Kyabra Community Association Inc

ABN 14 441 535 505

Financial Report
30 June 2019

Table of Contents

AUDITOR'S INDEPENDENCE DECLARATION

We declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit of the financial report of Kyabra Community Association Inc for the year ended 30 June 2019.

A B Narayanan
Partner

Brisbane, Queensland
5 November 2019

hlb.com.au

HLB Mann Judd (SE Qld Partnership)
Level 15, 66 Eagle Street, Brisbane QLD 4000 **|** GPO Box 5225 Brisbane QLD 4001
T: +61 (0)7 3001 8800 **F:** +61 (0)7 3221 0812 **E:** infobne@hlbqld.com.au

Kyabra Community Association Inc

ABN 14 441 535 505

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Note	2019 $	2018 $
Revenue	3	8,232,999	5,974,722
Other income	3	476,844	48,213
Raw materials and consumables used		(139,685)	(123,209)
Employee benefits expense		(6,370,649)	(4,551,066)
Client support - financial assistance		(151,647)	(88,097)
Client expenes		(76,479)	-
Computer		(55,699)	(61,794)
Electricity and gas		(111,804)	(82,188)
Repairs and maintenance		(43,084)	(53,126)
Depreciation and amortisation		(175,117)	(353,213)
Motor vehicle operating expense		(212,536)	(119,522)
Consulting		(36,638)	(50,323)
Insurance		(41,889)	(43,177)
Printing and stationery		(45,218)	(45,340)
Telephone, fax and internet		(62,217)	(35,764)
Cleaning and pest control		(51,058)	(44,239)
Rates and taxes		(46,929)	(42,308)
Other expenses	4	(380,985)	(211,668)
Profit before income tax		**708,209**	**117,901**
Income tax expense	1 (a)	-	-
Profit for the year		**708,209**	**117,901**
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		**708,209**	**117,901**

The accompanying notes form part of these Financial Statements

Kyabra Community Association Inc

ABN 14 441 535 505

Statement of Financial Position

as at 30 June 2019

	Note	2019 $	2018 $
Current Assets			
Cash and Cash Equivalents	5	2,157,589	1,181,833
Trade and Other Receivables	6	290,069	81,598
Inventories	7	33,708	36,558
Other Current Assets	9	37,975	35,734
Total Current Assets		**2,519,341**	**1,335,723**
Non-Current Assets			
Property, Plant and Equipment	8	4,383,289	4,438,780
Total Non-Current Assets		**4,383,289**	**4,438,780**
Total Assets		**6,902,630**	**5,774,503**
Current Liabilities			
Trade and Other Payables	10	900,887	460,199
Borrowings	11	106,432	71,819
Employee Benefits	13	530,494	376,485
Other Liabilities	12	559,323	793,160
Total Current Liabilities		**2,097,136**	**1,701,663**
Non-Current Liabilities			
Trade and Other Payables	10	20,994	20,994
Borrowings	11	580,448	579,297
Provisions	13	124,071	100,777
Total Non-Current Liabilities		725,513	**701,068**
Total Liabilities		**2,822,649**	**2,402,731**
Net Assets		**4,079,981**	**3,371,772**
Equity			
Retained Earnings		4,079,981	3,371,772
Total Equity		**4,079,981**	**3,371,772**

The accompanying notes form part of these Financial Statements

Kyabra Community Association Inc

ABN 14 441 535 505

Statement of Changes in Equity

For the year ended 30 June 2019

	Retained Earnings	Total
	$	**$**
2019		
Balance at 1 July 2018	3,371,772	3,371,772
Profit for the year	708,209	708,209
Total comprehensive income attributable to members of the Association for the year	-	-
Balance at 30 June 2019	**4,079,981**	**4,079,981**
2018		
Balance at 1 July 2017	3,253,871	3,253,871
Profit for the year	117,901	117,901
Total comprehensive income attributable to members of the Association for the year	-	-
Balance at 30 June 2018	**3,371,772**	**3,371,772**

