

Example not-for-profit reduced disclosure requirements financial statements (Company limited by guarantee reporting under the Corporations Act)

Grant Thornton CLEARR NFP RDR Example Ltd
For the year ended 31 December 2018



Welcome to the December 2018 edition of the not-for-profit reduced disclosure requirements (*Corporations Act 2001*) example financial statements. This set of illustrative financial statements is one of many prepared by Grant Thornton to assist you in preparing your own financial statements



This publication is designed to illustrate the financial statements for a not-for-profit entity in line with Australian reduced disclosure requirements. It is based on the activities and results of a fictitious not-for-profit entity, Grant Thornton CLEARR NFP RDR Example Ltd, which is a company limited by guarantee reporting under the *Corporations Act 2001* and prepares Australian general purpose financial statements.

The full year and half-year periods ending 31 December 2018 represent a major change for many Australian businesses due to the first time application of new revenue and financial instruments requirements. AASB 15 *Revenue from Contracts with Customers* (for-profit entities) and AASB 9 *Financial Instruments* (for-profit and not-for-profit entities) apply for the first time this reporting period. More significant changes are on their way with AASB 15 and AASB 1058 *Income of Not-for-Profit Entities* (not-for-profit entities) and AASB 16 *Leases* (for-profit and not-for-profit entities) coming into effect from 1 January 2019.

ASIC is also ramping up its surveillance activities with increased focus on the first time application of new major standards and quantification of the expected impact of accounting standards issued but not yet effective. Adding to the complexity in financial reporting, there is uncertainty as to when and how the Australian government will respond to the recommendations arising from the legislative review of the Australian Charities and Not-for-profits Commission (ACNC), particularly with respect to recommended changes to reporting thresholds for not-for-profit entities. In addition, the Australian government has recently introduced proposals to double the financial reporting thresholds for large proprietary companies effective from 1 July 2019.

Furthermore, the AASB continues to make progress on its project to reform the Australian financial reporting framework which proposes to remove the current definition of 'reporting entity' from Australian Accounting requirements, effectively removing the option to prepare special purpose financial statements if entities are required by legislation or otherwise to comply with Australian Accounting Standards. To navigate through all these complexities and uncertainties, it is important that Australian entities remain focused and proactive with their implementation projects and work closely with their advisors and auditors.

Our objective in preparing the example financial statements was to illustrate one possible approach to financial reporting by an entity engaging in transactions that are 'typical' across a range of non-specialist sectors. However, as with any example, this illustration does not envisage every possible transaction and cannot therefore be regarded as comprehensive. Likewise, as a reference tool, this publication illustrates disclosures for many common scenarios without removing disclosures based on materiality. We strongly encourage businesses to get rid of immaterial disclosures and tailor disclosures to their specific circumstances.

We have reviewed and updated these financial statements to reflect changes in Australian Accounting Standards that are effective for the year ended 31 December 2018. However, no account has been taken of any new developments published after 7 January 2019. The Grant Thornton website contains any updates that are relevant for 31 December 2018 financial statements, including our Technical Accounting Alert on "What's new for December 2018".

We trust this publication will help you work through the upcoming December 2018 reporting season. We welcome your feedback on the format and content of this publication. Please contact us on national.assurance.quality@au.gt.com or get in touch with your local Grant Thornton representative to let us know your thoughts.



Andrew Rigele
National Head of Audit and Assurance
Grant Thornton Australia Limited
January 2019

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Directors Report

The Directors of Grant Thornton CLEARR NFP RDR Example Ltd (Grant Thornton CLEARR) present their report together with the financial statements of the consolidated entity, being Grant Thornton CLEARR (the Company) and its Controlled Entities (the Group) for the year ended 31 December 2018 and the Independent Audit Report thereon.

Directors details

CA 300 (1) (c)

The following persons were Directors of Grant Thornton CLEARR during or since the end of the financial year:

Mr Blake Smith
B. Eng

CA 300(10)(a)

Managing Director
Director since 2014

Blake has substantial knowledge of manufacturing processes and retail through executive roles in Australia, New Zealand and the UK where he has been responsible for implementing best practice systems across a range of industries.

Ms Beth King
CA, MBA
Independent Non-Executive Director

Audit and Risk Committee Chair and Member of the Nomination and Remuneration Committee
Director since 2012

Beth is a Chartered Accountant and brings more than 20 years broad financial and commercial experience, both local and international to Grant Thornton CLEARR.

Mr Simon Murphy
LLB (Hons)

Independent Non-Executive Director
Independent Chairman / Nomination and Remuneration Committee Chair and Member of Audit and Risk Committee
Director since 2015

Simon has broad international corporate experience as Chief Executive Officer of an ASX Top 100 Company with extensive operations in North America and Europe and diverse trading relationships in Asia. Simon is a qualified lawyer in Australia.

Mrs Alison French
BA (Hons)

Chief Executive Officer
Director since 2014

Alison has significant international experience over 25 years in the information technology sector, including senior executive positions based in Australia, New Zealand and Asia plus regional responsibilities over many years throughout Africa and the Middle East.

Mr William Middleton
BEC, FCA

Appointed 28 November 2018
Independent Non-Executive Director
Member of the Nomination and Remuneration Committee and Member of Audit and Risk Committee

William is the Principal of WM Associations, a financial consulting and advisory firm with a range of clients operating in the fast moving consumer goods industries.

Company Secretary

CA 300 (10)(d)

Nick Morgan is a Chartered Accountant and the Group Chief Financial Officer. Nick has held senior positions with a number of professional accounting firms and has a Degree in Commerce. Nick has been the Company Secretary of Grant Thornton CLEARR for four years.

Principal activities

CA 299(1)(c)

During the year, the principal activities of entities within the Group were to supply material aid to needy people in the community. Such activities included accommodation care, family support services, child care, aged care, youth and employment services.

There have been no significant changes in the nature of these activities during the year.

