445)
Balance at 30 June 2021	3,340,116	19,372,021	4,488,850	119,869	976,892	13,401,963	11,520,867	53,220,578
Depreciation								
Balance at 1 July 2020	-	7,214,064	3,061,364	-	611,996	8,067,605	2,127,955	21,082,984
Depreciation charge for the year	-	475,744	203,374	-	376,792	2,186,579	3,330,648	6,573,137
Disposals	-	-	(119,190)	-	(11,904)	(1,053,473)	-	(1,184,567)
Lease modifications	-	-	-	-	-	-	316,272	316,272
Balance at 30 June 2021	-	7,689,808	3,145,548	-	976,884	9,200,711	5,774,875	26,787,826
Carrying amounts								
At 1 July 2020	2,083,393	11,593,691	1,490,689	288,502	279,627	5,104,835	7,611,968	28,452,705
At 30 June 2021	3,340,116	11,682,213	1,343,302	119,869	8	4,201,252	5,745,992	26,432,752

11 Intangible Assets - net

In AUD	Consolidated				The Society			
	Right of Use- Building projects	**Website**	**Software**	**Total**	**Right of Use- Building projects**	**Website**	**Software**	**Total**
Cost								
Balance at 1 July 2020	4,920,389	132,283	1,396,407	6,449,079	4,920,389	132,283	1,396,407	6,449,079
Disposals	-	-	-	-	-	-	-	-
Balance at 30 June 2021	4,920,389	132,283	1,396,407	6,449,079	4,920,389	132,283	1,396,407	6,449,079
Amortisation								
Balance at 1 July 2020	926,053	132,283	1,263,253	2,321,589	926,053	132,283	1,263,253	2,321,589
Amortisation for the year	123,540	-	101,049	224,589	123,540	-	101,049	224,589
Disposals	-	-	-	-	-	-	-	-
Balance at 30 June 2021	1,049,593	132,283	1,364,302	2,546,178	1,049,593	132,283	1,364,302	2,546,178
Carrying amounts								
At 1 July 2020	3,994,336	-	133,154	4,127,490	3,994,336	-	133,154	4,127,490
At 30 June 2021	3,870,796	-	32,105	3,902,901	3,870,796	-	32,105	3,902,901

The Company has completed two building projects, one at Wagga Wagga and another at Mount Hutton in previous years. The building projects are utilised for disability housing. The Company was awarded grants from the NSW government in the total amount of $4,493,900 to enable construction. Under the agreement, the Company has a right to continued use of the properties for their intended purpose until such time as the Company believes it is unable to continue to provide those services. The terms of the agreement establish that at such time, when either the property is sold or no longer used for its intended purpose, the government has a caveat that provides a 100% equitable interest. Accordingly the government has the right to take title of the land and the proceeds associated with the sale at such time. The total amount of $4,493,900 has been recognised as capital grants income in previous years and the cost of the project has been recognised as an intangible asset in previous years ($4,983,348). The intangible asset is written off over the estimated period Northcott expects to provide services at these locations.

12 Trade and other payables

In AUD	Consolidated 2021	Consolidated 2020	The Society 2021	The Society 2020
Trade payables	1,728,920	2,018,654	1,715,912	1,998,025
Other payables and accrued expenses	5,593,325	7,204,385	5,245,512	7,032,695
Total trade and other payables	7,322,245	9,223,039	6,961,424	9,030,720

13 Employee benefits

	Consolidated 2021	Consolidated 2020	The Society 2021	The Society 2020
Current				
Liability for long service leave	11,757,007	13,956,956	968,750	527,993
Liability for annual leave	13,246,414	13,969,393	10,957,097	7,858,338
Other wages payable	3,832,127	3,165,686	3,832,816	3,110,504
Total current employee benefits	28,835,548	31,092,035	15,758,663	11,496,835
Recognised asset for defined benefit obligations	(204,336)	(204,336)	(204,336)	(204,336)
Total net current employee benefits	28,631,212	30,887,699	15,554,327	11,292,499
Non-current				
Liability for long service leave	553,149	500,384	614,912	500,383
Total non-current employee benefits	553,149	500,384	614,912	500,383
Total liability for employee benefits	29,184,361	31,388,083	16,169,239	11,792,882

14 Provisions

In AUD	Consolidated 2021	Consolidated 2020	The Society 2021	The Society 2020
Current				
Provision of make good obligation	177,430	402,399	177,430	402,399
Total current provisions	177,430	402,399	177,430	402,399
Non-current				
Provision of make good obligation	1,010,994	1,333,766	964,944	1,287,716
Total non-current provisions	1,010,994	1,333,766	964,944	1,287,716
Total liability for provisions	1,188,424	1,736,165	1,142,374	1,690,115

15 Other current liabilities

In AUD	Consolidated 2021	Consolidated 2020	The Society 2021	The Society 2020
Unearned income- government grants	5,210,273	30,174,155	5,103,314	30,032,543
Unearned income- other sources	2,162,495	1,506,129	1,667,495	1,011,129
	7,372,768	31,680,284	6,770,809	31,043,672

Unearned income from government grants have decreased this year largely due to the transition effort surrounding the migration to the new Northcott Enterprise Agreement which has allowed grants relating to funding this transition to be reversed from unearned income and into revenue.

