

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Financial Statements

For the Period Ended 30 June 2019

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Contents

For the Period Ended 30 June 2019

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012	8
Statement of Profit or Loss and Other Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13
Responsible Persons' Declaration	25
Independent Audit Report	26

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Directors' Report For the Period Ended 30 June 2019

The directors present their report on Australian Research Alliance for Children & Youth Limited for the financial period ended 30 June 2019.

General information

Directors

The names of the directors in office at any time during, or since the end of, the period are:

Names

Ms Elaine Henry OAM
Professor Gervase Chaney
Mr Tim Goodwin
Dr Norman Swan
Professor Stephen Zubrick
Professor Ngiare Brown
Professor Kristy Muir

Review of operations

The (deficit) of the Company after providing for income tax amounted to \$ (55,998) (Year ended 31 December 2018: Deficit of \$130,409).

No significant change in the nature of these activities occurred during the period

Principal activity

The Australian Research Alliance for Children & Youth Limited (ARACY) is a company limited by guarantee.

ARACY was established for the charitable purpose of facilitating, co-ordinating and supporting the development of knowledge through research and advocacy for the implementation of evidence-based policies within Australia in order to improve the wellbeing and life chances of Australia's children and young people. ARACY does this through a national action agenda and measurement framework, *The Nest*.

Objectives

- To effectively influence policy and decision makers for the application of evidence-based policy and practice to improve outcomes for children and young people in Australia.
- To build organisational resilience and sustainability through continued financial management and corporate services reforms, strategic business planning and alliance and partnership building.

Directors' Report

For the Period Ended 30 June 2019

General information (continued)

Strategy for achieving the objectives

ARACY believes this can be achieved by:

- Increased and targeted Government Relations activities including activities associated with the 2019 Federal election;
- Strategic approaches to philanthropic, NFP and other organisations to partner to drive evidence-based, system-wide change;
- The development and release of several papers and policy positions throughout the year;
- Continuing to promote the results of the right@home program at national and jurisdictional levels; and
- Further developing, articulating and disseminating our services for relationship based engagement in schools (Parent & family Engagement) and more broadly through the social and community services sector (The Common Approach).

Significant Events after the reporting date

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Likely Developments and Expected Results

- Increased Government Relations activities. Developing closer relations with legislators and policy makers can help ARACY to influence national policy outcomes and also to secure government funding for projects and operational needs.
- Strategic approaches to philanthropic, NFP and other organisations looking for partners with whom to drive evidence-based, system-wide change. Building and strengthening partnerships can assist ARACY to influence policy by being part of significant alliances. This approach could also potentially assist in diversifying ARACY's revenue base.
- The development and release of several papers and policy positions throughout the year. The release of well researched, evidence-based documents can help influence policy through direct approaches to policy makers and through providing evidence around which, influential alliances can be built.
- Continuing to publicise the results of the right@home program and continued discussions with potential funders regarding the continuation of the trials aspect of the program and potential roll-out across communities in need. ARACY will continue to discuss the possibility of further support for the right@home project with a number of jurisdictions.
- Consolidate and build on past ARACY conceptual or prototyping work (for example, Better Systems, Better Chances; First 1000 Days/Strong Foundations Partnership). This work remains relevant and as such by building on, updating and/or disseminating this work, it will help inform the work of others as well as alliances of which ARACY is or may be part.

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Directors' Report

For the Period Ended 30 June 2019

Environmental matters

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Information on directors

Ms Elaine Henry OAM

Qualifications

BSc (Hons 1) DLitt (h.c.)