Short-term objectives

CA 300B(1)(a)

The Group's short-term objectives are to:

- offer community support services that develop wellbeing, resilience and transferable life skills
- support underprivileged people by engaging all sectors of the community in ongoing partnerships and support programs; and
- be a recognised leader in the provision of community support services as evidenced by the success of programs and practices

Long-term objectives

The Company's long-term objectives are to:

- establish and maintain relationships that foster social inclusion and community reconnection for underprivileged people; and
- be sustainable and strive for continuous improvement so as to offer the best possible outcomes for the underprivileged people requiring our assistance

Strategy for achieving short and long-term objectives

CA 300B(1)(b),(d) & (e)

To achieve these objectives, the Group had adopted the following strategies:

- the entity strives to attract and retain quality staff and volunteers who are committed to working with underprivileged people in need, and this is evidenced by low staff turnover. The entity believes that attracting and retaining quality staff and volunteers will assist with the success of the entity in both the short and long term;
- staff and volunteers work in partnership with a range of community stakeholders, and this is evidenced by ongoing support of the entity's projects and initiatives. The Group ensures community stakeholders understand and are committed to the objectives of the Group through ongoing education in order for the projects to succeed;
- staff and volunteers are committed to creating new and maintaining existing programs in support of the underprivileged people. Committed staff and volunteers allow the entity the ability to engage in continuous improvement;
- the entity's staff and volunteers strive to meet consistent standards of best practice and provide clear expectations of professional accountabilities and responsibilities to all stakeholders. This is evidenced by the performance of staff and volunteers, being assessed based on these accountabilities, and ensures staff are operating in the best interests of the underprivileged people and the Group.

Directors' meetings

CA 300 (10)(b)
CA 300 (10)(c)

The number of meetings of Directors (including meetings of Committees of Directors) held during the year and the number of meetings attended by each Director is as follows:

Board members	Board meetings	
	A	B
Blake Smith	12	12
Beth King	12	12
Simon Murphy	12	11
Alison French	12	12
William Middleton	2	2

Where:

- **column A:** is the number of meetings the Director was entitled to attend
- **column B:** is the number of meetings the Director attended

CA 300B (3)(d) & (e)

Contribution in winding up

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 \$50 each towards meeting any outstanding obligations of the entity. At 31 December 2018 the total amount that members of the Company are liable to contribute if the Company wound up is \$365,000 (2017: \$365,000).

Rounding of amounts

ASIC Corporations
(Rounding in Financial/
Directors' Reports)
Instrument 2016/191

Grant Thornton CLEARR is a type of Company referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and therefore the amounts contained in this report and in the financial report have been rounded to the nearest \$1,000, or in certain cases, to the nearest dollar.

Auditors Independence Declaration

CA 307C

A copy of the Auditor's Independence Declaration as required under s.307C of the *Corporations Act 2001* is included in page 4 of this financial report and forms part of this Director's Report.

CA 298 (2a)

Signed in accordance with a resolution of the Directors.

CA 298 (2c)

Blake Smith
Director

CA 298 (2b)

28 February 2019

Auditor's Independence Declaration

Grant Thornton Audit Pty Ltd
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Sydney, NSW
2000
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Auditor's Independence Declaration

To the Directors of Grant Thornton CLEARR NFP RDR Example Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Grant Thornton CLEARR NFP RDR Example Ltd for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b No contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A B Partner
Partner - Audit & Assurance
Sydney, 28 February 2019

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Guidance Note: Statement of Profit or Loss and Other Comprehensive Income

The statement of profit or loss and other comprehensive income has been prepared in accordance with AASB 101 *Presentation of Financial Statements*. The statement of profit or loss and other comprehensive income may be presented in one of the following ways:

- **in a single statement:** a statement of profit or loss and other comprehensive income, or
- **in two statements:** a statement of profit or loss and a statement of comprehensive income

The Example Financial Statements illustrate a statement of profit or loss and other comprehensive income (i.e. a single statement). A two (2) statement presentation is shown in Appendix B of our **Example Listed Public Financial Statements**.

This statement of profit or loss and other comprehensive income format illustrates an example of the 'nature of expense method'. See Appendix A of our **Example Listed Public Financial Statements** for a format illustrating the 'function of expense' or 'cost of sales' method.

AASB 101 requires the entity to disclose reclassification adjustments and related tax effects relating to components of other comprehensive income either on the face of the statement or in the notes.

In this example the entity presents current year gains and losses relating to other comprehensive income on the face of the statement of profit or loss and other comprehensive income (AASB 101.92). An entity may instead present reclassification adjustments in the notes, in which case the components of other comprehensive income are presented after any related reclassification adjustments (AASB 101.94).

According to AASB 101.90, an entity shall disclose the amount of income tax relating to each component of other comprehensive income, either on the face of the statement of profit or loss and other comprehensive income or in the notes. In this example, the entity presents components of other comprehensive income before income tax with one amount shown for the aggregate amount of income tax relating to all components of other comprehensive income (AASB 101.91(b)). Alternatively, the entity may present each component of other comprehensive income net of related tax effects, AASB 101.91(a). If the tax effects of each component of other comprehensive income are not presented on the face of the statement this information shall be presented in the notes.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

AASB 101.51(c)	Notes	2018	2017
AASB 101.51(d-e)		\$'000	\$'000
AASB 101.82(a)	4	115,902	107,720
AASB 101.85	4	1,705	1,827
AASB 101.85		48	148
AASB 101.85		(37,316)	(35,508)
AASB 101.85	13.1	(57,360)	(55,708)
AASB 101.85		(6,041)	(5,288)
AASB 101.85		(382)	(367)
AASB 101.85	9	(7,194)	(231)
AASB 101.85	16.1	(3,000)	-
AASB 101.85		(2,952)	(2,702)
AASB 101.85		(9,872)	(9,012)
		(26)	(3)
		(6,489)	876
AASB 101.82(d)	3.11	-	-
AASB.101.82(f)		(6,488)	876
AASB.101.82(g)		Other comprehensive income	
AASB 101.82A		Items that will not be reclassified subsequently to profit or loss:	
AASB.116.77(f)		5,000	-
		148	-
AASB 101.82A		Items that may be reclassified subsequently to profit or loss:	
AASB 7.20(a)(ii)		-	227
	15	5,148	227
		(1,340)	1,103

This statement should be read in conjunction with the notes to the financial statement

Guidance Note: Consolidated Statement of Financial Position

The statement of financial position complies with AASB 101.

