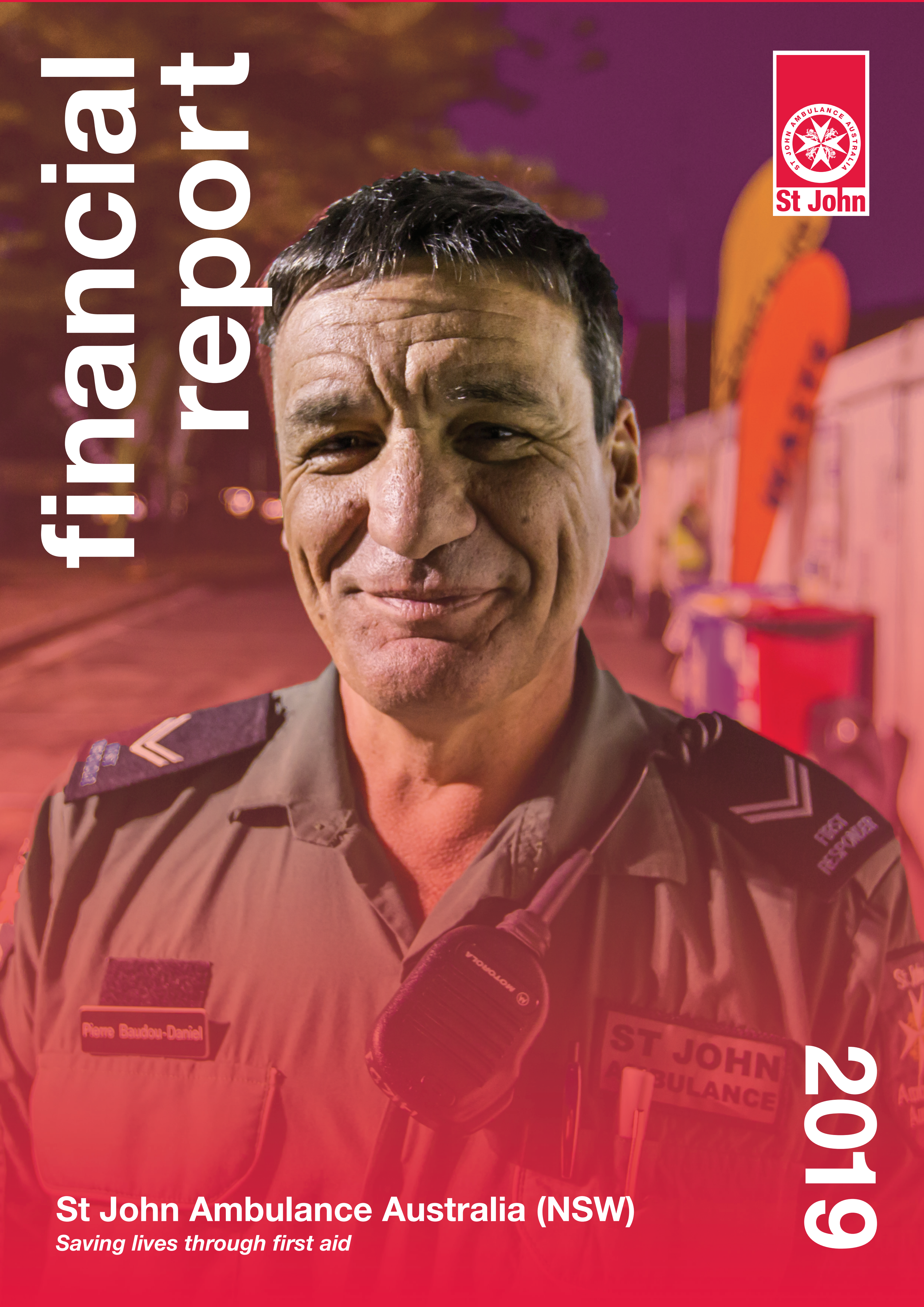
financial report

2019



St John

St John Ambulance Australia (NSW)

Saving lives through first aid

St John Ambulance Australia (NSW) and controlled entity

ABN 84 001 738 370
Financial Report
For the year ended 31 December 2019

Pictured on cover: Pierre Baudou

Pierre has volunteered for St John Ambulance for 8 years after working as a lifeguard. Part of his role at St John is to help welcome, induct and mentor new volunteers at his local Division in Hornsby, NSW. Pierre says the the best part of volunteering for St John is the friendships he's developed. "You're part of a like-minded team that care about supporting people. We often will be at events where anything can happen, and we deal with those challenges together. The friendships I've made will last a lifetime."

ST JOHN AMBULANCE AUSTRALIA (NSW)
AND CONTROLLED ENTITY
ABN 84 001 738 370

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DIRECTORS' REPORT

The Directors present their financial report for St John Ambulance Australia (NSW) ("the Company") and its controlled entity, which are together referred to in this report as ("the Group"), for the year ended 31 December 2019.

The Company is an entity limited by guarantee with no share capital under the provisions of the *Australian Charities and Not-for-profits Commission Act 2012.*

Our Mission

The Group has been operating in NSW for over 130 years with the primary mission of saving lives through first aid.

Everything the Group does is ultimately directed towards its mission and the communities of NSW. The surplus achieved through each of our commercial and fundraising activities goes directly to supporting our community programs including free First Aid training for primary school students, leadership development programs for our volunteers and cadets through to the provisions of crucial first responder and health services for local and state community events.

In 2019 we achieved our mission through:

- Community education: Our dedicated team of trainers and support staff educated over 70,390 people in first aid in 2019, including free training provided to 11,239 primary school aged children through our First Aid in Schools Program, empowering them with the practical skills and confidence to save a life in the event of an emergency.