Experience

Elaine Henry has been the Chair of ARACY since 2011, having served on the Board since its inception in 2001. Elaine also Chairs the National Breast Cancer Foundation and is a member of a number of boards and committees such as the Australian Government Financial Literacy Board, Financial Literacy Australia, the Early Start Advisory Committee of the University of Wollongong, the Vice-Chancellor's Industry Advisory Board of the University of Technology Sydney, and the Advisory Board of the Centre for Social Impact. Elaine was awarded first-class honours in Science at Oxford Brookes University in the UK. On returning to Australia, Elaine became the Executive Director of the Cancer Council (NSW) from 1985-1997 and she was awarded a Medal in the Order of Australia (OAM) for her work in cancer control in 1994. She was also recognised with an honorary Doctorate of Letters from UNSW in 2006. In 1998, as CEO of The Smith Family, she led a comprehensive transformation of the organisation focusing it on the power of education to change the lives of disadvantaged children, families and communities across Australia. As part of a social movement, she was a founding member of Social Ventures Australia, inaugural chair of Nonprofit Australia Ltd and Director of the Australian Social Innovation Exchange. Throughout her career, Elaine has served on a wealth of committees and boards at the state, national and international levels, including as chair of the Australian Government's Stronger Families and Communities Partnership, which had a major role in the development of the Communities for Children initiative, and as a member of the former Prime Minister's Community Business Partnership. Elaine's leadership skills have been recognised by many awards including the Lifetime Achievement Award from Research Australia in 2008. She is a Member of the Australian Institute of Company Directors and Chief Executive Women.

Mr Tim Goodwin

Qualifications

LL.M BA and Law (Hons)

Experience

Tim Goodwin is a member of the Yuin nation, an Aboriginal nation that occupies the southeast coast of NSW. Tim is currently a barrister in Melbourne. He graduated with bachelor's degrees in Arts and Law (with Honours) from the Australian National University in 2007 and with a Master of Laws from Harvard Law School in 2012. Tim was the Associate to The Hon Justice AM North of the Federal Court of Australia from 2008 to 2009 and to the Hon Justice M Bromberg of the Federal Court of Australia from 2009 to 2010. From 2008 to 2010, he was a member of the Steering Committee for the establishment of a National Indigenous Representative Body. This work resulted in the creation of the National Congress of Australia's First Peoples. Tim is currently a trustee of the Sharing Stories Foundation, and a Board Member of the Victorian Equal Opportunity and Human Rights Commission and Human Rights Law Centre.

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Directors' Report

For the Period Ended 30 June 2019

Information on directors (continued)

Dr Norman Swan

Qualifications

Experience

MBChB FRCP MD (Hons) Causa DCH

Host of the Health Report, on the Australian Broadcasting Corporation's Radio National, and Tonic on ABC News24, Dr Norman Swan was one of the first medically qualified journalists in Australia. He was born in Scotland, graduated in medicine from the University of Aberdeen and later obtained his postgraduate qualifications in paediatrics. Norman also edits his own newsletter, The Choice Health Reader, which is published in partnership with CHOICE, Australia's leading consumer advocacy organisation. On television, Dr Swan has hosted ABC Television's science program, Quantum, and been a guest reporter on Catalyst and Four Corners. He hosted Health Dimensions on ABC Television, and created, wrote and narrated a four-part series on disease and civilisation, "Invisible Enemies", made for Channel 4 (UK) and SBS Television. He also co-wrote and narrated "The Opposite Sex", a four-part series for ABC Television. Norman Swan has been the Australian correspondent for the Journal of the American Medical Association and the British Medical Journal and has consulted for the World Health Organization in Geneva. He is also co-founder of Tonic Health Media, a company which focuses on communicating to patients and accompanying persons at the point of care promoting evidence-based care.

Professor Gervase Chaney

Qualifications

Experience

MBBS FRACP FAIM

Gervase Chaney is the Dean of the School of Medicine Fremantle, University Notre Dame Australia and a general paediatrician at Perth Children's Hospital. He was previously the Executive Director of Perth Children's Hospital (responsible for commissioning) in the Child and Adolescent Health Service (CAHS) in Western Australia from 2016 – 2017. He was Executive Director of Princess Margaret Hospital (PMH) in CAHS from 2015 – 2016; Chairman of the PMH Paediatric Medicine Clinical Care Unit 2011 - 2014; and Co-Lead of the Child and Youth Health Network for WA Health from 2005 – 2010. He is Secretary of the Academy of Child and Adolescent Health (ACAH), is on the Stan Perron Charitable Foundation Board and was previously on the Board of Kidsafe WA from 2004 – 2015. He is a past President of the Paediatrics and Child Health Division of the Royal Australasian College of Physicians (RACP) 2010 – 2012 and was on the Board of the RACP from 2008 - 2012. He has been on the Board of ARACY since 2013.

