INTERRELATE LIMITED

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

ACN: 000 413 301

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

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DIRECTORS' REPORT

Your directors present their report on the company and its controlled entity for the financial year ended 30 June 2018.

Directors

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

			Directors' Meetings	
	Date appointed	**Date of cessation**	**Number eligible to attend**	**Number attended**
Fadiya Ali	4/06/2018	-	0	0
Marcia Balzer	13/03/2017	-	7	5
Adele Ezzy	2/03/2018	-	3	3
Antony Floyd	25/11/2016	-	7	5
Alan Gibson	28/10/2008	-	7	7
Paul Lewis	30/01/2007	4/05/2018	6	4
Lynette Moodley	25/11/2016	7/09/2018	7	6
Paul Newman	24/08/2015	-	7	3
Doug Sotheren	28/08/2007	-	7	6
Graham West	01/07/2011	-	7	5

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

Information on Directors

Director	Expertise	Board Committee Membership
Fadiya Ali	Legal	Finance, Audit and Asset Management
Marcia Balzer	Communication and Marketing	Governance & Engagement
Adele Ezzy	Information Technology	Finance, Audit and Asset Management
Antony Floyd	Education and Governance	Governance & Engagement
Alan Gibson	Finance	Finance, Audit and Asset Management
Paul Lewis	Legal	Finance, Audit and Asset Management
Lynette Moodley	Clinical	People, Culture & Performance
Paul Newman	Mediation/ Aboriginal and Torres Strait Islander Engagement	People, Culture & Performance
Doug Sotheren	Clinical	Governance & Engagement
Graham West	Youth/Management	People, Culture & Performance

Short- and Long-term Objectives and Strategy

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

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

The company and controlled entity's strategy for achieving these objectives includes:

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

Principal Activities

The company and controlled entity's principal activities during the year were:

- The provision of children's contact services, family and relationship services (which incorporates counselling, relationship education services and services for men), family dispute resolution, post separation co-operative parenting services, counselling support for carers, counselling support for those affected by the Royal Commission, mental health support services, communities for children and school programs.
- The control of subsidiary, Family Life Victoria Limited.
- The design and specification of a new system, which is to integrate almost every aspect of what the company does and will need to do into the future. The company has expended approximately $1.365 million towards this project over the last 2 financial years. $1.24 million has been expensed in the profit and loss with the remainder being capitalised. Directors budget for all costs of this project to be re-couped through annual savings of approximately $800,000.

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

- The provision of children's contact services enabled separated parents to meet with their children and to engage in safe and friendly change-over and change-back in a relaxed, family environment.
- The provision of counselling services provided individuals and families with help for emotional or relationship concerns.
- The provision of family relationship education and skills training included services for Aboriginal and Torres Strait Islander families and families with cultural and language differences. School programs educated children about bullying and relationships. Interrelate's Reconciliation Action Plan is making a difference in closing the gap between Aboriginal and Torres Strait Islander and other Australians. These services were supported by quality books and other resources and online activities accessible at www.interrelate.org.au.
- The provision of services for men; to assist fathers become more effective parents, deal with anger in relationships, improve positive communication and other parenting techniques.
- The provision of family dispute resolution services enabled separated families and individuals to manage the effects of family separation, and to manage without the services of a Court, the development of mutually agreed parenting plans in the best interests of the children.
- The provision of post separation cooperative parenting services help separated parents who are fighting to learn how parental conflict affects children and how to focus on the needs of the children.
- The provision of carers counselling provided support to carers of people with a significant disability.
- User pay school services programs for families and children to educate about puberty, sexuality and relationships.
- The Royal Commission Community Based Support Service provides therapeutic supports tailored to suit the needs of people directly and indirectly affected by the Royal Commission.

- The Family Mental Health Support Service and Family Mental Health Support Service for Humanitarian Entrants provides holistic support for children, young people and their families to prevent poor mental health outcomes; through advocacy, referral, case management, groups and home visiting.
- The Communities for Children service supports parental capability including addressing barriers to secure attachment, and supports respectful parenting and healthy parent-child relationships. It enhances parent/ carer knowledge and skills to meet their child’s needs and support their child’s development and learning.
- The company to improve its quality and efficiency in order to increase the social benefits achieved towards the company's purposes.