16 Leases

Leases as lessee

(i) Lease liabilities

	Consolidated		The Society	
In AUD	**2021**	**2020**	**2021**	**2020**
Less than one year	2,640,367	2,852,815	2,640,367	2,547,638
Between one and five years	4,032,264	5,561,826	4,032,264	5,522,717
Total undiscounted lease liabilities	6,672,631	8,414,641	6,672,631	8,070,355

	Consolidated	The Society
	2021	**2021**
Current	2,477,304	2,477,304
Non-current	3,891,304	3,891,304
Total discounted lease liabilities in the statement of financial position	6,368,608	6,368,608

(ii) Amounts recognised in profit or loss

	Consolidated	The Society
	2021	**2021**
Interest on lease liabilities	151,694	151,694
Expenses relating to short-term leases	91,080	91,080
Depreciation expense	3,339,754	3,339,754
Total lease related amounts recognised in profit or loss	3,582,528	3,582,528

(iii) Amounts recognised in statement of cash flows

	Consolidated	The Society
	2021	**2021**
Total cash outflow for leases	3,021,768	3,021,768

(iv) Extension options

Some property leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

16 Leases (continued)

Leases as lessor

The Group leases out its property consisting of its owned commercial properties as well as leased property. All leases are classified as operating leases from a lessor perspective.

Operating lease

The Group leases out part of its property under an operating lease. The future minimum lease payments under non-cancellable leases are as follows:

	Consolidated		**The Society**	
	2021	**2020**	**2021**	**2020**
Less than one year	277,705	254,916	258,305	254,916
Between one and five years	1,110,821	1,019,662	1,033,221	1,019,662
	1,388,527	1,274,578	1,291,527	1,274,578

During the financial year ended 30 June 2021, $752,267 was recognised as rental income in the income statement (2020: $655,411).

17 Consolidated entities

	2021	2020
Parent entity		
The Northcott Society		
Subsidiaries		
Northcott Supported Living Pty Limited	100%	100%
Spinecare Foundation	100%	100%
Northcott Innovation Limited	100%	100%
Northcott Therapy ACT Pty Limited	100%	100%
Creativity Services Limited (formally Creativity Incorporated)	100%	100%

18 Related parties

Transactions with key management personnel

In addition to their salaries, the Group also contributes to post-employment defined contribution funds on behalf of key management personnel.

Key management personnel compensation

The key management personnel compensation includes the following expenses:

	Consolidated		The Society	
In AUD	**2021**	**2020**	**2021**	**2020**
Total key management personnel compensation	2,685,661	3,024,541	2,553,952	2,892,905

No directors in their capacity as directors received any compensation during the year.

Other related party transactions

From time to time directors of Northcott, or their director related entities, may purchase from or supply goods and services to Northcott. These dealings are on the same terms and conditions as those entered into by other Northcott employees, customers and suppliers. There were no other transactions with directors, director related entities or other key management personnel of Northcott.

During the year, The Northcott Society, the controlling entity, provided management, administrative and personnel services to SpineCare Foundation, for which fees of $95,485 (2020: $78,209) were charged based on the cost to The Northcott Society.

During the year, The Northcott Society, provided a cash donation to Northcott Innovation Limited for $100,000 (2020: $200,000). Furthermore, The Northcott Society recharged Northcott Innovation Limited for settlements of liabilities on behalf of Northcott Innovation Limited, for $541,834 (2020: $454,556) inclusive of GST.

During the year, The Northcott Society, the controlling entity, did not provide a cash donation to Creativity Services Limited (2020: $21,118). Additionally Creativity Services Limited provided rental services to The Northcott Society for $80,270 (2020: $87,966).

During the year, there were no related party transactions with Northcott Supported Living and Northcott Therapy ACT Pty Limited.

19 Subsequent events

On 5th July 2021, the Fair Work Commission approved the Northcott Enterprise Agreement that was balloted in February 2021. Consistent with relevant accounting policies, the accrued employee liabilities, including long service leave and annual leave, have been adjusted with the relevant effect of the new Enterprise Agreement in these statutory accounts. In addition, provisions have been made for payments relating to the transition to the new Northcott Enterprise Agreement.

Apart from the above, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Society, to affect significantly the operations of the Group, the results of those operations, or state of affairs, of the Group, in future financial years.

20 COVID- 19

Northcott has had the financial stability to enable it to remain secure during the COVID-19 pandemic, thus far. However, this has not been without cost to the business in lost revenue and additional expenses for customers who choose to stay home in their Northcott homes and for implementing the public health orders and increased PPE requirements. Also, in most situations, the disability sector has not been afforded the access to PPE that other health and aged care facilities have. This has put a strain on resources and staff especially.