The statement of financial position includes a current / non-current distinction. When presentation based on liquidity is reliable and more relevant, the entity can choose to present the statement of financial position in order of liquidity (AASB 101.60). The entity will then not present a current/non-current distinction in the statement of financial position. However the disclosure requirements for amounts expected to be recovered or settled before or after 12 months must still be applied (AASB 101.61).

These **Example Financial Statements** use the terminology in AASB 101; however an entity may use other titles (e.g. balance sheet) for the primary financial statements (AASB 101.10).

Consolidated Statement of Financial Position

As at 31 December 2018

AASB 101.51(c)	Notes	2018	2017
AASB 101.51(d-e)		\$'000	\$'000
Assets			
Current			
AASB 101.60, AASB 101.66			
AASB 101.54(i)	5	101,554	90,271
AASB 101.54(h)	6	14,533	17,112
AASB 101.54(g)	8	1,017	969
AASB 101.54(d)	11	747	977
AASB 101.60		117,851	109,329
Non-current			
AASB 101.60, AASB 101.66			
AASB 101.54(h)	6	12,233	27,509
AASB 101.54(d)	7	7,323	10,032
AASB 101.54(a)	9	259,045	250,623
AASB 101.54(c)	10	1,154	1,493
AASB 101.60		274,755	289,657
AASB 101.55		397,606	398,986
Liabilities			
Current			
AASB 101.60, AASB 101.69			
AASB 101.54(k)	12	7,460	8,147
AASB 101.54(l)	13.2	6,960	6,960
AASB 101.54(m)	7.6	85	89
	14	752	373
AASB 101.55		15,257	15,569
Non-current			
AASB 101.60, AASB 101.69			
AASB 101.54(l)	13.2	1,308	1,063
AASB 101.55		1,308	1,063
AASB 101.55		16,565	16,632
AASB 101.55		381,041	382,354
Equity			
AASB 101.55	15	5,167	64
AASB 101.54(r)		375,874	382,290
AASB 101.55		381,041	382,354

This statement should be read in conjunction with the notes to the financial statement

Guidance Note: Consolidated Statement of Changes in Equity

Entities may present the required reconciliations for each component of other comprehensive income either:

- 1 In the statement of changes in equity; or
- 2 In the notes to the financial statements (AASB 101.106(d)(ii) and AASB 101.106A).

These **Example Financial Statements** present the reconciliations for each component of other comprehensive income in the notes to the financial statements. This reduces duplicated disclosures and presents a clearer picture of the overall changes in equity.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

AASB 101.51 (d-e)	Notes	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
AASB 101.106(d)				
Balance at 1 January 2017		(163)	381,414	381,251
AASB 101.106(d)(i)				
Surplus for the year		-	876	876
AASB 101.106(d)(ii)				
Other comprehensive income	15	227	-	227
AASB 101.106(a)				
Total comprehensive income for the year		227	876	1,103
AASB 101.106(d)				
Balance at 31 December 2017		64	382,290	382,354
AASB 101.106(d)				
Balance at 1 January 2018		64	382,290	382,354
Adjustment on adoption of AASB 9	2.1	(45)	72	27
Adjusted balance at 1 January 2018		19	382,362	382,381
AASB 101.106(d)(i)				
Deficit for the year		-	(6,488)	(6,488)
AASB 101.106(d)(ii)				
Other comprehensive income	15	5,148	-	5,148
AASB 101.106(a)				
Total comprehensive income for the year		5,148	(6,488)	(1,340)
AASB 101.106(d)				
Balance at 31 December 2018		5,167	375,874	381,041

This statement should be read in conjunction with the notes to the financial statements

Guidance Note: Consolidated Statement of Cash Flows

This format illustrates the direct method of determining operating cash flows (AASB 107.18(a)).

An entity may also determine the operating cash flows using the indirect method (AASB 107.18(b)).

Consolidated Statement of Cash Flows

For the year ended 31 December 2018

AASB 101.51(c)	Notes	2018	2017
AASB 101.51(d-e)		\$'000	\$'000
AASB 107.10		Operating services	
		Receipts from:	
		13,199	12,750
		9,378	7,258
		28,829	26,628
		3,958	4,150
		56,994	57,445
		822	234
		4,795	3,927
		1,586	2,219
		(109,881)	(109,112)
		9,680	5,499
AASB 107.10		Investing activities	
		(19,126)	(24,836)
		17,876	13,387
		(143)	-
		3,000	-
		1,607	(11,449)
AASB 107.10		Financing activities	
		-	-
		-	-
		-	-
AASB 107.45		11,287	(5,950)
		90,182	96,132
AASB 107.45	5.1	101,469	90,182

This statement should be read in conjunction with the notes to the financial statements

Notes to the Consolidated Financial Statements

1 General Information and statement of compliance

AASB 127.12
AASB 127.43(a)

The financial report includes the consolidated financial statements and notes of Grant Thornton CLEARR NFP RDR Example Ltd and Controlled Entities (Consolidated Group or Group).

AASB 1054.RDR7.1
AASB 1054.8
AASB 1054.9

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - *Reduced Disclosure Requirements* and the *Corporations Act 2001*. Grant Thornton CLEARR NFP RDR Example Ltd is a not-for-profit entity for the purpose of preparing the financial statements.

AASB 101.51 (c)
AASB 110.17

The consolidated financial statements for the year ended 31 December 2018 were approved and authorised for issue by the Board of Directors on 28 February 2019.

2 Changes in accounting policies

AASB 108.28

2.1 New standards adopted as at 1 January 2018¹

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement*. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

AASB 9.7.2.15

When adopting AASB 9, the Group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 January 2018.

AASB 9.7.2.22
AASB 9.7.2.24

The adoption of AASB 9 has impacted the following areas:

Classification and measurement of the Group's financial assets

Listed equity investments - Available for sale financial assets under AASB 139 included listed equity investments of \$1,179,000 at 31 December 2017. These were reclassified to fair value through profit or loss (FVPL) under AASB 9. \$45,000 was transferred from the available for sale financial assets reserve to retained earnings on 1 January 2018.