Interrelate and controlled entity monitors its reporting compliance through our Performance and Risk Framework. One of the Key Performance indicators reported to the Board through this framework is compliance with government reporting requirements. This framework is reported on a bi-monthly basis and the Executive Management Team is responsible for compliance. In addition, the Performance and Risk Framework monitors progress against financial measures, staffing measures such as, efficiencies and compliance in on-boarding, staff attrition and retention, the quality staffing framework, client outcomes and satisfaction, client wait times, efficiencies in service delivery and compliance. The Performance Framework informs practice and enables learning from one region or service area to inform practice across the organisation.

The delivery of high quality relationship services to clients against target numbers of clients consistent with government funding agreements for the period 1 July 2017 to 30 June 2018 is as follows:

Program type	**2017 - 2018 Actual number of clients served**	**2017 - 2018 Target number of clients to serve**	**2017 - 2018 Actual number of clients served as a proportion of the target number**	**2016 - 2017 Actual number of clients served**	**2018 - 2019 Target number of clients to serve**
Children's Contact Service	1,884	1,499	126%	1,929	1,455
Family and Relationship Services*	7,554	8,784	86%	8,587	8,745
Family Dispute Resolution	6,195	8,388	74%	6,379	8,329
Family Mental Health Support Service	2,151	1,500	143%	2,638	1,500
Family Referral Service^	-	-	-	518	-
Men's Domestic Violence Support Service	1,770	-	-	-	-
Post Separation Co-operative Parenting	1,317	1,185	111%	1,196	1,185
Personal Helpers and Mentors Service^	-	-	-	67	-
Royal Commission Support Service*^	282	318	89%	303	-
Communities for Children	202	96	210%	343	174
User Pay School Services - NSW	65,948	45,700	144%	37,614	70,000
User Pay School Services - VIC **	24,243	40,000	61%	5,262	35,000
Total	**111,546**	**107,470**	**104%**	**64,836**	**126,388**

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

^ Service not provided in 2017-2018.

*^ Service transitioning to Redress Scheme. Targets yet to be determined.

** Comparison figure for 2016-2017 includes May - June 2017, the period Family Life Victoria Limited was a subsidiary of Interrelate.

Members' Guarantee

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of $90 each towards meeting any outstanding obligations of the Company. At 30 June 2018, the total amount members of the company are liable to contribute if the company is wound up is $4,230 (2017: $4,140).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 5 of the financial report.

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

Alan Gibson
Director
Dated at Sydney, 6 November 2018

Chartered Accountants

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Auditor's Independence Declaration

As lead auditor for the audit of Interrelate Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

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

Rupaninga Dharmasiri
Registration number: 298632

Lewis & Coble

Sydney, 6 November 2018

INTERRELATE LIMITED AND CONTROLLED ENTITY

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

		Consolidated Group	
	Note	2018	2017
		$	$
Revenue	3	23,700,063	23,442,895
Other income	3	(15,958)	85,872
Reversal of previous land impairment		20,000	-
Employment expenses		(19,291,217)	(18,612,470)
Depreciation and amortisation expense		(779,779)	(828,742)
Loss on scrapping building fit out - Lismore flood		-	(113,176)
Administration & office expenses		(1,333,279)	(1,364,656)
Consulting & research fees		(705,138)	(401,535)
Occupancy expenses		(2,360,394)	(2,141,810)
Operational expenses		(673,701)	(611,889)
Current year surplus (loss)		(1,439,403)	(545,511)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of land and buildings		2,407,815	-
Total other comprehensive income for the year		2,407,815	-
Total comprehensive income / (loss) for the year		968,412	(545,511)