The accompanying notes form part of these Financial Statements

Kyabra Community Association Inc

ABN 14 441 535 505

Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019 $	2018 $
Cash Flows from Operating Activities			
Receipts from Grants		6,361,579	5,460,982
Receipts from Customers		2,537,364	977,918
Payments to Suppliers and Employees		(7,852,824)	(5,947,064)
Interest Received		13,496	10,410
Net Cash Generated from Operating Activities		**1,059,615**	**502,246**
Cash Flows from Investing Activities			
Proceeds from sale of Property, Plant and Equipment		-	25,504
Purchase of Property, Plant and Equipment		(119,624)	(402,740)
Net Cash Used in Investing Activities		**(119,624)**	**(377,236)**
Cash Flow from Financing Activities			
Proceeds from/(Repayment of) Lease Liabilities		76,152	52,575
Repayment of Borrowings		(40,388)	(41,177)
Net Cash Generated from/(Used) in Financing Activities		**35,764**	**11,398**
Net Increase/(Decrease) in Cash Held		975,755	136,408
Cash and Cash Equivalents at beginning of Financial		**1,181,833**	**1,045,424**
Cash and Cash Equivalents at end of Financial Year	**5**	**2,157,589**	**1,181,833**

The accompanying notes form part of these Financial Statements

Company Information

The financial statements cover Kyabra Community Association Inc, as an individual entity, incorporated and domiciled in Australia.

The principal activities of the Association for the year ended 30 June 2019 were the provision of disability support services, foster & kinship services, housing support services and the facilitation of parent and child activities to strengthen community life.

Basis of preparation

Kyabra Community Association Inc applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Associations Incorporation Reform Act 2012*. The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in these financial statements have been rounded to the nearest dollar.

The functional currency and presentation currency of Kyabra Community Association Inc is Australian Dollars.

Comparatives are consistent with prior years, unless otherwise stated.

The financial report was authorised for issue by the Management Committee on 5 November 2019.

(a) Income Tax

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

Note 1: Summary of Significant Accounting Policies (continued)

(b) Leases

Leases under which the Association assumes substantially all risks and benefits incidental to the ownership of the asset (but not the legal ownership) are classified as finance leases. Other leases are classified as operating leases.

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

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

(c) Revenue and Other Income

Non-reciprocal grant revenue is recognised in the profit or loss when the association obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the association and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before the entity is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the association incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor; otherwise the grant is recognised as income on receipt.

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

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method.

Rent income is recognised on a straight line basis over the period of the lease term.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

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

(d) Finance cost

Finance cost includes all interest related expenses, other than those arising from financial assets at fair value through profit or loss.

Note 1: Summary of Significant Accounting Policies (continued)

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Statement of Financial Position.

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

(f) Inventory

Inventories held for sale are measured at the lower of cost and net realisable value. Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition.

(g) Property, Plant and Equipment

Land and Buildings: Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

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

Depreciation: The depreciable amount of all fixed assets, including buildings and capitalised lease assets, are depreciated on a “straight-line” basis over the asset’s useful life to the Association commencing from the time the asset is available for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Assets	Depreciation Rate
Buildings	2.5%
Plant and Equipment	10% - 25%
Motor Vehicles	22.5%
Improvements	4.75% - 6.7%

Note 1: Summary of Significant Accounting Policies (continued)

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

(h) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transactions costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in profit or loss.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit and loss

on the basis of the two primary criteria, being:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income when it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and

Note 1: Summary of Significant Accounting Policies (continued)

- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

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

Financial liabilities
Financial liabilities are subsequently measured at:
- amortised cost; or
- fair value through profit and loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:
- a contingent consideration of an acquirer in a business combination to which AASB 3 applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of a financial asset:
- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

Note 1: Summary of Significant Accounting Policies (continued)

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Impairment

The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity used the following approach to impairment, as applicable under AASB 9:

- the simplified approach.

Simplified approach

The simplified approach does not require tracking of changes in credit risk in every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables or contract assets that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognised the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. An amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(i) Cash and cash equivalents

Cash and cash equivalents includes petty cash, cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Note 1: Summary of Significant Accounting Policies (continued)

(j) Employee Provisions

Short-term employee benefits: Provision is made for the Association's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee benefits: Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to end-of-reporting-period market yields on government bonds that have maturity dates approximating the terms of the obligations. Any re-measurements of other long-term employee benefit obligations due to changes in assumptions are recognised in surplus or deficit in the periods in which the changes occur.

The Association's obligations for long-term employee benefits are presented as non-current provisions in its Statement of Financial Position, except where the Association does not have an unconditional right to defer settlement for at least 12 months after the reporting date, in which case the obligations are presented as current provisions.

(k) Provisions

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

(m) Economic Dependence

The Association is dependent on Government funding for the majority of its revenue used to operate the business. At the date of this report, the Management Committee has no reason to believe the Government will not continue to support them.