Northcott is acutely aware that there are many hotspots and potential outbreaks to come and continues to apply strong governance around the safety of its customers and staff. However, Northcott faces the risk of further significant impact on services through either a wider outbreak generally, or specific cases affecting clients or staff.

21 Fundraising appeals conducted during the financial year

Fundraising appeals conducted during the financial year included various fundraising projects and general receiving of direct and indirect solicited donations. The total cash received from fundraising is $2,350,203 (2020: $4,861,456). Cash received from fundraising is used to fund various Northcott projects and is recognised in revenue throughout the length of the each project.

	Consolidated		The Society	
	2021	**2020**	**2021**	**2020**
Results of fundraising				
In AUD				
Gross proceeds from fundraising				
- Monetary	948,968	1,494,871	928,968	1,451,621
- Non-monetary	-	-	-	-
Less: Direct costs of fundraising appeals	(767,967)	(1,095,140)	(767,967)	(1,095,140)
Net surplus obtained from fundraising appeals	181,001	399,731	161,001	356,481

22 Revenue from estates and bequests

Results of estates and bequests revenue	Consolidated		The Society	
In AUD	**2021**	**2020**	**2021**	**2020**
Proceeds from estates and bequests	322,012	2,847,025	322,012	2,847,025
Less: Direct costs of obtaining estates and bequests funding	(45,252)	(60,998)	(45,252)	(60,998)
Net surplus from estates and bequests	276,760	2,786,027	276,760	2,786,027

23 Other commitments

Northcott Society has issued bank guarantees with respect to its leased premises to the value of $477,400 (2020: $388,331).

The Northcott Society and its controlled entities
Declaration by Chief Executive Officer in respect of fundraising appeals

I, Liz Forsyth, Chief Executive Officer of The Northcott Society and its controlled entities (the Group), declare that in my opinion:

a) The financial report gives a true and fair view of all income and expenditure of the Group with respect to fundraising appeal activities for the financial year ended 30 June 2021;

b) The Statement of Financial Position gives a true and fair view of the state of affairs of the Group with respect to fundraising appeal activities as at 30 June 2021;

c) The provisions of the Charitable Fundraising (NSW) Act 1991 and Regulations under the Act and the conditions attached to the authority have been complied with during the year ended 30 June 2021; and

d) The internal controls exercised by the Group are appropriate and effective in accounting for all income received and applied by the Group from any of its fundraising appeals.

Dated at Sydney this 17 September 2021.

Signed in accordance with a resolution of the directors:

Liz Forsyth
Chief Executive Officer

The Northcott Society and its controlled entities
Directors' declaration

In the opinion of the directors of The Northcott Society and its controlled entities (the Group):

(a) the Group is not publicly accountable;

(b) the consolidated financial statements and notes that are set out on pages 6 to 29 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013; and

(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Dated at Sydney this 17 September 2021.

M. Briggs
Director

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

To: the directors of The Northcott Society and its controlled entities

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2021 there have been:

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

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

KPMG

KPMG

Cameron Roan

Partner

Sydney

17 September 2021

KPMG

Independent Auditor's Report

To the members of The Northcott Society and its controlled entities

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report***, of The Northcott Society (the Company) and its controlled entities (the Group).

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

i. giving a true and fair view of the Group's financial position as at 30 June 2021 and its cash flows for the year ended on that date; and

ii. complying with *Australian Accounting Standards - Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The ***Financial Report*** comprises:

i. Consolidated statement of financial position as at 30 June 2021.

ii. Consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended.

iii. Notes including a summary of significant accounting policies.

iv. Directors' declaration of the Group.

v. Declaration by the Chief Executive Officer in respect of fundraising appeals of the Group.

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

Basis for opinion

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

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

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

Other information

Other Information is financial and non-financial information The Northcott Society’ s annual reporting which is provided in addition to the Financial Report and the Auditor’ s Report. The Directors responsible for the Other Information.

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

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC.

ii. Preparing the Financial Report in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations.

iii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

iv. Assessing the Group and Company’ s ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor’ s responsibilities for the audit of the Financial Report

Our objective is:

i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and

ii. to issue an Auditor’ s Report that includes our opinion.

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

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

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

We also:

i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Group's internal control.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Group and Company to cease to continue as a going concern.

v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

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

In addition we have:

i. Obtained an understanding of the internal control structure for fundraising appeal activities.

ii. Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulation.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.

Report on Other Legal and Regulatory Requirements

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

i. the Financial Report gives a true and fair view of the Group' s financial result of fundraising appeal activities for the financial year ended 30 June 2021;

ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2020 to 30 June 2021, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;

iii. money received as a result of fundraising appeal activities conducted during the period from 1 July 2020 to 30 June 2021 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and

iv. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

KPMG

KPMG

Cameron Roan

Partner

Sydney

17 September 2021