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

INTERRELATE LIMITED AND CONTROLLED ENTITY

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

		Consolidated Group	
	Note	2018	2017
		$	$
CURRENT ASSETS			
Cash and cash equivalents	4	537,001	1,207,092
Trade and other receivables	5	211,294	377,725
Financial assets	6	863,797	819,160
Inventories on hand	7	38,808	38,218
Other current assets	8	534,222	155,895
TOTAL CURRENT ASSETS		2,185,122	2,598,090
NON-CURRENT ASSETS			
Financial assets	9	250,000	-
Property, plant and equipment	10	9,684,163	7,704,093
Intangible assets	11	226,548	179,981
Other	12	39,522	36,596
TOTAL NON-CURRENT ASSETS		10,200,233	7,920,670
TOTAL ASSETS		12,385,355	10,518,760
CURRENT LIABILITIES			
Trade and other payables	13	2,183,401	1,409,391
Provisions	14	1,343,464	1,222,324
TOTAL CURRENT LIABILITIES		3,526,865	2,631,715
NON-CURRENT LIABILITIES			
Provisions	14	532,403	529,370
TOTAL NON-CURRENT LIABILITIES		532,403	529,370
TOTAL LIABILITIES		4,059,268	3,161,085
NET ASSETS		8,326,087	7,357,675
EQUITY			
Reserves	17	3,872,255	1,464,440
Retained surplus		4,453,832	5,893,235
TOTAL EQUITY		8,326,087	7,357,675

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

INTERRELATE LIMITED AND CONTROLLED ENTITY

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Retained Surplus	Capital Profits Reserve	Revaluation Surplus	Total
Balance at 30 June 2016	**6,438,746**	**633,523**	**830,917**	**7,903,186**
Comprehensive income				
Loss for the year	(545,511)	-	-	(545,511)
Total comprehensive income for the year	(545,511)	-	-	(545,511)
Balance at 30 June 2017	**5,893,235**	**633,523**	**830,917**	**7,357,675**
Comprehensive income				
Loss for the year	(1,439,403)	-	-	(1,439,403)
Other comprehensive income for the year	-	-	2,407,815	2,407,815
Total comprehensive income for the year	(1,439,403)	-	2,407,815	968,412
Other				
Transfer of realised capital to retained surplus	183,064	-	(183,064)	-
Transfer from retained surplus to capital profits reserve	(183,064)	183,064	-	-
Total other	-	183,064	(183,064)	-
Balance at 30 June 2018	**4,453,832**	**816,587**	**3,055,668**	**8,326,087**

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

INTERRELATE LIMITED AND CONTROLLED ENTITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated Group 2018 $	2017 $
Cash flows from operating activities			
Receipts from customers, government and others		25,471,985	25,159,079
Payments to suppliers and employees		(25,821,700)	(24,801,125)
Interest received		118,820	116,780
Net cash provided by / (used in) operating activities	21(b)	(230,895)	474,734
Cash flows from investing activities			
Payment for property, plant, equipment & intangibles		(1,224,123)	(1,220,995)
Proceeds from sale of property, plant & equipment		829,564	17,638
Cash acquired through control of Family Life - Victoria		-	108,153
Net cash used in investing activities		(394,559)	(1,095,204)
Net (decrease) in cash and cash equivalents		(625,454)	(620,470)
Cash and cash equivalents at beginning of the year		2,026,252	2,646,722
Cash and cash equivalents at end of the year	21(a)	1,400,798	2,026,252

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The financial statements were authorised for issue on 6 November 2018 by the directors of the company.

Basis of Preparation

These general puporse financial statements have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 and* Australian Accounting Standards and Interperations of the Australian Accounting Standards Board. The Group is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these 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 the financial statements have been rounded to the nearest dollar.

Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Interrelate Limited) and its subsidiary. A subsidiary is an entity that the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and the has the ability to affect those returns through its power over the entity. Details of the subsidiary are provided in Note 16(a).

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

Accounting Policies

a. **Revenue**

Revenue is recognised when the group is legally entitled to the income and the amount can be measured reliably. Revenues are recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office.

<u>Government Funding</u>

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

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

Where a grant is received on the condition that specified services are delivered, this is considered a reciprocal transaction. Revenue is recognised as services are performed and at year end a liability is recognised until the service is delivered.

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the group obtains control of the funds, economic benefits are probable and the amount can be measured reliably. Where a grant may be required to be repaid if certain conditions are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fees from Clients

Fees charged for services provided to clients are recognised upon the delivery of the service to the customer.