(n) Adoption of new and revised accounting standards

The Association has adopted AASB 9: *Financial Instruments* with a date of initial application of 1 July 2018. As a result, the Association has changed its financial instruments accounting policies as detailed in the significant accounting policies note.

Considering the initial application of AASB 9 during the financial period, financial statement line items have been affected for the current and prior periods. Below in this note are the adjustments made to the affected financial statement line items.

Note 1: Summary of Significant Accounting Policies (continued)

AASB 9 requires retrospective application with some expectations (i.e. when hedge accounting in terms of the standard).

Disclosure: Initial application of AASB 9

There were no financial assets/liabilities which the entity had previously designated as fair value through profit or loss under AASB 139: *Financial Instruments: Recognition and Measurement* that were subject to reclassification/elected reclassification upon the application of AASB 9. There were no financial assets/liabilities which the entity has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

The date of initial application was 1 July 2018. The entity has applied AASB 9 to instruments that have not been derecognised as at 1 July 2018 and has not applied AASB 9 to instruments that have already been derecognised as at 1 July 2018. Comparative amounts in relation to instruments that have not been derecognised as at 1 July 2018 have been restated where appropriate.

Classification and measurement of financial assets

Financial assets in terms of AASB 9 need to be measured subsequently at either amortised cost or fair value on the basis of the entity's business model and the cash flow characteristics of the financial assets.

The directors of the association determined the existing financial assets as at 1 July 2018 based on the facts and circumstances that were present and determined that the initial application of AASB 9 had the following effect:

- financial assets as held-to-maturity and loans and receivables that were measured at amortised cost continue to be measured at amortised cost under AASB 9 as they are held to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

There was no measurement impact to the financial statements of financial assets and liabilities.

Impairment

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per the previous standard applicable (AASB 139). To reflect changes in credit risk, this expected credit loss model requires the entity to account for expected credit losses since initial recognition.

A simple approach is followed in relation to trade receivables as the loss allowance is measured at lifetime expected credit loss.

The association reviewed and assessed the existing financial assets on 1 July 2018. Management determined there was no impairment impact to existing financial assets on 1 July 2018.

Classification and measurement of financial liabilities

AASB 9 determines that the measurement of financial liabilities and also the classification relates to changes in the fair value designated as FVTPL attributable to changes in the credit risk. The application of AASB 9 has had no impact on the classification and measurement of the entity’s financial liabilities

Note 1: Summary of Significant Accounting Policies (continued)

Effect of classification

The following table represents the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application, 1 July 2018.

	Financial instrument category		**Carrying amount**		
	AASB 139 Original	**AASB 9 New**	**AASB 139 Original**	**AASB 9 recognition of additional loss allowance**	**AASB 9 New**
Financial assets Current and non-current					
Trade and Other Receivables	Loans and receivables (amortised cost)	Financial assets at amortised cost	81,598	-	81,598
Cash and cash equivalents	Loans and receivables (amortised cost)	Financial assets at amortised cost	1,181,833	-	1,181,833
Financial liabilities Current and non-current					
Trade and Other Payables	Amortised cost	Financial liabilities at amortised cost	481,193	-	481,193
Borrowings	Amortised cost	Financial liabilities at amortised cost	651,116	-	651,116

Please take note that in relation to the disclosure of AASB 9 an entity is not required to disclose the line item amounts that would have been reported in accordance with the classification and measurement requirements of AASB 139 for the current period.

(o) New accounting standards and interpretations

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the association. The directors have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the association but applicable in future reporting periods is set out below:

Note 1: Summary of Significant Accounting Policies (continued)

AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- Recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- Depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- Inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- Application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- Inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the Management Committee anticipate that the adoption of AASB 16 will impact the Association's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019).

This Standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss.

For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.

- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.

An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

Note 1: Summary of Significant Accounting Policies (continued)

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004 *Contributions*.
Although the Management Committee anticipate that the adoption of AASB 1058 may have an impact on the association's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Note 2: Critical Accounting Estimates and Judgements

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

These estimates and judgements are 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 – Provisions

As described in the accounting policies, provisions are measured at management's best estimates of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further is obtained.

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.