Unlisted equity investments - Available for sale financial assets under AASB 139 included unlisted equity investments in XY Ltd of \$2,752,000 at 31 December 2017 that were measured at cost less impairment because fair value could not be reliably measured. These were reclassified to fair value through other comprehensive income (equity FVOCI) under AASB 9 because this is held as a long-term investment and remeasured at fair value of \$2,779,000. Retained earnings was increased by \$27,000 on 1 January 2018 (relating to a previous impairment). \$19,000 was transferred from available for sale financial asset reserve to the equity FVOCI reserve on 1 January 2018.

Government bonds - Held to maturity financial assets under AASB 139 was government bonds of \$6,100,000 at 31 December 2017. These were reclassified at amortised cost under AASB 9. The Group intends to hold these to maturity to collect the contractual cash flows and these cash flows are solely payments of principal and interest.

¹ As the amendments have a significant impact on these financial statements, detailed disclosures have been made. Entities should assess the impact of AASB 9 on their financial statements based on their own facts and circumstances and make appropriate disclosures.

Impairment of financial assets

The Group's debt instruments carried at amortised cost (government bonds) are subject to AASB 9's new three-stage expected credit loss model. The government bonds are considered low credit risk and therefore the impairment allowance is determined as 12 months expected credit losses.

Reconciliation of financial instruments on adoption of AASB 9

On the date of initial application, 1 January 2018, the financial instruments of the Group were reclassified as follows:

AASB 7.421 (a),(b)
AASB 108.8.28(f)

	Notes	Measurement Category		Carrying Amount		
		Original AASB 139 category	New AASB 9 category	Closing balance 31 December 2017 (AASB 139) \$'000	Adoption of AASB 9 \$'000	Opening balance 1 January 2018 (AASB 9) \$'000
Assets						
Current financial assets						
Trade and other receivables	6	Amortised cost	Amortised cost	17,112	-	17,112
Cash and cash equivalents	5	Amortised cost	Amortised cost	90,271	-	90,271
Non-current financial assets						
Government bonds	7.2	Held to maturity	Amortised cost	6,100	-	6,100
Listed equity securities	7.5	Available for sale	FVPL	1,179	-	1,179
Unlisted equity securities - XY Ltd	7.5	Available for sale	Equity FVOCI	2,752	27	2,779
Total financial asset				117,414	27	117,441
Liabilities						
Current financial liabilities						
Bank overdraft	7.6	Amortised cost	Amortised cost	89	-	89
Trade and other payables	12	Amortised cost	Amortised cost	8,147	-	8,147
Total financial liabilities				8,236	-	8,236

Reconciliation of the statement of financial position balances from AASB 139 to AASB 9 at 1 January 2018:

	AASB 139 carrying amount	Re- classification	Re- measurement	AASB 9 carrying amount
	\$'000	\$'000	\$'000	\$'000
Fair value through profit or loss (FVPL)				
Closing balance 31 December 2017- AASB 139	-			
From available for sale (AFS) - listed equities		1,179		
Opening balance 1 January 2018 - AASB 9	-	1,179	-	1,179
Fair value through other comprehensive income (FVOCI) (including available for sale 2017)				
Closing balance 31 December 2017 - AASB 139 - Available for sale	3,931			
To FVPL - Listed equities		(1,179)		
Unlisted equities - XY Ltd			27	
Opening balance 1 January 2018 - AASB 9 - Debt FVOCI plus equity FVOCI	3,931	(1,179)	27	2,779
Held to maturity (HTM)				
Closing balance 31 December 2017	6,100			
To amortised cost		(6,100)		
Opening balance 1 January 2018 - AASB 9	6,100	(6,100)	-	-
Amortised cost				
Closing balance 31 December 2017 - AASB 139	107,383			
From held to maturity - government bonds		6,100		
Opening balance 1 January 2018 - AASB 9	107,383	6,100	-	113,483

AASB 108.28 (f)(i)
 AASB 7.42L

Reconciliation of equity for the impact of AASB 9 at 1 January 2018:

Impacted area	AFS financial assets reserve	FVOCI reserve	Retained earnings
	\$'000	\$'000	\$'000
Closing balance 31 December 2017 - AASB 139	64	-	382,290
Reclassify listed equities from AFS to FVPL	(45)	-	45
Remeasurement - unlisted equities XY Ltd	-	-	27
Reclassify unlisted equities - XY Ltd from AFS to FVOCI	(19)	19	-
Opening balance 1 January 2018 - AASB 9	-	19	382,362

2.2 Other standard adopted by the Group which do not have a material impact on the financial statements

- AASB 2016-5 *Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions*
- Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

2.3 Accounting standards issued but not yet effective and not been adopted early by the Group

AASB 108.30, 31

Refer to the latest Grant Thornton TA Alert on accounting standards issued but not yet effective, available on our website: <http://www.grantthornton.com.au/en/insights/technical-publications--ifrs/local-technical-and-financial-reporting-alerts/>

3 Summary of accounting policies

3.1 Overall considerations

AASB 101.114(b)
AASB 101.117(b)

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.²

AASB 101.117(a)

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

3.2 Basis of consolidation

AASB 101.117(a)
AASB 101.117(b)
AASB 127.41(a)
AASB 127.41(c)

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2018. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

² In this set of Example Financial Statements the accounting policies reflect the activities of the fictitious entity, Grant Thornton CLEAR NFP RDR Example Ltd and Subsidiaries. The accounting policies should therefore, in all cases, be tailored to the facts and circumstances in place, which may prescribe that less extensive accounting policies are disclosed for the entity.

3.3 Revenue

AASB 118.35 (a)

Revenue comprises revenue from the sale of goods, government grants, fundraising activities and client contributions. Revenue from major products and services is shown in Note 4.

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding sales taxes, rebates, and trade discounts.

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities have been met. Details of the activity-specific recognition criteria are described below.

AASB 101.117(b)

Sale of Goods

Revenue from the sale of goods comprises revenue earned from the sale of goods donated and resale. Sales revenue is recognised when the control of goods passes to the customer.

AASB 101.117(b)

Government grants

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 to the grantor, 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.

AASB 1004.12

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.

Where the Group receives a non-reciprocal contribution of an asset from a government or other party for no or nominal consideration, the asset is recognised at fair value and a corresponding amount of revenue is recognised.

AASB 101.117(b)

Client contributions

Fees charged for care or services provided to clients are recognised when the service is provided.