Sale of Goods

Revenue from sales of goods comprises revenue earned (net of returns, discounts and allowances) from the sale of resources developed by the organisation, or purchased for resale. Sales revenue is recognised when the control of goods passes to the customer.

Interest Income

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

Asset Sales

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

Donations

Donations collected are recognised as revenue when the group gains control, economic benefits are probable and the amount of the donation can be measured reliably, unless they have been provided for a specified purpose. Where provided for a specified purpose they are held in the statement of financial position until the specified purpose is met.

b. **Expenditure**

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

Finance costs are interest costs on finance leases and bank overdrafts.

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

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

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

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

c. **Inventories**

Inventories are measured at the lower of cost and current replacement cost. Inventories held for distribution are measured at cost adjusted, when applicable, for any loss of service potential.

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

d. **Property, Plant and Equipment**

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

Property

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

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

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses.

In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

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

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

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Buildings	4%
Property Fit Out	2.5% - 10%
Leasehold Improvements	8.6% - 100%
Furniture, Equipment & Motor Vehicles	2% - 75%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

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

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

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

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

Derecognition and disposal

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

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

e. **Leases**

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the group are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on either a straight line basis or a diminishing value basis, over their estimated useful lives where it is likely that the group will obtain ownership of the asset. 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 the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

f. **Financial Instruments**

Initial recognition and measurement

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

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification and subsequent measurement

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

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

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

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

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale financial investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

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

Derecognition

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

g. Intangibles

Trademarks

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

Software

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

Video Development

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

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

h. Employee Benefits

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

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

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

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

i. Cash and cash equivalents

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

j. Accounts Receivable and Other Debtors

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

k. Taxation

Goods and services tax (GST)

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

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

Income Tax

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

l. Unexpended Grants

The group receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the group to treat grants monies as unexpended grants in the Statement of Financial Position where the group is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

m. Provisions

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

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. **Comparative Figures**

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

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

o. **Trade Creditors and Other Payables**

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

p. **Critical Accounting Estimates and Judgements**

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

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

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

Valuation of Property

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

Provisions for employee benefits

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

q. **Economic Dependence**

Interrelate Limited and controlled entity is dependent on the Department of Social Services and the Attorney General's Department for the majority of its revenue used to operate the business. As at 30 June 2018, the group has contracts with these departments until 30 June 2021 for the delivery of future services to the value of $24 million. On this basis, the Board of Directors has no reason to believe the Departments will not continue to support the group.

r. **New Accounting Standards for Application in Future Periods**

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 group. 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 group but applicable in future reporting periods is set out below:

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 9: *Financial Instruments*

AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods - beginning on or after 1 January 2018).

The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 16: *Leases*

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 lessees 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 Standards 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 directors anticipate the adoption of AASB 16 will impact the Group'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*

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.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 10 (subject to certain practical expedients); or recognised 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 directors anticipate that the adoption of AASB 1058 may have an impact on the group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2016-4: *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

AASB 2016-8 inserts Australian requirements and authorative implementation guidance for not-for-profit entities into AASB 9: *Financial Instruments from Contracts with Customers* as a consequence of AASB 1058: *Income from Not-for-Profit Enities.*

AASB 2016-8 mandatorily applies to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted, provided AASB 1058 is applied for the same period.

2 PARENT INFORMATION

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

	2018	2017
	$	$
a. Statement of Financial Position		
Total current assets	2,194,460	2,433,060
Total non-current assets	10,200,233	7,918,511
Total assets	12,394,693	10,351,571
Total current liabilities	3,544,062	2,530,672
Total non-current liabilities	528,704	519,125
Total liabilities	4,072,766	3,049,797
Net assets	8,321,927	7,301,774
b. Statement of Profit or Loss and Other Comprehensive Income		
Revenue and other income	23,293,169	23,300,195
Current year surplus (loss)	(1,387,663)	(601,411)
Other comprehensive income	2,407,815	-
Total comprehensive income / (loss) for the year	1,020,152	(601,411)