	Note	2019 $	2018 $
Note 3: Revenue and Other Income			
Revenue			
- Sale of goods		154,004	134,792
- Provision of services		1,812,428	579,170
- Rental revenue for property investment		455,649	294,635
- Operating grants		5,783,254	4,964,928
- Donations		27,664	1,197
Total Revenue		**8,232,999**	**5,974,722**
Other Income			
- Interest		13,496	22,709
- net gain on disposal of property, plant and equipement		0	25,504
- Gain on bargain purchase		463,348	-
Total Other Income		**476,844**	**48,213**

Note 4: Result for the year

Result for the year included the following items:

		2019 $	2018 $
- Interest paid		1,262	1,053
- Rent Expense		107,312	13,002

Note 5: Cash and Cash Equivalents

		2019 $	2018 $
Cash at bank and In-hand		2,157,589	1,181,833
Total cash and cash equivalents		**2,157,589**	**1,181,833**

Note 6: Trade and other receivables

		2019 $	2018 $
Trade Receivables		290,069	81,598
Total current trade and other receivables		**290,069**	**81,598**

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 statement.

	2019 $	2018 $
Note 7: Inventories		
At cost:		
Merchandise	33,708	36,558
Total inventory	**33,708**	**36,558**
Note 8: Property, Plant and Equipment		
Land and Buildngs		
Land	1,728,222	1,728,222
Buildings	2,452,501	2,452,501
Less: Accumulated Depreciation	(289,194)	(227,882)
Total buildings	2,163,307	2,224,619
Total land and building	**3,891,529**	**3,952,841**
Plant and Equipment		
Plant and Equipment – at cost	72,252	72,252
Less: Accumulated Depreciation	(41,819)	(31,369)
	30,433	**40,883**
Furniture and fixtures		
Furniture and fixtures – at cost	11,979	11,979
Less: Accumulated Depreciation	(7,055)	(5,919)
	4,924	**6,060**
Motor Vehicles		
Motor Vehicles – at cost	534,713	415,089
Less: Accumulated Depreciation	(380,428)	(318,054)
	154,285	**97,035**
Office equipment		
Office equipment – at cost	61,962	61,962
Less: Accumulated Depreciation	(37,592)	(26,201)
	24,370	**35,761**
Computer equipment		
Computer equipment – at cost	41,550	41,550
Less: Accumulated Depreciation	(41,550)	(41,550)
	-	-
Leasehold Improvements		
Leasehold Improvements - at cost	585,693	585,693
Less: Accumulated Depreciation	(307,945)	(279,493)
	277,748	**306,200**
Total Property, Plant and Equipment	**4,383,289**	**4,438,780**

Note 8: Property, Plant and Equipment

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

	Land $	Buildings $	Plant & Equipment $	Furniture, Fixtures and Fittings $	Motor Vehicles $	Office Equipment $	Computer Equipment $	Leasehold Improvements $	Total $
Year ended 30 June 2019									
Opening balance	1,728,222	2,174,619	40,883	6,060	97,035	35,761	-	306,200	4,388,780
Additions at cost	-	-	-	-	119,624	-	-	-	119,624
Disposals (net)	-	-	-	-	-	-	-	-	-
Depreciation expense	-	(61,313)	(10,451)	(1,135)	(62,374)	(11,391)	-	(28,453)	(175,117)
Balance at the end of the year	**1,728,222**	**2,113,306**	**30,432**	**4,925**	**154,285**	**24,370**	**-**	**277,747**	**4,333,287**
Year ended 30 June 2018									
Opening balance	1,728,222	2,197,131	4,167	7,197	116,927	956	-	334,653	4,389,253
Additions	-	255,370	42,315	-	60,362	44,693	-	-	402,740
Disposals (net)	-	-	-	-	-	-	-	-	-
Depreciation expense	-	(277,882)	(5,599)	(1,137)	(80,254)	(9,888)	-	(28,453)	(403,213)
Balance at the end of the year	**1,728,222**	**2,174,619**	**40,883**	**6,060**	**97,035**	**35,761**	**-**	**306,200**	**4,388,780**

	Note	2019 $	2018 $
Note 9: Other Assets			
Prepayments		37,975	35,734
Total prepayments		**37,975**	**35,734**
Note 10: Trade and other payables			
Current			
GST payable		97,939	120,818
Other payables		461,822	264,265
Trade payables		322,019	74,291
Deposits		19,107	825
Total current trade and other payables		**900,887**	**460,199**
Non-Current			
Community finance Initiative NILS credit funds		20,994	20,994
Total non-current trade and other payables		**20,994**	**20,994**
Total trade and other payables		**921,881**	**481,193**

Collateral pledged

No collateral has been pleaded for any of the trade and other payable balances.