- Community Engagement: Our First Aid Force community engagement vehicle was able to connect with over 4,000 young people at schools and community events training them in crucial first aid skills including CPR, burns and bleeds management, how to use a defibrillator and the treatment of sprains and strains.

- Providing access to life saving equipment: We provide vital first aid equipment into family homes, schools, workplaces and community areas. In 2019, 2,625 lifesaving defibrillators and 93,262 first aid kits were sold across New South Wales contributing to a safer environment for all.

- Building safer communities: Our 3,234 volunteers delivered first aid services at 5,044 large and small public events across the state, helping 14,596 people and providing 273,828 hours of service to the community. We support these committed volunteers by providing them with quality training and equipment and a supportive volunteering environment to ensure they remain the standard bearers for event health services in the state. We thank each one of our volunteers for sacrificing so much of their time for the New South Wales community.

- Supporting the NSW community in times of crisis: More than 400 volunteers were deployed throughout the recent New South Wales bushfire crisis to provide support to affected communities. St John volunteers contributed more than 23,500 hours of first aid and medical support to communities and emergency service members, transporting patients to hospital, providing mental health assistance and logistical services in times of enormous distress.

- Improving health outcomes: Our volunteer first aiders, responders and health care professionals treated 13,593 patients in 2019 who did not require subsequent transfer to hospital, improving patient outcomes and diverting a significant number of potential patients from emergency departments across the state.

- Our youth development programs: We are proud of our 916 youth members who learn not only lifesaving first aid skills that help make their communities safer but also develop leadership and communication skills which will enable them to become our leaders in the future.

Reputation & Trust

We continue as one of Australia's most reputable charities in 2019. The annual Australian Charity Reputation Index survey, which ranks Australia's 40 largest charities by reputation ranked St John Ambulance again as of the one of the top 10 organisations.

This result shows the value and trust the community places in our vital services and programs.

Financial Overview

As a Profit for Purpose charitable organisation, the continued financial success of our First Aid Training and First Aid Product Sales & Service businesses, are vital, with the surplus's generated by these operations funding our community programs. We are pleased to report that 2019 was a successful year for these activities with growth achieved across all a service offerings against a challenging and competitive market. In 2019 the Group recorded a net surplus of $306,123 this compares favourably to the 2018 net surplus of $222,570.

During the year we continued to invest in our community programs providing funding of $3,214,943 to support community event services, the First Aid in Schools program, youth development and leadership programs and a number of other local and international programs as part of the wider international St John Ambulance network.

In 2019 we continued to invest in developing our fundraising capability, the Group has traditionally funded our community programs from the income generated from our First Aid Sales, Service and Training operations. As a self-funded charitable organisation we see in the future fundraising to be an important avenue to help us grow the work we do in communities' right across the state. We will continue to invest in developing and expanding our capabilities in this area in 2020.

In 2019 we made capital investments in excess of $700,000 in infrastructure supporting our community programs, in the development of a state of the art First Aid training facility at Burwood and in information technology systems and infrastructure.

Investment Overview

During the financial year, the Group realised positive returns on its portfolio of investments in the form of dividend and interest income totalling $1,125,000. Our diversified investment portfolio performed well in a volatile year for both local and international markets. At 31 December 2019, investments in the portfolio were re-valued resulting in an unrealised gain in the value of the investment portfolio of $1,478,000 being recognised in other comprehensive income.

Thank you

To all of our customers and stakeholders, we thank you for your continued support of St John Ambulance Australia (NSW) in 2019.

To our volunteers who give up your time to save lives, we are incredibly proud of the work that you do supporting communities right across New South Wales, thank you for your passion, service and commitment.

To our donors and supporters, we are honoured by your generosity. Your donations, grants and bequests directly support our community programs and volunteers, saving lives in communities across the state.

To our staff, thank you for your dedication to your work and to the communities served by St John.

Thank you (continued)

To our corporate partners, your support enables us to fulfil our goal of saving lives through first aid. Every time you commit to working with St John Ambulance Australia (NSW) to train staff in first aid, install a St John workplace first aid kit, buy a defibrillator, make St John products available for sale or support a St John division with goods or services, you help to deliver a greater impact to the wider community.

Directors Details

The Directors of the Company at any time during or since the end of the year are:

Name and qualifications	Experience
Sean McGuinness BCom (Fin/Acc), FCA, GAICD *Independent Non-Executive Director* *Chair of the Board of Directors* *Member of the Honours and Awards Committee*	▪ C-Suite executive with extensive listed and private company experience in Australia, Europe, United States and Asia ▪ Fellow of the Institute of Chartered Accountants Australia ▪ Graduate of the Australian Institute of Company Directors ▪ Director of St John Ambulance Australia
Ajoy Ghosh BEng, MEM, GAICD *Independent Non-Executive Director* *Chair of the People & Governance Committee until June 2019* *Member of the Audit, Risk & Investment Committee*	▪ IT Governance and cyber security expert ▪ Interim Chief Information Security Officer for a portfolio of government agencies and companies ▪ Sessional Lecturer, UNSW Sydney/SECedu and UNSW Canberra/Australian Defence Force Academy ▪ Member of Standards Australia committee IT-12 IT Governance ▪ Senior member of the Australian Computer Society and member of its Cyber Security technical advisory committee ▪ Fellow of the Australian Information Security Association ▪ Graduate of the Australian Institute of Company Directors
Associate Professor Jason Bendall OStJ BMedSc(Hons) MBBS MM(ClinEpi) PhD FANZCA FPA FANZCP GAICD *Independent Non-Executive Director* *Commissioner* *Member of the Honours & Awards Committee* *Member of the Audit, Risk & Investment Committee until June 2019* *Chair of the People, Clinical and Governance Committee from July 2019*	▪ Specialist Anaesthetist ▪ Prehospital and Retrieval Medicine ▪ Emergency Medical Services & Paramedicine ▪ First aid and resuscitation ▪ Health Service Management ▪ Volunteer