c. Guarantees

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

3 REVENUE AND EXPENSES

	Consolidated Group 2018 $	Consolidated Group 2017 $
The profit or loss includes the following items of revenue and expense:		
REVENUE		
Client fees	2,403,635	1,828,566
Federal Government grants	20,473,932	20,791,906
NSW Government grants	245,526	181,629
Other Grants	15,310	38,422
Rental income	32,268	46,860
Book and resource sales	71,793	56,303
Donations	7,122	1,440
Interest revenue	118,820	116,780
Sundry income	331,657	380,989
TOTAL OPERATING REVENUE	23,700,063	23,442,895
OTHER INCOME		
Bargain purchase recognised on consolidation of Family Life - Victoria	-	70,177
Net gain/(loss) on sale of property, plant and equipment	(15,958)	15,695
TOTAL OTHER INCOME	(15,958)	85,872
TOTAL REVENUE AND OTHER INCOME	23,684,105	23,528,767
EXPENSES		
Depreciation & amortisation of property, plant and equipment		
Buildings	99,058	111,827
Property fit out	130,478	113,769
Leasehold improvements	180,891	202,128
Intangibles	83,463	63,627
Video Development	3,302	3,300
Furniture, equipment & motor vehicles	282,587	334,091
	779,779	828,742
Employee benefits expense		
Included in total employee benefits expense are contributions to defined contribution/accumulation type superannuation funds	1,790,902	1,849,289

4 CASH AND CASH EQUIVALENTS

	2018	2017
Cash at bank	526,026	1,195,012
Cash on hand	10,975	12,080
Total cash on hand as stated in the statement of financial position	537,001	1,207,092

Cash at bank earns interest at floating rates based on daily deposit rates.

5 CURRENT TRADE & OTHER RECEIVABLES

	2018	2017
Trade receivables	206,105	375,562
Other receivables	5,189	2,163
	211,294	377,725

		Consolidated Group	
6	**CURRENT FINANCIAL ASSETS**	**2018**	**2017**
	Held to maturity investment	**$**	**$**
	Term deposits	863,797	819,160
		863,797	819,160
7	**CURRENT INVENTORIES**		
	At lower of cost and net realisable value		
	Books	38,808	38,218
8	**OTHER CURRENT ASSETS**		
	Prepayments	201,393	61,388
	Other	332,829	94,507
		534,222	155,895
9	**NON CURRENT FINANCIAL ASSETS**		
	Unlisted investments, at fair value:		
	Shares in unlisted corporations	250,000	-
		250,000	-

10 PROPERTY, PLANT & EQUIPMENT

	Freehold Land & Buildings	Property Fit Out	Leasehold Improvements	Furniture, Equipment & Motor Vehicles	Totals
Cost or fair value					
At 30 June 2017	5,509,038	1,794,762	2,618,202	4,209,143	14,131,145
Additions	-	11,618	808,141	271,031	1,090,790
Disposals	(650,000)	(407,109)		(234,245)	(1,291,354)
Revaluation increment	2,407,815	-	-	-	2,407,815
Reversal of previous impairment	20,000	-	-	-	20,000
Offset of accumulated depreciation on revaluation	(266,851)	-	-	-	(266,851)
At 30 June 2018	7,020,002	1,399,271	3,426,343	4,245,929	16,091,545
Accumulated depreciation					
At 30 June 2017	200,357	345,840	2,345,616	3,535,238	6,427,051
Charge for year	99,058	130,478	180,891	282,587	693,014
Eliminated on disposal	(266,851)	(182,982)		(230,286)	(680,119)
Offset of accumulated depreciation on revaluation	(32,564)	-	-	-	(32,564)
At 30 June 2018	-	293,336	2,526,507	3,587,539	6,407,382
Net carrying amount					
At 30 June 2018	7,020,002	1,105,935	899,836	658,390	9,684,163
At 30 June 2017	5,308,680	1,448,922	272,586	673,905	7,704,093

Revaluation on Land and Buildings

Freehold land and buildings are recorded at independent valuation, all other asset classes are recorded at cost. The Company engages Herron Todd White, independent accredited valuers, to determine the fair value of its land and buildings. The effective date of the revaluation was 30 June 2018. Fair value is determined directly by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at valuation date. In addition to the fair value of the buildings, the group has installed fit outs and is depreciating the cost of these over their useful lives. The carrying value of the fit outs at 30 June 2018 was $1,105,935. If at a future date the group did sell a building containing a fit out which was not fully depreciated, any carrying value not recovered in the sale price would be recognised as an expense to the statement of comprehensive income in that period.