Directors' Report

For the Period Ended 30 June 2019

Information on directors (continued)

Professor Stephen Zubrick

Qualifications

MSc MA PhD FASSA FAAMHS

Experience

Stephen Zubrick currently holds a professorial appointment in the Centre for Child Health Research at the University of Western Australia and is also a Senior Principal Research Fellow at the Telethon Kids Institute where he is Head of the Brain and Behaviour Research Focus Area. From 2002 to 2018 he Chaired the Consortium Advisory Group for the National Longitudinal Study of Australian Children. He is currently a Member of the Steering Committee for the Longitudinal Study of Indigenous Children. In 2014 he was appointed Deputy Director of the Australian Research Council Centre of Excellence for Children and Families Across the Lifecourse. In 2010 he received a Western Australian Citizen of the Year Award for lifetime contributions to children and young people. Stephen holds several national and international competitive research grants and his research interests include the study of the social determinants of health and mental health in children, studies of the genetic and environmental determinants of language development, and large scale psychosocial survey work in non-Indigenous and Indigenous populations. Over the past 20 years he has been instrumental in designing and implementing the leading Australian studies (national and state) of child and adolescent mental health.

Professor Ngiare Brown

Experience

Ngiare is a Yuin nation woman from the south coast of NSW. She is a senior Aboriginal medical practitioner with qualifications in medicine, public health and primary care, and has studied bioethics, medical law and human rights. She was the first identified Aboriginal medical graduate from NSW and is one of the first Aboriginal doctors in Australia. Over the past two decades she has developed extensive national and international networks in Indigenous health and social justice, including engagement with the UN system. Ngiare is a founding member and Foundation CEO of the Australian Indigenous Doctors' Association (AIDA); is a founding member of the Pacific Region Indigenous Doctors' Congress (PRIDoC); and is Chair of the Health, Rights and Sovereignty committee of PRIDoC. Professor Brown is undertaking doctoral research in law, addressing Aboriginal child protection systems and practice, and has made extensive contributions to Aboriginal and Torres Strait Islander health, research process, bioethics, policy, translation and practice. Ngiare currently runs a small not-for-profit dedicated to Aboriginal child and adolescent wellbeing, supporting communities to develop child-centric, strength based, trauma informed initiatives, reclaim positive cultural practices, and breaking the intergenerational cycles of disparity.

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Directors' Report

For the Period Ended 30 June 2019

Information on directors (continued)

Professor Kristy Muir

Qualifications

Experience

PhD

Professor Kristy Muir is the CEO of the Centre for Social Impact (CSI) and a Professor of Social Policy at UNSW Sydney Business School. She is an elected member of UNSW Sydney's Council, Chair of Allan & Gill Gray Philanthropy Australasia, a Director of ARACY, and member of the NSW Premier's Council on Homelessness.

Kristy has worked for almost three decades with for-purpose organisations. She is driven to help understand and find solutions to complex social problems and measure whether and where they are making a difference. She has partnered with dozens of not-for-profit, corporate and philanthropic organisations, and government departments on more than 70 projects to help increase social impact. Her research and capacity building projects have attracted almost \$16m. She teaches non-executive directors, facilitates strategic workshops, gives invited keynotes and has published widely in academic journals and popular media.

Kristy was formerly CSI's Research Director, the Associate Dean (Research) for the Faculty of Arts and Social Sciences and the Director of the Disability Studies and Research Centre at UNSW Sydney. She has a PhD in social history, is a graduate of the AICD and previously worked in the not-for-profit sector.

Meetings of directors

During the financial period, 3 meetings of directors was held. Attendances by each director during the period were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Ms Elaine Henry OAM	3	3
Mr Tim Goodwin	3	2
Dr Norman Swan	3	1
Professor Gervase Chaney	3	3
Professor Stephen Zubrick	3	2
Professor Ngiare Brown ^a	-	-
Professor Kristy Muir	3	3

a. Professor Ngiare Brown was on leave of absence during the period.

Liability of members and dividends

ARACY is a company limited by guarantee and the liability of members is limited to an amount not exceeding \$1. Accordingly, no dividends were paid or options over shares granted.

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Directors' Report For the Period Ended 30 June 2019

Remuneration Report

The Directors do not receive any remuneration or other benefits as the positions are honorary in nature.

Indemnification and insurance of directors and officers

Premiums have been paid for an Associations Liability Insurance policy, which includes cover for Professional Indemnity Insurance, Directors and Officers Insurance and Employment Practices cover.