DIRECTORS' REPORT (CONTINUED)

Name and qualifications	Experience
Sue Campbell-Lloyd AM, RN, CStJ *Independent Non-Executive Director* *Chair of the Honours & Awards Committee* *Member of the People & Governance Committee until June 2019*	▪ Extensive experience in public health management policy and health management ▪ Retired
Scott McDonald BA, LLB, FAICD *Independent Non-Executive Director* *Deputy Chair of the Board of Directors* *Member of the Audit, Risk & Investment Committee*	▪ Legal Practitioner ▪ Senior Member, NSW Civil & Administrative Tribunal, Consumer & Commercial Division ▪ Facilitator, Australian Institute of Company Directors, Company Directors' Course ▪ Fellow, Australian Institute of Company Directors
Joanne Muller BSc, DipEd, LLB *Independent Non-Executive Director* *Member of the People & Governance Committee* *Member of the Honours & Awards Committee*	▪ Legal Practitioner ▪ Legal Member - Nursing and Midwifery Council of NSW ▪ Director - Girl Guides NSW ACT NT ▪ Child Safe Review Girl Guides Australia ▪ Chair - Southern Metropolitan Cemeteries New South Wales ▪ Member - Fundraising and Development Committee of the Board of Trustees Royal Academy of Dance - London ▪ Occasional Lecturer - Macquarie University (Chiropractic) ▪ Guest Lecturer – University of New South Wales (Optometry) ▪ Member – Radiation Advisory Committee of NSW ▪ Member - Curriculum Advisory Committee - RANZCR
Coretta Bessi BCom, MBA, GAICD *Independent Non-Executive Director* *Honorary Treasurer* *Chair of the Audit, Risk & Investment Committee* *Member of the People & Governance Committee*	▪ Chief Procurement Officer with experience across public, private and listed organisations ▪ Graduate of the Australian Institute of Company Directors ▪ Lecturer University of Wollongong / Sydney Business School (Procurement / Negotiations)

DIRECTORS' REPORT (CONTINUED)

Meetings of Directors

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

	Board Meetings		Audit Risk & Investment Committee		Honours and Award Committee		People, Clinical & Governance Committee	
Directors	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**
Sean McGuinness	11	11	-	-	2	1	-	-
Scott McDonald	11	11	2	-	-	-	-	-
Jason Bendall	11	9	2	1	2	1	2	2
Coretta Bessi	11	11	2	2	-	-	4	4
Sue Campbell-Lloyd	11	10	-	-	2	2	2	2
Ajoy Ghosh	11	11	2	2	-	-	2	2
Joanne Muller	11	8	-	-	2	1	4	4

Events subsequent to Balance Date

(i) Impact of COVID-19

On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus disease 2019 (COVID-19) a pandemic. The pandemic has adversely affected the global economy, including an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Consequently, governments around the world have announced monetary and fiscal stimulus packages to minimise the adverse economic impact. However, the COVID-19 situation is still evolving, and its full economic impact remains uncertain.

The Group has several assets where the value may be impacted by COVID-19. At the date these financial statements were approved by the Directors, other than the Group's financial assets (note 9) which have declined in fair value from $22.207m at 31 December 2019 to $19.290m on 31 March 2020), the extent of the impact COVID-19 on the Group's assets cannot be reasonably estimated at this time.

The pandemic has impacted the Group's operations with Government mandated bans on mass gatherings and social distancing measures resulting in disruption to the Group's commercial First Aid Training and Event Health Services businesses, this disruption is expected to negatively impact both the revenue and margins of these operations.

The pandemic has resulted in a significant increase in demand for the Group's First Aid and Personal Protective Equipment (PPE) products and contracted Health Services which is expected to positively impact the revenue and margins of these operations.

The Group is currently in discussions with State and Federal Governments concerning the provision of community medical services to support the public health response to the COVID-19 pandemic, the net financial impact of any agreements that may eventuate from these discussions cannot be reasonably estimated at this time.

The Group has implemented prudent expense control measures in response to the pandemic and is evaluating its eligibility for the fiscal stimulus measures announced by Local, State and Federal Governments.

Events subsequent to Balance Date (continued)

(i) Impact of COVID-19 (continued)

The extent of the impact of COVID-19 on the Group's future financial performance and position is dependent of several variables including the duration of the pandemic and Government response measures which cannot be reasonably estimated given the degree of uncertainty in the current climate

While the COVID-19 situation has created economic uncertainty, the directors consider that the Group will be able to continue as a going concern as it is has net assets at 31 December of $27.112m, and at 31 March 2020 has cash balances and financial investments that can readily converted into cash of $21.657m.

(ii) Increase in Commercial Finance Facility Limit

On 31 March 2020, approval was received from the Group's Bank, Commonwealth Bank of Australia Limited, to increase the Group's commercial overdraft facility limit from $500,000 to $2,000,000. At the date the Financial Statements were approved the amount drawn under this facility was $NIL (31 December 2019: $NIL).

(iii) Resignation of Director

On 10 March 2020, Mr Ajoy Ghosh notified the Company of his intention to resign as a Director of the Company effective 10 April 2020. The Board thanks Mr Ghosh for his service as a Director and contribution to the Company.

Other than the matters detailed above, no other matters or circumstances have arisen which have significantly affected, or may significant affect, the operations of the Company, the results of those operations or affairs of the Company in future financial periods.