Donations and bequests

AASB 101.117(b)

Donations collected, including cash and goods for resale, are recognised as revenue when the Group gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Bequests are recognised when the legacy is received. Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares or property at the date the Group becomes legally entitled to the shares or property.

Interest and dividend income

AASB 118.30

Interest income is recognised on an accrual basis using the effective interest method. Dividend income are recognised at the time the right to receive payment is established.

3.4 Operating expenses

AASB 101.117(b)

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

3.5 Intangible assets

AASB 138.118(a)
AASB 138.118(b)

Recognition of other intangible assets

Acquired intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

Subsequent measurement

AASB 138.118(a)
AASB 138.118(b)

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 3.8. The following useful lives are applied:

- software: 3-5 years.

AASB 138.118(d)

Amortisation has been included within depreciation and amortisation.

AASB 101.117(b)

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

AASB 116.73(a)
AASB 116.73(b)
AASB 116.73(c)
AASB 101.117(a)

3.6 Property, plant and equipment

Land

Land held for use in production or administration is stated at re-valued amounts. Revalued amounts are fair market values based on appraisals prepared by external professional valuers once every two years or more frequently if market factors indicate a material change in fair value.

Any revaluation surplus arising upon appraisal of land is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

AASB 116.73(b)

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Buildings, plant and other equipment

AASB 116.73(a)
AASB 101.117(a)

Buildings, plant and other equipment (comprising fittings and furniture) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Buildings, plant and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

AASB 116.73(b)
AASB 116.73(c)

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, plant and other equipment. The following useful lives are applied:

- buildings: 25 - 50 years

- plant and equipment: 3 - 10 years
- leasehold improvements: life of lease
- computer hardware: 3 - 7 years
- motor vehicles: 4 - 10 years
- office equipment: 3 - 13 years

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

3.7 Leases

AASB 101.117(a)
AASB 101.117(b)

Operating leases

Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.8 Impairment testing of intangible assets and property, plant and equipment

AASB 101.117(b)

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

AASB 101.122
AASB 101.117(a)

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

3.9 Financial instruments

Recognition, initial measurement and derecognition

AASB 7.21
AASB 9.3.1.1
AASB 101.117(b)

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

AASB 101.117(b)
AASB 9.3.2.3
AASB 9.3.3.1

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

AASB 101.117(a)
AASB 9.5.11
AASB 9.5.1.3

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable)

AASB 9.5.2.1

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

AASB 9.4.11

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

AASB 7.20(a)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent measurement financial assets

Financial assets at amortised cost

AASB 9.4.12

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash

equivalents, trade and most other receivables fall into this category of financial instruments as well as long-term deposit that were previously classified as held-to-maturity under AASB 139.

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

AASB 9.4.14

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities - XY Ltd that were previously classified as 'available-for-sale' under AASB 139.

Impairment of Financial assets

AASB 9.5.5.1

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

AASB 9.5.5.15
AASB 9.B5.5.35

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Group allows 1% for amounts that are 30 to 60 days

past due, 1.5% for amounts that are between 60 and 90 days past due and writes off fully any amounts that are more than 90 days past due.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include borrowings and trade and other payables.

AASB 9.5.5.15
AASB 9.B5.5.35

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

AASB 9.5.3.1
AASB 9.4.2.1
AASB 9.5.3.2

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Accounting policies applicable to comparative period (31 December 2017)

AASB 7.21
AASB 101.117(b)

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

AASB 101.117(b)

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

AASB 101.117(a)

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss (FVPL)
- Held-to-maturity (HTM) investments
- Available-for-sale (AFS) financial assets

AASB 7.B5(f)

All financial assets except for those at fair value through profit or loss (FVPL) are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other expenses.

AASB 101.117(a)
AASB 101.117(b)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and most other receivables fall into this category of financial instruments.

AASB 7.B5(f)

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

AASB 101.117(a)
AASB 101.117 (b)
AASB 7.B5(a)

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

Financial assets at fair value through profit or loss (FVPL) include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVPL upon initial recognition.

AASB 7.B5(e)

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

AASB 101.117(a)
AASB 101.117(b)

Held-to-maturity (HTM) investments

Held-to-maturity (HTM) investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Group has the intention and ability to hold them until maturity. The Group currently holds long term deposits designated into this category.

AASB 7.B5(f)

Held-to-maturity (HTM) investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

AASB 101.117(a)
AASB 101.117(b)
AASB 7.B5(b)

Available-for-sale (AFS) financial assets

Available-for-sale (AFS) financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS financial assets include listed securities.

AASB 101.117(a)
AASB 101.117(b)

All available-for-sale (AFS) financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'revenue' (see Note 3.3).

Reversals of impairment losses for AFS debt securities are recognised in profit or loss if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For AFS equity investments impairment reversals are not recognised in profit loss and any subsequent increase in fair value is recognised in other comprehensive income.

AASB 101.117(b)

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings and trade and other payable.

AASB 101.117(a)

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss (FVPL), that are carried subsequently at fair value with gains or losses recognised in profit or loss.

AASB 101.117(b)

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

3.10 Inventories

AASB 102.36(a)
AASB 101.117(a)

Inventories comprises goods for resale and goods for distribution at no or nominal consideration as part of the Group's charitable activities. Inventories may be purchased or received by way of donation.

Goods for resale

Inventories of goods for resale are valued at the lower of cost and net realisable value. No value is ascribed to goods for resale that have been donated to the Group where fair value cannot be reliably determined. Net realisable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

Goods held for distribution

Donated goods and goods purchased for nominal consideration held for distribution are initially recognised at their current replacement cost at date of acquisition. Inventories of goods purchased and held for distribution are initially recognised at cost. The cost of bringing each product to its present location and condition is determined on a first-in, first-out basis.

3.11 Income taxes

AASB 101.117(a)
AASB 101.117(b)

No provision for income tax has been raised as the Group is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

3.12 Cash and cash equivalents

AASB 107.46

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.13 Reserves

AASB 101.79(b)

Other components of equity include the following:

- **revaluation reserve** - comprises gains and losses from the revaluation of land
- **equity FVOCI**: comprises gains and losses relating to unlisted equity securities - XY Ltd
- **AFS financial assets reserves (2017)** - comprises gains and losses relating to these types of financial instruments

Retained earnings include all current and prior period retained profits.