No person has applied for leave of Court to bring proceedings on behalf of ARACY or intervene in any proceedings to which ARACY is a party for the purpose of taking responsibility on behalf of the entity for all or part of those proceedings.

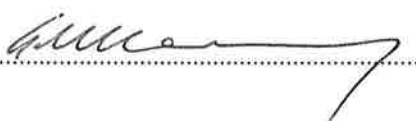
ARACY was not a party to any such proceedings during the year.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the period ended 30 June 2019 has been received and can be found on page 8 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: 

Director: 

Dated 30 August 2019

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Auditor's Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012 to the Responsible Persons of Australian Research Alliance for Children & Youth Limited

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2019, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Hardwicks
Chartered Accountants



Robert Johnson FCA
Partner

Canberra

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Statement of Profit or Loss and Other Comprehensive Income For the Period Ended 30 June 2019

		For 6 months ended 30 June 2019	For the Year ended 31 December 2018
	Note	\$	\$
Revenue			
Revenue from contracts with customers	4	1,488,520	3,639,898
Interest revenue		17,493	33,200
Total revenue		1,506,013	3,673,098
Expenses			
Employee benefits expense		(481,011)	(1,570,184)
Research partners expense		(580,917)	(1,419,956)
Research projects expense		-	(305)
Travel expense		(26,963)	(103,893)
Communications expense		(26,477)	(46,944)
Premises expenses		(71,397)	(150,494)
Information technology expenses		(28,748)	(64,852)
Insurance expense		(7,166)	(15,735)
Depreciation expense & amortisation		(5,874)	(7,598)
Professional fees expense		(320,969)	(335,786)
Conference and events expense		(873)	(45,195)
General expense		(11,616)	(42,565)
Total expenses		(1,562,011)	(3,803,507)
Net (deficit) from continuing operations		(55,998)	(130,409)
Income tax expense	3(e)	-	-
(Deficit) for the year		(55,998)	(130,409)
Other comprehensive income for the year		-	-
Total comprehensive income attributable to members		(55,998)	(130,409)

The Company has not restated comparatives when initially applying AASB 9 & AASB 16, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement* & AASB 117 *Leases*

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Statement of Financial Position

As At 30 June 2019

	Note	30 June 2019 \$	31 December 2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	816,959	1,694,577
Trade and other receivables	6	92,821	525,329
Other financial assets	7	611,238	35,949
Other assets	8	31,964	36,775
TOTAL CURRENT ASSETS		1,552,982	2,292,630
NON-CURRENT ASSETS			
Property, plant and equipment	9	256,249	16,574
TOTAL NON-CURRENT ASSETS		256,249	16,574
TOTAL ASSETS		1,809,231	2,309,204
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	156,740	719,839
Employee benefits liabilities	13	42,088	36,079
Contract Liabilities	11	581,699	703,060
Lease liability	12	132,362	-
TOTAL CURRENT LIABILITIES		912,889	1,458,978
NON-CURRENT LIABILITIES			
Trade and other payables	10	19,589	28,072
Employee benefits liabilities	13	6,190	3,980
Lease liability	12	126,613	-
TOTAL NON-CURRENT LIABILITIES		152,392	32,052
TOTAL LIABILITIES		1,065,281	1,491,030
NET ASSETS		743,950	818,174
EQUITY			
Retained earnings		743,950	818,174
TOTAL EQUITY		743,950	818,174

The Company has not restated comparatives when initially applying AASB 9 & AASB 16, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement* & AASB 117 *Leases*.

The accompanying notes form part of these financial statements.

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Statement of Changes in Equity

For the Period Ended 30 June 2019

	Note	Retained Earnings \$	Total \$
Balance at 1 January 2019		818,174	818,174
Restatement due to AASB 16	2(b)	(18,226)	(18,226)
Balance at 1 January 2019 restated (Deficit) for the year		799,948 (55,998)	799,948 (55,998)
Balance at 30 June 2019		<u>743,950</u>	<u>743,950</u>

	Note	Retained Earnings \$	Total \$
Balance at 1 January 2018		948,583	948,583
(Deficit) for the year		(130,409)	(130,409)
Balance at 31 December 2018		<u>818,174</u>	<u>818,174</u>

The Company has not restated comparatives when initially applying AASB 9 & AASB 16, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement* & AASB 117 *Leases*.