		Consolidated Group	
		2018	2017
11	**INTANGIBLE ASSETS**	$	$
	Software:		
	Cost	601,678	468,346
	Accumulated Amortisation	(426,604)	(351,793)
	Net Carrying Amount	175,074	116,553
	Trademarks:		
	Cost	48,642	48,642
	Accumulated Amortisation	(22,658)	(16,164)
	Net Carrying Amount	25,984	32,478
	Video Development:		
	Cost	33,000	33,000
	Accumulated Amortisation	(7,510)	(4,209)
	Net Carrying Amount	25,490	28,791
	Website Development:		
	Cost	2,159	2,159
	Accumulated Amortisation	(2,159)	-
	Net Carrying Amount	-	2,159
	Total Intangibles:	226,548	179,981

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

12	**OTHER NON CURRENT ASSETS**		
	Rental bond	39,522	36,596
		39,522	36,596
13	**TRADE AND OTHER PAYABLES**		
	Trade payables and accrued charges	1,790,774	1,046,851
	Unearned revenue	8,812	12,663
	Unexpended grants	383,815	349,877
		2,183,401	1,409,391

	Consolidated Group	
	2018	2017
14 EMPLOYEE BENEFITS	**$**	**$**
a. Composition		
Annual leave provision	996,694	946,009
Time in lieu provision	74,364	60,127
Long service leave provision	804,809	745,558
	1,875,867	1,751,694
b. Disclosure in the statement of financial position		
Short-term provision	1,343,464	1,222,324
Long-term provision	532,403	529,370
	1,875,867	1,751,694

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

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

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

15 FINANCIAL ASSETS AND LIABILITIES

a. Financial risk management

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

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated Group	
	2018	2017
Financial assets	**$**	**$**
Cash and cash equivalents	537,001	1,207,092
Loans and receivables	211,294	377,725
Held-to-maturity investments	863,797	819,160
Available-for-sale financial assets	250,000	-
Total financial assets	1,862,092	2,403,977
Financial liabilities		
Financial liabilities at amortised cost:		
- trade and other payables	2,183,401	1,409,391
Total financial liabilities	2,183,401	1,409,391

b. Fair value measurements

The Group has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after initial recognition. The Group does not subsequently measure any liabilities at fair value on a recurring basis after initial recognition. The Group does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

	Consolidated Group	
	2018	**2017**
Financial assets	**$**	**$**
Available-for-sale financial assets:		
- shares in unlisted corporation	250,000	-
	250,000	-
Non-financial assets		
- freehold land and buildings	7,020,002	5,308,680
	7,020,002	5,308,680

16 INTEREST IN SUBSIDIARY

a. Information about Subsidiary

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

Name of Subsidiary	Principal Place of Business	Controlling Interest Held by the Group	
		2018	**2017**
Family Life - Victoria Limited	Victoria, Australia	100%	100%

Family Life - Victoria Limited became a subsidiary of Interrelate Limited on 1 May 2017.

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

b. Significant Restrictions

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

17 RESERVES

a. **Capital Profits Reserve**

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

b. **Revaluation Surplus**

The revaluation surplus records revaluations of non-current assets.

		Consolidated Group	
		2018	2017
18	**LEASES**	$	$
	Operating Leases		
	Non-cancellable operating leases contracted for but not recognised in the financial statements -		
	Payable - minimum lease payments:		
	not later than 12 months	1,700,233	1,702,377
	between 12 months and 5 years	488,529	489,601
	greater than 5 years	-	-
		2,188,762	2,191,978
19	**AUDITOR'S REMUNERATION**		
	Amount received or due and receivable, by the auditor for:		
	Auditing the accounts	47,000	60,160

20 KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES

a. KMP compensation

	2018	2017
The aggregate amount of remuneration paid and or payable to Directors and members of the Interrelate Executive:		
Short term benefits	1,594,111	1,444,668
Termination benefits	18,905	2,692
Post employment benefits	152,950	134,352
	1,765,966	1,581,712
The total remuneration paid and or payable to:		
Directors	195,344	191,072
Executive	1,570,622	1,390,640
	1,765,966	1,581,712

Remuneration paid and or payable to, and in respect of directors of the group is subject to an aggregate annual pooled limit (the pooled amount) agreed to by members of the group at general meeting. The pooled amount last approved by the members was $230,000 including superannuation at the general meeting held on 29 November 2013.