Sean McGuinness
Chairman

Coretta Bessi
Director

Sydney, NSW
9 April 2020

ST JOHN AMBULANCE AUSTRALIA (NSW)
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6	2,930	4,833
Trade and other receivables	7	1,294	1,390
Inventories	8	771	571
Other assets	10	613	980
Total current assets		5,608	7,774
Non-current assets			
Financial assets	9	22,207	18,974
Property, plant and equipment	11	2,080	1,854
Intangible assets	12	222	308
Right-of-use assets	13	4,243	-
Other assets	10	215	277
Total non-current assets		28,967	21,413
TOTAL ASSETS		**34,575**	**29,187**
LIABILITIES			
Current liabilities			
Trade and other payables	14	1,245	2,399
Borrowings	15	-	21
Employee Entitlements	16	611	673
Provisions	17	105	135
Lease liabilities	18	1,090	-
Other liabilities	19	618	425
Total current liabilities		3,669	3,653
Non-current liabilities			
Employee Entitlements	16	228	174
Borrowings	15	-	84
Lease liabilities	18	3,556	-
Other liabilities	19	10	10
Total non-current liabilities		3,794	268
TOTAL LIABILITIES		**7,463**	**3,921**
NET ASSETS		**27,112**	**25,266**
EQUITY			
Accumulated funds		26,169	25,801
Reserves	26	943	(535)
TOTAL EQUITY		**27,112**	**25,266**

The above statement of financial position should be read in conjunction with the accompanying notes.

ST JOHN AMBULANCE AUSTRALIA (NSW)
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Revenue			
Product sales revenue		9,866	9,650
Training course fees revenue		8,558	8,248
Event fees revenue		2,307	2,465
Donations and grants		1,069	300
Other revenue	4	1,505	1,719
Total revenue		**23,305**	**22,382**
Income			
Other income	4	-	159
Gain on sale of property, plant & equipment		3	1
Total other income		**3**	**160**
Expenses			
Administration expenses		(1,785)	(2,026)
Contribution to St John Ambulance Australia (National Office)		(406)	(403)
Depreciation and amortisation	5	(2,065)	(687)
Distribution expenses		(4,742)	(4,987)
Employee expenses		(8,833)	(8,227)
Finance costs	5	(113)	(6)
Marketing expenses		(700)	(335)
Property expenditure		(878)	(2,256)
Training expenses		(674)	(583)
Transport expenses		(751)	(930)
Volunteer service expenses		(603)	(503)
Other expenses		(1,452)	(1,376)
Total expenses		**(23,002)**	**(22,319)**
Surplus (deficit) before income tax		**306**	**223**
Income tax		-	-
Surplus (deficit) for the year		**306**	**223**
Other comprehensive income (deficit):			
Items that will not be reclassified to profit or loss:			
Changes in the fair value of equity instruments		1,478	(825)
Total comprehensive income (deficit) for the year		**1,784**	**(602)**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 31 DECEMBER 2019

	Fair Value through Other Comprehensive Income Reserve $'000	Accumulated Funds $'000	Total $'000
Balance at 1 January 2018	**290**	**25,578**	**25,868**
Comprehensive income			
Profit (loss) for the year	-	223	223
Other comprehensive income	(825)	-	(825)
Total comprehensive income for the year	**(825)**	**223**	**(602)**
Balance at 1 January 2019	**(535)**	**25,801**	**25,266**
Adjustment on the adoption of AASB 16 Leases (note 2(f))	-	62	62
Comprehensive income			
Profit (loss) for the year	-	306	306
Other comprehensive income (deficit)	1,478	-	1,478
Total comprehensive income for the year	**1,478**	**306**	**1,784**
Balance at 31 December 2019	**943**	**26,169**	**27,112**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

ST JOHN AMBULANCE AUSTRALIA (NSW)
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from customers		22,027	21,252
Payments to suppliers and employees		(22,104)	(21,356)
Donations and grants received		1,069	300
Cash received on transfer of Norfolk Island Division		-	159
Dividends received		1,279	779
Interest paid		(113)	(6)
Interest received		64	78
Net cash flows from operating activities		**2,222**	**1,212**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(754)	(525)
Proceeds from sale of property, plant and equipment, and intangible assets		-	6
Funds invested		(1,755)	(834)
Net cash flows from (used in) investing activities		**(2,509)**	**(1,353)**
Cash flows from financing activities			
Repayment of borrowings		-	(22)
Repayment of lease liabilities		(1,616)	-
Net cash flows from (used in) financing activities		**(1,616)**	**(22)**
Net increase (decrease) in cash and cash equivalents		**(1,903)**	**(163)**
Cash and cash equivalents at the beginning of the financial year		**4,833**	**4,996**
Cash and cash equivalents at the end of the financial year	6	**2,930**	**4,833**

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The above statement of cash flows should be read in conjunction with the accompanying notes.

1. GENERAL INFORMATION

The financial report includes the consolidated financial statements and notes of St John Ambulance Australia (NSW) ("the Company") and its controlled entity ("Group"). The Company is registered as a Company limited by guarantee.

The financial statements were approved by the Board of Directors on 9 April 2020.

2. BASIS OF PREPARATION

(a) Statement of compliance

The Company and its controlled entity apply Australian Accounting Standards- Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010-2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.*

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

(b) Basis of measurement

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of financial assets.

Rounding of amounts
The company has applied the relief available to it under ASIC Corporations (Rounding in Financial/Director's reports) Instrument 2016/191 issued by the Australian Securities and Investment Commission relating to the "rounding off" of amounts in the financial statements. Accordingly, the amounts presented in the financial statements have been rounded to the nearest thousand dollars ($'000) unless otherwise stated.