The accompanying notes form part of these financial statements.

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Statement of Cash Flows For the Period Ended 30 June 2019

		30 June 2019 \$	31 December 2018 \$
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		1,946,267	3,209,417
Payments to suppliers and employees		(2,188,998)	(3,587,373)
Interest received		17,364	34,169
Net cash provided by/(used in) operating activities		<u>(225,367)</u>	<u>(343,787)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(2,261)	(2,852)
Purchase of Term deposits		(575,289)	-
Net cash provided by/(used in) investing activities		<u>(577,550)</u>	<u>(2,852)</u>
Payment of finance lease liabilities		(67,991)	-
Payment of transaction costs		(6,710)	-
Net cash provided by/(used in) financing activities		<u>(74,701)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held		(877,618)	(346,639)
Cash and cash equivalents at beginning of year		<u>1,694,577</u>	<u>2,041,216</u>
Cash and cash equivalents at end of the period	5	<u><u>816,959</u></u>	<u><u>1,694,577</u></u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Period Ended 30 June 2019

The financial report covers Australian Research Alliance for Children & Youth Limited as an individual entity. Australian Research Alliance for Children & Youth Limited is a not-for-profit Company, registered and domiciled in Australia.

The company has changed its accounting period from 31 December to 30 June. Previously the company had prepared financial statements for the financial year from 1 January 2018 to 31 December 2018. Hence the current period numbers are for the 6 months ended 30 June 2019 & comparatives for the year ended 31 December 2018.

The functional and presentation currency of Australian Research Alliance for Children & Youth Limited is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*. The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

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

2 Change in Accounting Policy

(a) Financial Instruments - Adoption of AASB 9

The Company has adopted AASB 9 *Financial Instruments* for the first time in the current period with a date of initial adoption of 1 January 2018.

As part of the adoption of AASB 9, the Company adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. In the comparative period, this information was presented as part of other expenses.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for in the current period.

The key changes to the Company's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Company has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 January 2019.

Notes to the Financial Statements

For the Period Ended 30 June 2019

2 Change in Accounting Policy (continued)

(a) Financial Instruments - Adoption of AASB 9 (continued)

Classification of financial assets

The financial assets of the Company have been reclassified into one of the following categories on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

- Measured at amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income - equity instruments (FVOCI - equity).

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has resulted in the earlier recognition of credit loss (bad debt provisions).

Classification of financial assets and financial liabilities

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at the date of initial application.

	Classification under AASB 139	Classification under AASB 9	Carrying amount under AASB 139 \$	Carrying amount under AASB 9 \$
Financial assets				
Trade and other receivables	Loans and receivables	Amortised cost	519,703	519,703
Cash and cash equivalents	Loans and receivables	Amortised cost	1,694,577	1,694,577
Term deposits (i)	Held to maturity	Amortised cost	35,951	35,951
Total financial assets			2,250,231	2,250,231
Financial liabilities				
Trade payables	Other financial liabilities	Other financial liabilities	133,625	133,625
Total financial liabilities			133,625	133,625

Notes to the Financial Statements

For the Period Ended 30 June 2019

2 Change in Accounting Policy (continued)

(a) Financial Instruments - Adoption of AASB 9 (continued)

Classification of financial assets and financial liabilities (continued)

Notes to the table:

(i) Reclassification from Held to Maturity to Amortised Cost

Term deposits that would previously have been classified as held to maturity are now classified at amortised cost. The Company intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of these assets.

(b) Leases - Adoption of AASB 16

The Company has adopted AASB 16 Leases for the first time in the current period with a date of initial adoption of 1 January 2019.

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

The following is a reconciliation of the financial statement line items from AASB 117 to AASB 16 at 1 January 2019:

	Carrying amount as at 31 December 2018 \$	Remeasur- ement \$	Carrying amount as at 1 July 2019 \$
Right to use	-	300,477	300,477
Lease liabilities	-	(318,703)	(318,703)
Impact on Opening Retained Earnings	-	(18,226)	(18,226)

3 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company;

- identifies the contract with a customer;

Notes to the Financial Statements

For the Period Ended 30 June 2019

3 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

Revenue from contracts with customers (continued)

- 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.

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 initially recognised as in the form of a separate liability.