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

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

Fadiya Ali (appointed 04/06/2018)
Marcia Balzer
Adele Ezzy (appointed 02/03/2018)
Antony Floyd
Alan Gibson
Paul Lewis (resigned 04/05/2018)
Lynette Moodley (resigned 07/09/2018)
Paul Newman
Doug Sotheren
Graham West

c. Loans to Directors and other KMP

No loans are made to Directors or other KMP

d. Other transactions with Directors and other KMP

There are no other transactions with Directors or other KMP

	Consolidated Group	
	2018	**2017**
21 CASH FLOW INFORMATION	**$**	**$**
a. Reconciliation of cash		
Cash and cash equivalents per note 4	537,001	1,207,092
Term deposits per note 6	863,797	819,160
Total of cash & cash equivalents for statement of cash flows	1,400,798	2,026,252
b. Reconciliation of Cash Flows from Operating Activities with Net Current Year Surplus		
Net current year surplus/(loss)	(1,439,403)	(545,511)
Non-cash flows -		
Depreciation and amortisation expense	779,779	828,742
(Reversal of) impairment losses on non current assets	(20,000)	-
Net (gain) / loss on disposal of property, plant and equipment	15,958	(15,695)
Impairment of building fit out	-	113,178
Bargain purchase	-	(70,177)
Change in operating assets and liabilities -		
Decrease / (Increase) in receivables	166,431	(131,876)
Decrease / (Increase) in inventories	(590)	1,007
Decrease / (Increase) in other assets	(381,253)	45,827
Decrease / (Increase) in non current financial assets	(250,000)	-
(Decrease) / Increase in payables	774,010	275,325
(Decrease) / Increase in provisions	124,173	(26,084)
Net cash flows provided by operating activities	(230,895)	474,736

22 FINANCING ARRANGEMENTS

Unrestricted access was available at the reporting date to the following lines of credit:

	2018	2017
Bank overdraft	920,000	920,000
Bank leasing facility	477,000	477,000
	1,397,000	1,397,000
Used at the reporting date:		
Bank overdraft	-	-
Bank leasing facility	-	-
	-	-
Unused at the reporting date:		
Bank overdraft	920,000	920,000
Bank leasing facility	477,000	477,000
	1,397,000	1,397,000

23 ENTITY DETAILS

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

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

Company Secretary

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

Graeme O'Connor CA. Graeme has worked for Interrelate Limited for the past 13 years in the position of Head of Corporate Services. Graeme was appointed company secretary on 17/12/2008.

INTERRELATE LIMITED

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Interrelate Limited, the directors declare that:

(i) the financial statements and notes, as set out on pages 6 to 26, are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012 and:

(a) comply with Accounting Standards - Reduced Disclosure Requirements; and

(b) give a true and fair view of the financial position of the company as at 30 June 2018 and of its performance for the year ended on that date.

(ii) in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the Australian Charities and Not-for Profits Commission Regulation 2013.

Alan Gibson

Director

Dated at Sydney, 6 November 2018

LEWIS & COBLE

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERRELATE LIMITED

Report on the Audit of the Financial report

Opinion

We have audited the financial report of Interrelate Limited & Controlled Entity, which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Interrelate Limited has been prepared in accordance with Div 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) giving a true and fair view of the registered entity's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and Div 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

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

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

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

The directors are responsible for the other information. The other information comprises the information included in the registered entity's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

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concern basis of accounting unless the directors either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

Rupaninga Dharmasiri
Registration number: 298632
Sydney, 7 November 2018

Lewis & Coble