(c) Critical accounting estimates and judgements

The Directors evaluate estimates and judgments 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.

Key estimates

Impairment - general
The Group assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

2. BASIS OF PREPARATION (CONTINUED)

(c) Critical accounting estimates and judgements (continued)

Estimation of useful lives of assets
The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Revenue from contracts with customers involving sale of goods
When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the Group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

2. BASIS OF PREPARATION (CONTINUED)

(d) Comparatives

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year. Where the Group has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(e) New and amended accounting standards adopted by the Group

The Group has applied AASB 15 Revenue from Contracts with Customers, AASB 16 Leases, and AASB 1058 Income of Not-for-Profit Entities for the first time for its annual reporting period’s commencing 1 January 2019.

As noted in note 3(k), the Group changed its accounting policies regarding leases following adoption of AASB 16. AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. An adjustment was made to retained profits on the adoption of AASB 16, this is disclosed in note 2(f).

AASB 15 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 January 2019.

AASB 15 Revenue from Contracts with Customers
The Group has adopted AASB 15 from 1 January 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 16 Leases
The Group has adopted AASB 16 from 1 January 2019 using the modified retrospective approach. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets (note 3(m)) and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

2. BASIS OF PREPARATION (CONTINUED)

(e) New and amended accounting standards adopted by the Group (continued)

AASB 1058 Income of Not-for-Profit Entities
The Group has adopted AASB 1058 from 1 January 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

(f) Changes in accounting policy

This note explains the impact of the adoption of AASB 16 Leases on the Group’s financial statements.

(i) Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 January 2019 was as follows:

	1 January 2019 $'000
Operating lease commitments as at 1 January 2019 (AASB 117)	3,215
Operating lease commitments discount based on the weighted average incremental borrowing rate of 3.92% (AASB 16)	(636)
Right-of-use assets (AASB 16)	2,579
Lease liabilities (AASB 16)	(2,517)
Adjustment in opening retained profits as at 1 January 2019	62

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its controlled entity, together referred to in this report as the Group. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the controlled entity and has the ability to effect returns through it power over the controlled entity. A list of controlled entities is contained in Note 23 to the financial statements.

All inter-Group balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Where controlled entities have entered or left the Group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

There are no outside interests in the equity or results of the controlled entities.

(b) Income tax

The Company and its controlled entity are exempt institutions from income tax under Division 50 of the *Income Tax Assessment Act 1997*. The Company has deductible gift recipient (DGR) status.

(c) Goods and services tax ("GST")

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation 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 on a gross basis. The GST components 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.

(d) Revenue recognition

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes including goods and services tax (GST). Revenue is recognised for the major business activities as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Revenue recognition (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Other than grant and rental revenue, all revenue is recognised at a point in time when the goods are delivered or the courses/events have occurred.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Training courses and events
Revenue from training courses and events is recognised at the point in time when the training course/event has occurred.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest revenue
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend and other investment revenue
Dividends and other investment revenue are recognised when the right to receive payment is established.

Donations and fundraising events
The timing of the recognition of donations, grants and fundraising depends upon the point in time at which control of these monies is obtained. Control would normally occur upon the earlier of the receipt of the monies or notification that the monies have been secured.

Grants
Grant revenue is recognised in profit or loss when the Group satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the Group is eligible to retain the contribution, and the grant is enforceable, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Contributions in kind
Contributions in kind are recognised as income when control of the item of property, plant and equipment contributed passes to the Group at fair value at the date of the contribution.

Volunteer services
The Group has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(g) Trade receivables

For all sources of recurrent income, trade receivables are recognised at cost value less provision for doubtful debts.

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(h) Property, plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.
Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Subsequent costs
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 charged to profit or loss during the financial period in which they are incurred.

Property
Land and buildings are carried at cost, less depreciation and impairment losses on buildings. The carrying amount of land and buildings is reviewed annually by the Directors to ensure that it is not in excess of the recoverable amount from those assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property plant and equipment (continued)

Depreciation
The depreciable amount of all property, plant and equipment including buildings, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use.

The depreciation useful life used for each class of depreciable assets is:

Buildings	20 – 30 years
Furniture and equipment	5 – 15 years
Motor vehicles	5 years

The assets' 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.

(i) Impairment of assets

Other than trade receivables (note 3(g)) assets that have an indefinite useful life which are not subject to amortisation are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Impairment losses are reversed through profit or loss when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

(j) Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

(k) Lease liability

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The estimated useful life used for each class of right-of-use assets is:

Leases of land and buildings	3 – 5 years
Leases of plant and equipment	3 – 5 years

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(m) Financial instruments

Classification
Upon adoption of AASB 9, the group classified its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income ("OCI"), and;
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are recorded in OCI. For investments in equity instruments that are not held for trading, the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial instruments (continued)

Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment
The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(n) Intangible assets

Software
Software has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the software over its estimated useful life of between 3 and 5 years.

(o) Trade and other payables

Trade 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. The carrying amount of trade and other payables is deemed to reflect fair value.

(p) Revenue received in advance

Revenue, other than government contract income, that is received before the service to which the payment relates has been provided is recorded as a liability until such time as the service has been provided, at which time it is recognised in profit or loss.

(q) Employee benefits

Short-term employee benefits
Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefits (continued)

Other long-term employee benefits
The Group classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the Group's obligation for other long-term employee benefits, which 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 market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The Company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

Retirement benefit obligations
Superannuation contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

(r) 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.

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of the loan facilities are recognised in profit or loss.