3.14 Employee benefits

AASB 119.11

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 period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

AASB 119.8, 155, 156

Other long-term employee benefits

The Group's liabilities for annual leave and long service leave are included in other long-term benefits as they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

AASB 101.69(d)

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, irrespective of when the actual settlement is expected to take place.

Post-employment benefits plans

The Group provides post-employment benefits through defined contribution plans.

Defined contribution plans

The Group pays fixed contributions into independent entities in relation to several state plans and insurance for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

3.15 Provisions, contingent liabilities and contingent assets

AASB 101.117(a)

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the

conditions will only be satisfied more than 12 months after the reporting date, the liability is discounted and presented as non-current.

3.16 Deferred income

The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is discounted and presented as non-current.

3.17 Goods and Services Tax (GST)

Interpretation 1031

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 Taxation Office. 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 shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

3.18 Economic dependence

The Group is dependent upon the ongoing receipt of Federal and State Government grants and community and corporate donations to ensure the ongoing continuance of its programs. At the date of this report, management has no reason to believe that this financial support will not continue.

3.19 Significant management judgement in applying accounting policies

AASB 101.122

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

AASB 101.125

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units, based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Long service leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

4 Revenue

AASB118.35(b)

The Group's revenue is analysed as follows for each major product and service category (excluding revenue from discontinued operations):

	2018	2017
	\$'000	\$'000
Revenue		
Sale of goods	57,048	55,192
Fundraising:		
• individuals	21,632	19,152
• charitable foundations	422	353
• corporate donors	524	504
Government grants	26,208	24,207
Donations	3,958	4,151
Investment income:		
• interest	5,204	3,927
• dividends	906	234
	115,902	107,720
Other income		
Net gain on disposal of property, plant and equipment	172	528
Rent	1,533	1,299
	1,705	1,827
	117,607	109,547

AASB 118.35(b)(i)

AASB 118.35(b)(v)

AASB 118.35(b)(v)

5 Cash and cash equivalents

AASB 107.45

Cash and cash equivalents consist the following:

	2018	2017
	\$'000	\$'000
Cash on hand	266	244
Cash at bank	15,559	15,948
Short term deposits	85,729	74,078
Cash and cash equivalents	101,554	90,271

5.1 Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled in the statement of financial position as follows:

	Notes	2018	2017
		\$'000	\$'000
Cash and cash equivalents		101,554	90,271
Bank overdrafts	7.8	(85)	(89)
		101,469	90,182

6 Trade and other receivables

AASB 101.77

AASB 101.78(b)

	2018	2017
	\$'000	\$'000
Current		
Trade receivables, gross	705	633
Provision for impairment	(75)	(57)
	630	576
Other receivables	1,009	516
GST receivable	672	742
Receivables due from related entities	12,222	15,278
	14,533	17,112
Non-current		
Other receivables	11	65
Receivables due from related entities	12,222	27,444
Current	12,233	27,509

AASB 101.60

The receivable due from ABC Charity relates to the remaining consideration due on the sale of an aged care facility in 2017.

AASB 7.37(b)

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of \$26,000 (2017: \$3,000) has been recorded accordingly within other expenses. The impaired trade receivables are mostly due from customers in the business-to-business market that are experiencing financial difficulties.

The movement in the allowance for credit losses can be reconciled as follows:

	2018	2017
	\$'000	\$'000
Reconciliation of allowance credit losses		
Balance 1 January	57	66
Amounts written off (uncollectable)	(8)	(12)
Impairment loss	26	3
Balance 31 December	75	57

AASB 7.16

AASB 7.36(d)

The carrying amount of receivables whose terms have been renegotiated, that would otherwise be past due or impaired is \$Nil (2017: \$Nil).

7 Financial assets and liabilities

7.1 Categories of financial assets and liabilities

Note 3.9 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Notes	Amortised cost	Assets at fair value through profit and loss (FVPL)	Equity Fair value through other comprehensive income (FVOCI)	Total
		2018	2018	2018	2018
		\$'000	\$'000	\$'000	\$'000
Financial assets					
Current					
Cash and cash equivalents	5	101,554	-	-	101,554
Trade and other receivables (a)	6	14,533	-	-	14,533
		116,087	-	-	116,087

	Notes	Amortised cost	Assets at fair value through profit and loss (FVPL)	Equity Fair value through other comprehensive income (FVOCI)	Total
		2018	2018	2018	2018
		\$'000	\$'000	\$'000	\$'000
Non-current	7.2				
Government bonds	5	3,100	-	-	3,100
Trade and other receivables (a)	7.3	12,233	-	-	12,233
Listed equity securities		-	1,263		1,263
Unlisted equity securities - XY Ltd		-	-	2,960	2,960
		15,333	1,263	2,960	19,556
Total financial assets		131,420	1,263	2,960	135,643
Financial liabilities					
Current	7.6				
Bank overdraft	12	85	-	-	85
Trade and other payables		7,460	-	-	8,147
		7,545	-	-	8,236

The financial instrument classifications in the prior period are in accordance with AASB 139 as follows:

	Notes	Available for sale (FV)	Held to Maturity (amortised cost)	Amortised cost	Total
		2017	2017	2017	2017
		\$'000	\$'000	\$'000	\$'000
Financial assets					
Current					
Cash and cash equivalents	5	-	-	90,271	90,271
Trade and other receivables	6	-	-	17,112	17,112
		-	-	107,383	107,383
Non-current					
Government bonds	7.2	-	6,100	-	6,100
Trade and other receivables	6	-	-	27,509	27,509
Listed equity securities	7.5	1,179	-	-	1,179

	Notes	Available for sale (FV) 2017 \$'000	Held to Maturity (amortised cost) 2017 \$'000	Amortised cost 2017 \$'000	Total 2017 \$'000
Unlisted equity securities - XY Ltd	7.5	2,752	-	-	2,752
		3,931	6,100	27,509	37,540
Total financial asset		3,931	6,100	134,892	144,923
Financial liabilities					
Current					
Borrowings	7.6	-	-	89	89
Trade and other payables	12	-	-	7,460	7,460
Total financial liabilities		-	-	7,549	7,549

7.2 Other financial assets at amortised cost

Financial assets at amortised cost include publically traded Government bonds of \$3,100,000 (2017: \$6,100,000) with fixed interest rates between 5.5% and 6.2%. They mature 2020 and 2021.