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

	Note	2019 $	2018 $
Note 11: Borrowings			
Current			
Financial lease liability		64,978	30,365
Bank loans		41,454	41,454
Total current borrowings		**106,432**	**71,819**
Non-Current			
Financial lease liability		105,385	63,846
Bank loans		475,063	515,451
Total non-current borrowings		**580,448**	**579,297**
Total Borrowings		**686,880**	**651,116**

(a) *Default and breaches*
During the current year and prior year, there were no defaults or breaches on the Association's loans. The National Australia Bank has a registered mortgage over the 39 Muriel Avenue and 39 Allingham Street properties.

	2019 $	2018 $
Note 12: Other Liabilities		
Grants received and unexpended	542,259	780,618
Deferred revenue	11,564	12,542
Deposits held	5,500	-
Total other liabilities	**559,323**	**793,160**
Note 13: Employee benefits		
Current liabilities		
Long Service leave	232,065	164,064
Annual Leave	298,429	212,421
Total Current Employee Benefits	**530,494**	**376,485**
Non-Current		
Long Service leave	124,071	100,777
Total Non-Current Employee Benefits	**124,071**	**100,777**
Total Employee Benefits	**654,565**	**477,262**

Note 14: Capital and Leasing Commitments

(a) **Finance Leases**

Minimum lease payments:		
- not later then one year	64,979	30,365
- Between one year and five years	105,384	63,846
Minimum lease payments:	**170,363**	**94,211**
Present value of minimum lease payments	**170,363**	**94,211**

Finance leases are in place for the Motor vehicles and normally have a term between 3 and 4 years. The leases have term of renewal but no purchase option or escalation clauses. Renewals are at the option of the entity holding the lease.

(b) **Operating leases**

Minimum lease payment under non-cancellable operating leases:		
- not later then one year	41,780	18,200
- Between one year and five years	105,303	12,800
Total Minimum lease payments	**147,083**	**31,000**

Operating leases have been taken out for office equipment. Lease payments are increased on an annual basis to reflect market rentals.

Note 15: Financial Risk Management

The Association's financial instruments consist mainly of deposits and borrowings with banks, accounts receivable and accounts payable.

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

	Note	2019 $	2018 $
Financial Assets at amortised cost			
Cash and cash equivalents	**5**	2,157,589	1,181,833
Trade and other receivables	**6**	290,069	81,598
Total financial assets		2,447,658	1,263,431
Financial liabilities at amortised cost			
Trade and other payables	**10**	921,881	480,799
Borrowings	**11**	686,880	651,116
Total financial liabilities		1,608,761	1,131,915

Note 16: Key Management Personnel Compensation

The totals of remuneration paid to the key management personnel of Kyabra Community Association Inc during the 30 June 2019 year are as follows:

	2019	2018
Short-term employee benefits	**333,716**	**319,815**

Note 17: Contingent Liabilities

As at 30 June 2019 the association had no Contingent Liabilities.

Note 18: Events after the Reporting Period

The Committee are not aware of any significant events since the end of the reporting period.

Note 19: Association details

The registered office of the association is:

Kyabra Community Association Inc.

Kyabra Street

Runcorn QLD 4113

Management Committee's Declaration

1. The Management Committee declare that in the Management Committee's opinion:

   (a) the financial statements and notes set out on pages 2 to 23 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

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

      (ii) giving a true and fair view of the Association's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

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

This declaration is made in accordance with a resolution of the Management Committee.

Member   Member

5 November 2019
Brisbane, Queensland

Independent Auditor's Report to the Members of Kyabra Community Association Inc

Opinion

We have audited the financial report of Kyabra Community Association Inc ("the Association") which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the management committee's declaration.

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

a) giving a true and fair view of the Association's financial position as at 30 June 2019 and of its financial performance and cash flows for the year then ended; and

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

Basis for Opinion

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

We confirm that the independence declaration required by Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* has been given to the Management Committee.

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

Responsibilities of Management and the Management Committee for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

hlb.com.au

HLB Mann Judd (SE Qld Partnership)
Level 15, 66 Eagle Street, Brisbane QLD 4000 | GPO Box 5225 Brisbane QLD 4001
T: +61 (0)7 3001 8800 **F:** +61 (0)7 3221 0812 **E:** infobne@hlbqld.com.au

The Management Committee is responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's 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 Association'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 Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management Committee 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.

We also provide the Management Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

A B Narayanan
Partner

Brisbane, Queensland
5 November 2019