4. OTHER REVENUE AND INCOME

	2019 $'000	2018 $'000
Other revenue		
Rent received	2	15
Dividends and distributions received	1,061	1,140
Other operating revenue	378	486
Interest income	64	78
Total other revenue	1,505	1,719
Other income		
Net gain (loss) on disposal of property, plant and equipment	3	1
Net gain on transfer of assets in relation to Norfolk Island Division	-	159
Total other income	3	160
Total other revenue and other income	1,508	1,879

5. EXPENSES

	2019 $'000	2018 $'000
Depreciation:		
Buildings	84	103
Furniture and equipment	227	253
Motor vehicles	143	165
Right-of-use assets	1,503	-
Amortisation:		
Intangible assets	108	166
Total depreciation and amortisation	2,065	687
Finance costs:		
Interest expense – bank	5	6
Interest expense - leases	108	-
Total finance costs	113	6

	2019 $'000	2018 $'000

6. CASH AND CASH EQUIVALENTS

	2019 $'000	2018 $'000
Cash at bank and on hand	1,530	3,262
Short term bank deposits	1,400	1,571
Total cash and cash equivalents	2,930	4,833

7. TRADE AND OTHER RECEIVABLES

	2019 $'000	2018 $'000
Current		
Trade receivables	1,440	1,515
Less: allowance for expected credit losses	(146)	(125)
Total current trade and other receivables	1,294	1,390

8. INVENTORIES

	2019 $'000	2018 $'000
Current		
Stock on hand	863	725
Less: allowance for impairment	(92)	(154)
Total current inventories	771	571

9. FINANCIAL ASSETS

	2019 $'000	2018 $'000
Non-current		
Financial assets at fair value through other comprehensive income		
Managed funds	15,640	14,301
Australian listed securities	6,567	3,729
Term deposits	-	944
Total Non-current Financial Assets	22,207	18,974
Movements in carrying amount		
Opening net carrying amount	18,974	18,806
Additions (withdrawals)	1,755	993
Fair value gain (loss) *	1,478	(825)
Closing net carrying amount	22,207	18,974

** Fair value gain (loss) represents the realised and unrealised fair value adjustment to the carrying amount of the Group's long term investment portfolio.*

10. OTHER ASSETS

	2019 $'000	2018 $'000
Current		
Accrued income	208	229
Dividends receivable	143	361
Prepayments	243	389
Security bond	19	1
Total current other assets	613	980
Non-current		
Security bond	-	16
Other assets	215	13
Guarantee deposits*	-	248
	215	277

**Guarantee deposits were previously used as underlying security for Bank Guarantees issued to the Lessor's of certain of the Group's leased properties. During the financial year these guarantee deposits were released and replaced with the security noted in Note 15.*

11. PROPERTY, PLANT AND EQUIPMENT

	Land $'000	Buildings $'000	Furniture & Equipment $'000	Motor Vehicles $'000	Total $'000
As at 31 December 2019					
Cost	65	2,388	7,462	3,311	13,226
Accumulated depreciation and impairment	-	(1,311)	(6,833)	(3,002)	(11,146)
Net carrying amount	65	1,077	629	309	2,080
As at 31 December 2018					
Cost	65	2,226	8,488	3,391	14,170
Accumulated depreciation and impairment	-	(1,336)	(7,953)	(3,027)	(12,316)
Net carrying amount	65	890	535	364	1,854
Movements in carrying amounts					
Opening net carrying amount	65	890	535	364	1,854
Additions	-	303	321	88	712
Disposals	-	(32)	-	-	(32)
Depreciation charge for the year	-	(84)	(227)	(143)	(454)
Closing net carrying amount	65	1,077	629	309	2,080

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Other buildings beneficially owned
Other buildings beneficially owned by the Group and built on leased land, and with a book cost of $Nil (2018: $Nil) are:

- Blacktown, Myrtle Street (Lot 31)
- Broadmeadow, 177 Tudor Street
- Brocklehurst, Cnr Wambianna Street & Newell Highway (*garage owned*)
- Clarendon (*part of Hawkesbury Showground)*
- Granville, 2B Diamond Avenue
- Warners Bay, 18 James Street (Lot 11)

12. INTANGIBLE ASSETS

	2019 $'000	2018 $'000
Software		
Movements in carrying amounts		
Opening net carrying amount	308	342
Additions	22	132
Amortisation	(108)	(166)
Closing net carrying amount	222	308
At the end of the financial year		
Cost	1,648	1,626
Accumulated amortisation	(1,426)	(1,318)
Net carrying amount	222	308

13. RIGHT-OF-USE ASSETS

	2019 $'000	2018 $'000
Right-of-use	5,112	-
Less: Accumulated depreciation	(869)	-
	4,243	-

Additions to the right-of-use assets during the year were $3,337,126.

The Group leases land and buildings for its offices and training facilities under agreements of between three to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases plant and equipment under agreements of between three to five years.

The Group leases office equipment under agreements of less than one year. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets

	2019 $'000	2018 $'000

14. TRADE AND OTHER PAYABLES

	2019 $'000	2018 $'000
Current		
Trade payables	648	1,114
Other payables	597	1,285
Total current trade and other payables	1,245	2,399

15. BORROWINGS

	2019 $'000	2018 $'000
Current		
Financial lease – equipment	-	21
Non-current		
Finance lease – equipment	-	84

On the adoption of AASB 16 Leases, the Group's lease commitments have been accounted for as lease liabilities, reported at Note 18.

Financing facilities
The Company has a bank overdraft facility of $500,000, and a corporate business card facility of $300,000.

Security
The financing facilities are secured by a mortgage over the land and buildings at 9 St Johns Road, Blaxland NSW and a first registered charge over all of the assets of the Company.