These long-term deposits bonds are held with reputable financial institutions and fair values are based upon the amount that is deposited with the institution at their reporting date.

7.3 Financial assets at fair value through profit or loss (FVPL)

Financial assets at FVPL include listed equity securities of \$1,263,000 (2017: \$Nil).

7.4 Financial assets classified as fair value through other comprehensive income (FVOCI)

Financial assets at FVOCI includes unlisted equity investments in XY Ltd of \$2,960,000 (2017: \$Nil).

The Group chose to make the irrevocable election on transition to classify unlisted equity securities - XY Ltd as Equity FVOCI.

AASB 7.7
AASB 7.25

AASB 7.27(a)
AASB 7.27(b)

7.5 Financial assets classified as available for sale financial assets

AASB 7.8(h)
 AASB 7.29(a)

The details and carrying amounts of financial assets at available for sale financial assets are as follows:

	2018	2017
	\$'000	\$'000
Listed equity securities	-	1,179
Total AFS financial assets at fair value	-	1,179
Unlisted equity securities - investment in XY Ltd (held at cost less impairment)	-	433
Total carrying amount of AFS assets	-	2,752

AASB 7.25

7.6 Borrowings

Borrowing consists of bank overdraft of \$85,000 (2017: \$89,000)

8 Inventories

Inventories consist of the following:

AASB 101.77

AASB 101.78(c)

AASB102.36(b)

	2018	2017
	\$'000	\$'000
At cost:		
• Inventory	877	833
At current replacement cost:		
• Donated inventory	140	136
Total	1,017	969

9 Property, plant and equipment

AASB 116.73(d)

AASB 116.73(e)(i)

AASB 116.73(e)(ii)

AASB 116.73(e)(iv)

AASB 116.73(d)

	Land	Buildings	Plant & equipment	Capital WIP	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount					
Balance 1 January 2018	56,734	186,132	21,220	6,828	270,914
Additions	23	11,929	4,626	2,594	19,172
Disposals	-	(8,954)	(2,433)	-	(11,387)
Transfer	-	4,665	-	(4,665)	-
Revaluation increase	5,000	-	-	-	5,000
Balance 31 December 2018	61,757	193,772	23,413	4,757	283,699

Depreciation and impairment						
AASB 116.73(d)	Balance 1 January 2018	-	(10,721)	(9,568)	-	(20,289)
AASB 116.73(e)(ii)	Disposals	-	302	1,375	-	1,677
AASB 116.73(e)(vii)	Depreciation	-	(3,039)	(3,003)	-	(6,042)
AASB 116.73(d)	Balance 31 December 2018	-	(13,458)	(11,196)	-	24,654
	Carrying amount 31 December 2018	61,757	180,314	12,217	4,757	259,045

AASB 136.126(a)
AASB 136.126(b)

All depreciation and impairment charges (or reversals if any) are included within 'depreciation and amortisation' and 'impairment of non-financial assets'.

AASB 116.74(c)

The Group has a contractual commitment to construct buildings of \$2,750,000 payable in 2018 (2017: \$2,500,000).

On 20 December 2018, a major fire broke out at one of the buildings owned by the group, which significantly damaged the building and the equipment within. The directors of the group decided to dispose of the building and the equipment lower than their carrying value and incurred a loss on disposal of \$7,194,000 as they deemed the repair costs to be higher than the expected value-in-use. The insurance assessment is ongoing and expected to be completed by mid-next year.

10 Intangible assets

Detail of the Group's other intangible assets and their carrying amounts are as follows:

		2018
		\$'000
Acquired software licences		
Gross carrying amount		
AASB 138.118	Balance at 1 January 2018	2,793
AASB 138.118(e)(i)	Addition, separately acquired	43
AASB 138.118(e)(ii)	Disposals	-
	Balance at 31 December 2018	2,836
Amortisation and impairment		
	Balance at 1 January 2018	(1,300)
AASB 138.118(e)(vi)	Amortisation	(382)
AASB 138.118(e)(iv)	Impairment losses	-
AASB 138.118(e)(ii)	Disposals	-
	Balance at 31 December 2018	(1,682)
	Carrying amount 31 December 2018	1,154

All amortisation are included within depreciation and amortisation.

11 Other assets

Other assets consist the following:

	2018	2017
	\$'000	\$'000
Current		
Prepayments	399	631
Accrued income	348	346
	747	977

12 Trade and other payables

Trade and other payables recognised consist of the following:

	2018	2017
	\$'000	\$'000
Current:		
• Trade payables	2,340	3,645
• Other creditors and accruals	4,039	3,139
• Trusts funds	1,081	1,363
Total trade and other payables	7,460	8,147

AASB 7.25
 AASB 7.27(a)
 AASB 7.27(b)
 AASB 7.29

All above liabilities are short-term. The carrying values are considered to be a reasonable approximation of fair value.

13 Employee remuneration

13.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2018	2017
	\$'000	\$'000
AASB 119.142 Wages, salaries	46,894	45,240
Workers compensation insurance	1,764	1,838
AASB 119.46 Superannuation – defined contribution plans	4,314	4,157
Employee benefit provisions	4,388	4,472
Employee benefits expense	57,360	55,708

13.2 Employee benefits

The liabilities recognised for employee benefits consist of the following amounts:

	2018	2017
	\$'000	\$'000
Non-current:		
• Long service leave	1,308	1,063
Current:		
• Annual leave	4,888	5,095
• Long service leave	2,072	1,865
	6,960	6,960

14 Other liabilities

Other liabilities can be summarised as following:

	2018	2017
	\$'000	\$'000
Deferred income	752	373
	752	373

Deferred income consists of government grants received in advance for services to be rendered by the Group. Deferred income is amortised over the life of the contract.

15 Reserves

The details of reserves are as follows:

AASB 101.106(d)(i)	Equity FVOCI reserve	Asset revaluation reserve	AFS financial assets reserve	Total
	\$'000	\$'000	\$'000	\$'000
AASB 101.106A	Balance at 1 January 2018			
		-	64	64
	19	-	(64)	(45)
	Adjusted Balance at 1 January 2018			
	19	-	-	19
AASB 7.20(a)(ii)	Equity instrument at FVOCI - fair value changes			
	148	-	-	148
AASB 116.77(f)	Revaluation of land			
	-	5,000	-	5,000
AASB 101.91(b)	Before income tax			
	148	5,000	-	5,148
AASB 101.90	Income tax benefit / (expense)			
	-	-	-	-
	Net of income tax			
	148	5,000	-	5,148
	Balance at 31 December 2018			
	167	5,000	-	5,167

AASB 101.106(d)(i)	AFS financial assets reserve	Total
	\$'000	\$'000
AASB 101.106A	Balance at 1 January 2017	(163)
AASB 7.20(a)(ii)	AFS financial assets:	
	• current year gains	227
AASB 116.77(f)	Revaluation of land	-
AASB 101.91(b)	Before income tax	227
AASB 101.90	Income tax benefit / (expense)	-
	Net of income tax	227
	Balance at 31 December 2017	64

16 Related party transactions

The Group's related parties include its key management personnel and related entities as described below.

AASB 124.18(b)(i)
 AASB 124.18(b)(ii)

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

AASB 124.19(g)

16.1 Transactions with related entities

On 6 September 2018, the Board agreed to partially forgive \$3,000,000 of the loan receivable owed by ABC Charity. This has been reflected as a forgiveness of debt within the statement of profit or loss and other comprehensive income.

16.2 Transactions with key management personnel

AASB 124.19(f)

Key management of the Group are the Executive Members of Grant Thornton CLEARR's Board of Directors and members of the Executive Council. Key management personnel remuneration includes the following expenses:

	2018	2017
	\$	\$
AASB 124.17	Total key management personnel remuneration	1,856,000
		2,041,000

The Group used the legal services of one Director in the Company and the law firm over which he exercises significant influence. The amounts billed were based on normal market rates and amounted to \$21,000 (2017: \$Nil). There were no outstanding balances at the reporting dates under review.

17 Contingent liabilities

AASB 137.86

There are no contingent liabilities that have been incurred by the Group in relation to 2018 or 2017.

18 Capital commitments

		2018	2017
		\$'000	\$'000
AASB 116.74(c)	Property, plant and equipment	1,304	190
AASB 138.122(e)	Intangible assets	97	-
		1,401	190

Capital commitments relate to items of plant and IT equipment where funds have been committed but the assets not yet received.

19 Leases

19.1 Operating leases as lessee

The Group's future minimum operating lease payments are as follows:

	Minimum lease payments due				
	Within 1 year	1 to 5 years	After 5 years	Total	
	\$'000	\$'000	\$'000	\$'000	
AASB 117.35(a)	31 December 2018	4,211	12,567	25,678	42,456
	31 December 2017	3,431	12,100	24,342	39,873

AASB 117.35(d) Lease expense during the period amount to \$4,203,000 (2017: \$3,899,000) representing the minimum lease payments.

AASB 117.35(d) The property lease commitments are non-cancellable operating leases with lease terms of between one and five years. Increases in lease commitments may occur in line with CPI or market rent reviews in accordance with the agreements.

20 Fair value measurement

20.1 Fair value measurement of financial instruments

The following table shows the financial assets measured at fair value on a recurring basis at 31 December 2018 and 31 December 2017:

	\$'000	
AASB 13.93(a)		
AASB 13.94		
	31 December 2018	
	Assets	
	Listed securities	1,263
	Unlisted securities - XY Ltd	2,960
	Net fair value	4,223

31 December 2017	
Assets	
Listed securities	1,179
Unlisted securities - XY Ltd	2,752
Net fair value	3,931

20.2 Fair value measurement of non-financial instruments

The following table shows the non-financial assets measured at fair value on a recurring basis at 31 December 2018:

	\$'000
31 December 2018	
Property, plant and equipment:	
• Land	61,757

AASB 116.77(b)
AASB 116.77(a)

Fair value of the land is estimated based on appraisals performed by independent, professionally-qualified property valuers.

The land was revalued on 23 November 2018. The land was previously revalued in November 2016.

21 Parent entity information

CR 2M.3.01(1)

Information relating to Grant Thornton CLEARR NFP RDR Example Ltd (the Parent Entity):

	2018	2017
	\$'000	\$'000
Statement of financial position		
Current assets	56,816	40,220
Total assets	96,751	96,153
Current liabilities	5,942	5,979
Total liabilities	6,757	6,645
Net assets	89,994	89,508
Retained earnings	89,994	89,508
Statement of profit or loss and other comprehensive income		
Surplus for the year	486	134
Other comprehensive income	-	-
Total comprehensive income	486	134

The Parent Entity has capital commitments of \$0.5m in relation to building improvements (2017: \$Nil).

The Parent Entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end.

22 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

23 Member's 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 \$50 each towards meeting any outstanding obligations of the entity. At 31 December 2018, the total amount that members of the Company are liable to contribute if the Company wound up is \$365,000 (2017: \$365,000).

Directors' Declaration

- CA 295(4) 1 In the opinion of the Directors of Grant Thornton CLEARR NFP RDR Example Ltd:
- a The consolidated financial statements and notes of Grant Thornton CLEARR NFP RDR Example Ltd are in accordance with the *Corporations Act 2001*, including:
- CA 295(4)(d)(ii) i Giving a true and fair view of its financial position as at 31 December 2018 and of its performance for the financial year ended on that date; and
- CA 295(4)(d)(i) ii Complying with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- CA 295(4)(c) b There are reasonable grounds to believe that Grant Thornton CLEARR NFP RDR Example Ltd will be able to pay its debts as and when they become due and payable.
- CA 295(5)(a) Signed in accordance with a resolution of the Directors.
- CA 295(5)(c) Director
Blake Smith
- CA 295(5)(b) Dated the 28th day of February 2019

Independent Auditor's Report

An independent auditor's report will be prepared by the entity's auditor in accordance with Australian Auditing Standards. This publication does not include an illustrative report as the wording of the report may differ between entities.



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