Grants

Grant revenue is generated from both government and private agreements for the delivery of specific projects. Performance obligations are identified within individual contracts which then drive the basis for revenue recognition (i.e. either 'over time' or 'point in time'). When the performance obligation/s identified within the contract is/are satisfied revenue is recognised. Payments are generally received in line with payment or milestone schedules on a 30-day term, upon presentation of an invoice. Payments are normally receipted in advance of meeting performance obligations, therefore, revenue is initially deferred as a contract liability.

Membership Subscriptions

Membership subscriptions revenue is generated from ARACY's membership platform. Because membership subscriptions are non-refundable, the performance obligation is satisfied and revenue recognised upon receipt in bank of the membership subscriptions.

Training

Training revenue is generated from the rendering of training services. Payments are normally receipted in advance of providing the services, therefore revenue is initially deferred as a contract liability. The performance obligation is satisfied and revenue recognised when the services are provided.

Conferences and events

Conference and event revenue is generated from the rendering of conference or event services. Payments are normally receipted in advance of providing the services, therefore revenue is initially deferred as a contract liability. The performance obligation is satisfied and revenue recognised when the services are provided.

Notes to the Financial Statements

For the Period Ended 30 June 2019

3 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(b) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(c) Trade and other receivables

Trade receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(d) Term Deposits

Term deposits in the statement of financial position comprise term deposits with an original maturity of more than three months, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Term deposits may be held as security for Rental Bond arrangements included in lease agreements.

(e) Income Tax

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

(f) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the 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.

Notes to the Financial Statements

For the Period Ended 30 June 2019

3 Summary of Significant Accounting Policies (continued)

(g) Plant and equipment

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

Depreciation

Plant and equipment is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	20% - 33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(h) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the entity prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Changes in the measurement of the liability are recognised in profit or loss.

(j) Leases

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

For any new contracts entered into on or after 1 January 2019, the Entity considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Entity assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Entity

Notes to the Financial Statements

For the Period Ended 30 June 2019

3 Summary of Significant Accounting Policies (continued)

(j) Leases (continued)

- the Entity has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Entity has the right to direct the use of the identified asset throughout the period of use. The Entity assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Entity recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Entity depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Entity also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Entity measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Entity's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Entity has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in plant and equipment and lease liabilities have been included in trade and other payables.

Lease incentives

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

Notes to the Financial Statements

For the Period Ended 30 June 2019

4 Revenue from contracts with customers

	For 6 months ended 30 June 2019 \$	For the Year ended 31 December 2018 \$
Revenue from contracts with customers		
- Grants	1,062,419	3,405,609
- Member subscriptions	73,250	107,481
- Training	351,901	37,868
- Conferences and events	950	89,940
Total revenue from contracts with customers	1,488,520	3,640,898

Timing of revenue recognition:

	Grants \$	Member Subscriptions \$	Training \$	Conferences and events \$	Total \$
Period ended 30 June 2019					
Revenue streams					
- Services transferred over time	1,062,419	-	-	-	1,062,419
- Services transferred at a point in time	-	73,250	351,901	950	426,101
Revenue from contracts with customers	1,062,419	73,250	351,901	950	1,488,520
Year ended 31 December 2018					
Revenue streams					
- Services transferred over time	3,405,609	-	-	-	3,405,609
- Services transferred at a point in time	-	107,481	37,868	89,940	235,289
Revenue from contracts with customers	3,405,609	107,481	37,868	89,940	3,640,898

5 Cash and Cash Equivalents

	30 June 2019 \$	31 December 2018 \$
Cash at bank and in hand	166,959	469,287
Short-term deposits	650,000	1,225,290
	816,959	1,694,577

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value.

Short-term deposits are made for varying periods of between one and three months, depending on the immediate cash requirements of the entity, and earn interest at the respective short-term deposit rates.