16. EMPLOYEE ENTITLEMENTS

	2019 $'000	2018 $'000
Current		
Annual leave	398	342
Long service leave	193	247
Other employee entitlements	20	84
	611	673
Non-current		
Long service leave	228	174

17. PROVISIONS

	2019 $'000	2018 $'000
Current		
Make good	105	135

18. LEASE LIABILITIES

	2019 $'000	2018 $'000
Current		
Lease liabilities	1,090	-
Non-current		
Lease liabilities	3,556	-

19. OTHER LIABILITIES

	2019 $'000	2018 $'000
Current		
Revenue received in advance	618	425
Non-current		
Scholarship endowment – Lady Galleghan Trust	10	10

20. COMPANY INFORMATION

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

Statement of financial position

	2019 $'000	2018 $'000
Assets		
Current assets	5,608	7,774
Non-current assets	28,967	21,413
Total assets	34,575	29,187
Liabilities		
Current liabilities	3,669	3,653
Non-current liabilities	3,794	268
Total liabilities	7,463	3,921
Net Assets	27,112	25,266
Equity		
Accumulated funds	26,169	25,801
FVOCI reserve	943	(535)
Total equity	27,112	25,266

Statement of Profit or Loss and Other Comprehensive Income

	2019 $'000	2018 $'000
Total surplus (deficit) for the year	306	223
Other comprehensive income (deficit)	1,478	(825)
Total comprehensive income (deficit)	**1,784**	**(602)**

20. COMPANY INFORMATION (CONTINUED)

Guarantees
The Company has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its controlled entity.

Contractual Commitments
The contractual commitments of the Company as at balance date are the same as those specified in Note 18.

21. COMMITMENTS

Operating lease commitments
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2019 $'000	2018 $'000
Within one year	-	1,662
Later than one year but not later than five years	-	1,553
	-	3,215

On the adoption of AASB 16 Leases, the Group's operating lease commitments have been accounted for as lease liabilities, reported at Note 18.

22. KEY MANAGEMENT PERSONNEL

Remuneration of key management personnel ("KMP")

The aggregate amount of compensation paid to KMP during the year was:	1,319	1,111

23. CONTROLLED ENTITIES

Controlled Entities Consolidated	Domiciled	Percentage owned 2019	2018
Parent entity			
St John Ambulance Australia (NSW)	Australia	n/a	n/a
Controlled entity			
St John Ambulance Australia (NSW Trust) Limited	Australia	100%	0%

The Company controlled St John Ambulance Australia (NSW Trust) Limited by virtue of its capacity to control the decision making of St John Ambulance Australia (NSW Trust) Limited, in relation to ensuring the pursuit of common objectives through its financial and operating policies.

On 18 January 2019, consent was received from ASIC for St John Ambulance Australia (NSW Trust) Limited to be converted to a private company, limited by shares, on this date the entity was renamed St John Ambulance Australia (NSW Trust) Pty Limited. On 28 February 2019 100% of the issued share capital was transferred to the Company to align with the historic beneficial control of the entities assets and operations by the Company.

24. RELATED PARTY TRANSACTIONS

Directors' remuneration
In accordance with the Company's Constitution (Item 10.16), a Director is not to be paid fees for acting as such except payment or reimbursement of reasonable disbursements relating to the business and activities of the Company or reasonable fees for professional or technical services to the Company previously approved by the Board. There were no other related party transactions during the year.

25. LIMITATION OF MEMBERS' LIABILITY

The Company is registered as a Company limited by guarantee, and in accordance with the Constitution the liability of members of the Company in the event of the Company being wound up would not exceed $1.00 per member.

The number of members of St John Ambulance Australia (NSW) "the Organisation" at 31 December 2019 was 3,490 (2018: 3,459).

During 2019 the Company initiated a separate application process for membership of the Company distinct from membership of the Organisation, at 31 December 2019 applications had been received and approved from 450 members of the Organisation to become members of the Company. The Company continues to work with member of the Organisation who may wish to become separate members of the Company to progress their applications.

26. RESERVES

Movement in the FVOCI reserve during the year is as follows:

	2019 $'000	2018 $'000
Balance at beginning of year	(535)	290
Changes in the fair value of equity instruments at FVOCI	1,478	(825)
Balance at end of the year	943	(535)

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income.

27. CHARITABLE FUNDRAISING ACTIVITIES

	2019 $'000	2018 $'000
Fundraising income and expenditure		
Gross proceeds from fundraising		
Fundraising	260	100
	260	100
Expenditure from fundraising appeals		
Fundraising	98	66
	98	66
Net surplus from fundraising	**162**	**34**
Total cost of fundraising (A)	98	66
Gross proceeds from fundraising (B)	260	100
(A) divided by (B)	*38%*	*66%*
Net surplus from fundraising (A)	162	34
Gross proceeds from fundraising (B)	260	100
(A) divided by (B)	*62%*	*34%*

Fundraising income activities

Fundraising income activities carried out during the year were functions, appeals, raffles and social fundraising activities.

Expenditure of funds raised

Surplus funds from fundraising are utilised in delivering on the mission of the Group.

The costs of fundraising during 2019 reflects the investment made in establishing the Groups fundraising capability. The Group has traditionally funded its community programs from the net surplus generated from our First Aid Sales and Training operations.

The surplus achieved from these and all of our commercial and fundraising activities goes directly to supporting our community programs, which include by way of example include free First Aid training for school students, leadership and personal development programs for our volunteers through to providing crucial first responder and events services for communities throughout NSW.

28. EVENTS OCCURING AFTER THE REPORTING DATE, INCLUDING IMPACT ON GOING CONCERN

(i) Impact of COVID-19

On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus disease 2019 (COVID-19) a pandemic. The pandemic has adversely affected the global economy, including an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Consequently, governments around the world have announced monetary and fiscal stimulus packages to minimise the adverse economic impact. However, the COVID-19 situation is still evolving, and its full economic impact remains uncertain.

The Group has several assets where the value may be impacted by COVID-19. At the date these financial statements were approved by the Directors, other than the Group's financial assets (note 9) which have declined in fair value from $22.207m at 31 December 2019 to $19.290m on 31 March 2020), the extent of the impact COVID-19 on the Group's assets cannot be reasonably estimated at this time.

The pandemic has impacted the Group's operations with Government mandated bans on mass gatherings and social distancing measures resulting in disruption to the Group's commercial First Aid Training and Event Health Services businesses, this disruption is expected to negatively impact both the revenue and margins of these operations.

The pandemic has resulted in a significant increase in demand for the Group's First Aid and Personal Protective Equipment (PPE) products and contracted Health Services which is expected to positively impact the revenue and margins of these operations.

The Group is currently in discussions with State and Federal Governments concerning the provision of community medical services to support the public health response to the COVID-19 pandemic, the net financial impact of any agreements that may eventuate from these discussions cannot be reasonably estimated at this time.

The Group has implemented prudent expense control measures in response to the pandemic and is evaluating its eligibility for the fiscal stimulus measures announced by Local, State and Federal Governments.

The extent of the impact of COVID-19 on the Group's future financial performance and position is dependent of several variables including the duration of the pandemic and Government response measures which cannot be reasonably estimated given the degree of uncertainty in the current climate

While the COVID-19 situation has created economic uncertainty, the directors consider that the Group will be able to continue as a going concern as it is has net assets at 31 December of $27.112m, and at 31 March 2020 has cash balances and financial investments that can readily converted into cash of $21.657m.

(ii) Increase in Commercial Finance Facility Limit

On 31 March 2020, approval was received from the Group's Bank, Commonwealth Bank of Australia Limited, to increase the Group's commercial overdraft facility limit from $500,000 to $2,000,000. At the date the Financial Statements were approved the amount drawn under this facility was $NIL (31 December 2019: $NIL).

28. EVENTS OCCURING AFTER THE REPORTING DATE, INCLUDING IMPACT ON GOING CONCERN (CONTINUED)

(iii) Resignation of Director

On 10 March 2020, Mr Ajoy Ghosh notified the Company of his intention to resign as a Director of the Company effective 10 April 2020. The Board thanks Mr Ghosh for his service as a Director and contribution to the Company.

Other than the matters detailed above, no other matters or circumstances have arisen which have significantly affected, or may significant affect, the operations of the Company, the results of those operations or affairs of the Company in future financial periods.

ST JOHN AMBULANCE AUSTRALIA (NSW)
AND CONTROLLED ENTITY
ABN 84 001 738 370

DIRECTORS' DECLARATION

The Directors of St John Ambulance Australia (NSW) declare that, in the Directors' opinion:

1. The financial statements, which comprises the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:

   (a) Comply with Australian Accounting Standards – Reduced Disclosure requirements; and

   (b) Give a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the year ended on that date.

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

Sean McGuinness
Chairman

Coretta Bessi
Director

Sydney, NSW
9 April 2020

ST JOHN AMBULANCE AUSTRALIA (NSW)
AND CONTROLLED ENTITY
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DIRECTORS' DECLARATION UNDER THE CHARITABLE FUNDRAISING ACT

In the opinion of the Directors of St John Ambulance Australia (NSW):

(i) The financial statements and notes thereto give a true and fair view of all income and expenditure with respect to fundraising appeals conducted by the organisation for the year ended 31 December 2019; and

(ii) The statement of financial position as at 31 December 2019 give a true and fair view of the state of affairs of the Group with respect to fundraising appeals conducted by the organisation; and

(iii) The provisions of the *Charitable Fundraising Act 1991,* the regulations under that Act, and the conditions attached to the authority to fundraise have been complied with by the organisation; and

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

This declaration is made in accordance with a resolution of the Board of Directors.

Sean McGuinness
Chairman

Coretta Bessi
Director

Sydney, NSW
9 April 2020

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 consolidated financial report of St John Ambulance Australia (NSW) for the year ended 31 December 2019.

This declaration is in respect of St John Ambulance Australia (NSW) for and the entity it controlled during the year.

Sydney, NSW
9 April 2020

A G Smith
Director

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Independent Auditor's Report to the Members of St John Ambulance Australia (NSW)

Opinion

We have audited the financial report of St John Ambulance Australia (NSW) ("the Company") and its controlled entity ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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:

(a) the accompanying financial report of the Group is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

    (i) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance and cash flows for the year then ended; and
    (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013; and

(b) any money received as a result of fundraising appeals conducted during the year ended 31 December 2019 has been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991 and the Regulations thereto;

(c) the financial statements and associated records have been properly kept during the financial year in accordance with provisions of the Charitable Fundraising Act 1991 and the Regulations thereto; and

(d) at the date of this statement there are reasonable grounds to believe St John Ambulance Australia (NSW) will be able to pay its debts as and when they fall due.

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 Entity 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*, which has been given to the directors, would be in the same terms if given as at the time of this auditor's report.

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

Emphasis of Matter – Current and Possible Effects and Uncertainties of COVID-19

We draw attention to Note 28 to the financial report, which describes the current and possible effects and uncertainties on the Group arising from the on-going issues associated with COVID-19. Our opinion is not modified in respect of this matter.

Responsibilities of Management and the Directors 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 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.

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Responsibilities of Management and the Directors for the Financial Report (continued)

In preparing the financial report, management is responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group'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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Group'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 Group 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.

We also provide the directors 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 Assurance (NSW) Pty Ltd
Chartered Accountants

A G Smith
Director

Sydney, NSW
14 April 2020

St John