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Notes to the Financial Statements For the Period Ended 30 June 2019

6 Trade and Other Receivables

	30 June 2019 \$	31 December 2018 \$
CURRENT		
Trade receivables	20,619	519,703
GST receivable	67,186	-
Other receivables	-	739
Bank interest receivable	5,016	4,887
	<u>92,821</u>	<u>525,329</u>

7 Other Financial Assets

	30 June 2019 \$	31 December 2018 \$
CURRENT		
Term deposits	611,238	35,949
Total	<u>611,238</u>	<u>35,949</u>

8 Other Assets

	30 June 2019 \$	31 December 2018 \$
CURRENT		
Prepayments	31,964	36,775
	<u>31,964</u>	<u>36,775</u>

9 Property, plant and equipment

	30 June 2019 \$	31 December 2018 \$
Plant and equipment		
At cost	38,868	36,607
Accumulated depreciation	(24,151)	(20,033)
Total plant and equipment	<u>14,717</u>	<u>16,574</u>
Right to use assets		
At cost	300,477	-
Accumulated depreciation	(58,945)	-
Total right to use assets	<u>241,532</u>	<u>-</u>
Total property, plant and equipment	<u>256,249</u>	<u>16,574</u>

Notes to the Financial Statements

For the Period Ended 30 June 2019

9 Property, plant and equipment (continued)

(a) Movements in Carrying Amounts

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

	Plant and Equipment \$	Right to use assets \$	Total \$
Period ended 30 June 2019			
Balance at the beginning of year	16,574	-	16,574
Additions	2,262	300,477	302,739
Depreciation & amortisation expense	(4,119)	(58,945)	(63,064)
Balance at the end of the period	14,717	241,532	256,249

10 Trade and Other Payables

	30 June 2019 \$	31 December 2018 \$
Current		
Trade payables	75,842	133,625
GST payable	-	72,765
Operating lease payable	16,746	16,527
Accrued expense	40,833	467,757
PAYG tax payable	14,738	21,549
FBT payable	2,502	2,735
Other payables	6,079	4,881
	156,740	719,839

Trade and other payables are non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

	30 June 2019 \$	31 December 2018 \$
Non-Current		
Operating lease payables	19,589	28,072
	19,589	28,072

Notes to the Financial Statements

For the Period Ended 30 June 2019

11 Contract Liabilities

	30 June 2019	31 December 2018
	\$	\$
CURRENT		
Amounts received in advance	581,699	703,060
Total	581,699	703,060

12 Lease liability

	30 June 2019	31 December 2018
	\$	\$
CURRENT		
Lease liability - Current portion	132,362	-
	132,362	-
	30 June 2019	31 December 2018
	\$	\$
NON-CURRENT		
Lease liability - Non-current portion	126,613	-
	126,613	-

13 Employee Benefits

	30 June 2019	31 December 2018
	\$	\$
Current liabilities		
Provision for employee benefits	42,088	36,079
	42,088	36,079
	30 June 2019	31 December 2018
	\$	\$
Non-current liabilities		
Long service leave	6,190	3,980
	6,190	3,980

14 Members' Guarantee

The Company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* 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 \$ 1 each towards meeting any outstandings and obligations of the Company.

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Notes to the Financial Statements For the Period Ended 30 June 2019

15 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Australian Research Alliance for Children & Youth Limited during the period are as follows:

The total remuneration paid to key management personnel of the Company is \$ 248,534 (12 months ended 31 December 2018: \$ 853,310).

16 Contingencies

In the opinion of , the Company did not have any contingencies at 30 June 2019 (31 December 2018 :None).

17 Events after the end of the Reporting Period

The financial report was authorised for issue on by ,

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

18 Statutory Information

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

Australian Research Alliance for Children & Youth Limited
Level 3, 60 Marcus Clarke Street
Canberra ACT 2601

Australian Research Alliance for Children & Youth Limited

ABN : 68 100 902 921

Responsible Persons' Declaration

The responsible persons declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

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

Responsible person



Responsible person



Dated 30 August 2019

Australian Research Alliance for Children & Youth Limited

Independent Audit Report to the members of Australian Research Alliance for Children & Youth Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Research Alliance for Children & Youth Limited, which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible persons' declaration.

In our opinion the financial report of Australian Research Alliance for Children & Youth Limited has been prepared 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 Registered Entity's financial position as at 30 June 2019 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Responsible Entities for the Financial Report

The responsible entities of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the responsible entities are responsible for assessing the Registered Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the Registered Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Registered Entity's financial reporting process.



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

Australian Research Alliance for Children & Youth Limited

Independent Audit Report to the members of Australian Research Alliance for Children & Youth Limited

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 the financial report.

Hardwickes
Chartered Accountants



Robert Johnson FCA
Partner

Canberra



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND