Audited Annual Financial Report

RichmondPRA Limited

ACN 001 280 628

30 June 2019

RichmondPRA
Together, we're better.

flourish AUSTRALIA
Where mental wellbeing thrives

DIRECTORS' REPORT

The directors present their report for RichmondPRA Limited hereby known as RichmondPRA, the consolidated entity consisting of RichmondPRA and its wholly owned subsidiary (RichmondPRA Services Limited) for the year ended 30 June 2019.

Directors

The following persons were directors of the Company during the financial year:

- Professor Elizabeth More AM (Chair)
- Jeremy Thorpe (Treasurer)
- Robyn Carmody
- Paul Clenaghan
- Paula Hanlon
- Rachel Slade (resigned 12/11/18)
- Dr Josey Anderson
- Diane Robinson
- Andrew Pryor (appointed 4/3/19)
- Dr Phil Wing (appointed 15/3/19)

What do we do?

RichmondPRA ('The Company') works in local communities to help people on their mental health recovery journey. RichmondPRA helps people:

To find somewhere to live that is safe and secure

Over 600 people every year live in stable accommodation linked to the support they need because of the services RichmondPRA provides. This keeps people out of hospital, helps them to live independently, connects them to their communities, families and friends, and provides the platform for personal growth and recovery. Tailored programs ensure that women with children, young people and Aboriginal people can also benefit from this help.

To make friends, get involved and learn new things

Unique to RichmondPRA is a network of services around New South Wales and southern Queensland used by over 1200 people every month to engage in the broader life of their communities. Run by the participants as much as the staff, these are places where recovery is enabled through member and staff led activities on site and in the community. People are able to feel safe while engaging in individual and group self-help programs around activities that the people themselves select because they are important to the individual's own recovery.

To get a job

RichmondPRA is the largest specialist employer of people with mental health issues in the country. We understand that finding a job can be the most important step on a person's recovery journey, and we understand what works best to help people get work ready. From 3 Star employment placement programs to social enterprises, our employment programs help with everything from getting skills up to date, right through to providing full or part-time work in one of our community businesses or social enterprises. We are a leader in running businesses that create work ready people and meaningful employment opportunities for people with a mental health issue.

To get well and stay well
Finding the right place to live, getting a job, being supported and staying connected are all important components of the recovery journey. But in Australia, people with mental health issues also face the reality of a drastically reduced life expectancy because of poor physical health. RichmondPRA's Back on Track Health (BOTH) Program aims to help people stay on the right track. This program integrates holistic support, with a flexible, coordinated individual support system to help people who use our services maintain and improve their general health. We are also the Lead Agency for headspace centres in Bankstown, Broken Hill, Parramatta and Castle Hill providing comprehensive primary health, mental health and other psychosocial supports to young people.

To support others
RichmondPRA values the lived experience of mental illness. Over 50% of our staff disclose a lived experience of a mental health issue.

We have a commitment to ensuring access to a peer worker for support across RichmondPRA's geographic footprint. As such, RichmondPRA has a strategic goal of increasing the size of our peer workforce, providing a clear public statement of the value we place on the skills and understanding of people with lived experience, in the delivery of mental health supports.

A review of our operations for FY19

Overall financial position
RichmondPRA has maintained a strong financial position, with $7,843,596 in cash equivalents and financial assets. We also hold a further $6,121,980 in investments which can be converted to cash in less than 1 week.

Operating result for the year
As detailed in this report, RichmondPRA's operating or trading result for the year was a surplus of $19,749.

Using resources wisely
RichmondPRA continues to invest cash where, after risk assessment, the company will be able to maximise its investment income. Our Share Portfolio continues to pay good dividends and while interest income from Term Deposits is very low, this still represents sound liquidity management.

Information on directors

Professor Elizabeth More AM BA (Hons), Grad Dip Mgt, M Com Law, PhD, MAICD	Elizabeth is the Chief Academic Officer at Study Group. She has been a senior academic across a range of universities, including Dean of the Macquarie Graduate School of Management and Deputy Vice-Chancellor at Macquarie and Canberra Universities. She has extensive experience on a number of NFP Boards (including NIDA) and in consulting to both private and public sector organisations. Professor More has worked in executive education, and has been called upon for expert media comment on issues related to management practice and education. Professor More has also been a Councillor on the NSW State Council of the Australian Institute of Company Directors. Before becoming a university academic, she worked as a classical ballet dancer in theatre and television, and in the advertising industry.
Jeremy Thorpe BEc, LLB (Hons)	Jeremy is an economist with more than 20 years of experience in the public and private sectors. He is currently a Partner in PwCs National Economics & Policy Consulting team, and PwC's Chief Economist. He was previously a Director of a boutique economic consultancy and prior to that was at the Commonwealth Treasury and the Productivity Commission. Jeremy has particular experience in disability and mental health policy, having advised the NSW, Commonwealth and ACT Governments, as well as private not-for-profits on issues as diverse as organisational strategy, program evaluation, the transition to the NDIS and economic impacts of disability/mental health activities. Jeremy previously was on the board of a not-for-profit for seven years, four of which he was the Chair.
Robyn Carmody	Robyn's involvement with people with mental disabilities began more than 15 years ago when she was involved with the care of a person who was living with a mental illness. Robyn's involvement with the provision of facilities for those with mental illness and their carers has included a position on the Managing Board of Pioneer Clubhouse, as well as involvement with the provision of respite facilities for carers of people with a mental illness. Robyn brings a range of personal and industry experience and a community point of view about health services.
Paul Clenaghan M Nurs, PG Dip Nurs Mgt	Paul is Community and Partnerships Manager for Mental Health Services in the area of Sydney stretching from Redfern to Bankstown. As a qualified psychiatric nurse, he holds a Masters in Nursing and a Post Graduate Diploma in Nursing Management. He has a long record of service to people experiencing psychosocial disadvantage, their care and support.
Paula Hanlon BA	Paula is employed as the Manager, Consumer Services for North Shore Ryde Mental Health Service. Paula has also worked for the Mental Health Association NSW Inc. (now Wayahead) and New Horizons Enterprises. Paula is an Assessor for the Australian Council on Health Care Standards reviewing services across Australia and is a member of The TheMHS Learning Network Board. Paula has a BA majoring in Psychology, and together with her lived experience and personal recovery journey contributes to the progression of mental health reform in Australia. Paula is a person with a lived experience of mental health issues and was a resident in Richmond Fellowship housing in the original Blackwattle House in the 1980's in another Glebe house in the 1990's.
Dr Josey Anderson BA, BMed(Hons), MMed, MHealthLaw, Cert Child Adol Psych, FRANZCP	Highly regarded as a clinician, academic, teacher and administrator, Josey has many roles, including as a consultant psychiatrist at the Black Dog Institute, Clinical Director at Royal Far West , a conjoint Associate Professor with UNSW, a Psychiatrist Member of the NSW Mental Health Review Tribunal, and a member of the NSW Mental Health Commission's Community Advisory Council. Josey has specialised in Child and Adolescent Psychiatry for more than 20 years, and championed the development of young people's services in Western Sydney, including our highly successful Young People's Outreach Program, and three Headspace centres in Western Sydney. She currently provides psychiatry consultation via telehealth to headspace Broken Hill and Orange, and provides an onsite clinic at headspace Bankstown, on behalf of Black Dog Institute.
Diane Robinson LLB(Hons), LLM	Diane graduated BA LLB (Hons) and LLM (Hons) from the University of Sydney and has been a lawyer for over 35 years. Diane's professional experience has included legal practice, senior academic positions and appointment to a number of quasi-judicial tribunals. Diane has been the President of the NSW Guardianship Tribunal, the Deputy President of the NSW Mental Health Review Tribunal as well serving as a member of the Social Security Appeals Tribunal, the Medical Tribunal and as a Principal Member of the NSW Civil and Administrative Tribunal. She is an Adjunct Associate Professor of Law at the University of New South Wales where she teaches in the undergraduate and postgraduate programs. Diane is also a member of the NSW Ministerial Advisory Council on Ageing. Professor of Law at the University of New South Wales where she teaches in the undergraduate and postgraduate programs. Diane is also a member of the NSW Ministerial Advisory Council on Ageing.

Andrew Pryor CA, B Com, GAICD	Andrew is an experienced senior finance executive and leader. He has some 30 years of financial corporate experience, including over 20 years at Westfield Group, the industry leading ASX 20 property group, and over 5 years at Big 4 Accounting firm, PWC. Andrew is a Chartered Accountant and a Graduate of the Australian Institute of Company Directors (GAICD). His professional experience at Westfield included 12 years as a Financial Group General Manager. He is passionate about improving the mental health systems and services, applying his skills and experience to improve mental health services, particularly for young people. Andrew is a Board Director and the Board Treasurer of Mental Health Carers NSW (MHCN), the peak body for the advocacy of such Carers. Andrew is also a member and coordinator of the headspace FAFC Advisory Committee, providing consultation, governance and guidance on the strategic direction and development of headspace mental health services in Western Sydney. Andrew is a Carer for his daughter, supporting her on her mental health recovery journey. This has provided experience and insight into the mental health system, including public and private hospitals. This lived experience has provided a base for being a strong advocate for people with lived experience of a mental health issue and their families and carers.
Dr Phil Wing CA, B Econ, M Econ, PhD	With extensive, global experience as a Senior Executive, Non-Executive Director and Board Chair, Phil's recent focus has been on start-ups and growth companies. Former roles include Partner in Technology Venture Partners (TVP), a specialist technology venture capital firm, and was an active Non-Executive Director on many of TVP's portfolio companies in Australia and overseas. Prior to that, Phil was a Senior Executive in IBM's Global and Asia Pacific Management Team, including General Manager (Global Services), responsible for strategy, marketing and business development including acquisitions, alliances and business partners.

Meetings of Directors

The Directors meet on a bi-monthly basis, 6 meetings were held in the financial year to 30 June 2019. The number of meetings of the Company's board of directors held during the year ended 30 June 2019, and the numbers of meetings attended by each director were:

	Number of meetings attended	Number of meetings held during the time the director held office during the year
Elizabeth More (Chair)	6	6
Jeremy Thorpe (Treasurer)	6	6
Robyn Carmody	6	6
Paul Clenaghan	6	6
Rachel Slade	1	2
Josey Anderson	6	6
Paula Hanlon	6	6
Diane Robinson	5	6
Andrew Pryor	2	2
Phil Wing	2	2

In addition to attending Board meetings, the directors also attended bi-monthly meetings for the Finance, Audit and Risk, Marketing and Advancement and Services (Quality and Risk) sub-committees. The Nominations sub-committee also met during the year to recommend Directors to fill vacancies.

Insurance of Officers

During the financial year, RichmondPRA paid premiums to insure the directors and officers of the Company. The professional liability insurance paid in respect of directors and officers for the year ended 30 June 2019 was $8,525 (2018: $7,425).

Environmental Regulation

The Company is subject to normal State and Federal environmental legislation and does not operate within an industry with specific environmental guidelines or limits.

Proceedings on behalf of Company

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

Members' guarantee

RichmondPRA Limited is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If RichmondPRA Limited is wound up, the liability of each member (during the time or within one year afterwards) is limited to ten dollars.

Auditor

BDO continues in office.

This report is made in accordance with a resolution of the directors.

Professor Elizabeth More AM
Director
Date: 23 October 2019

Jeremy Thorpe
Director
Date: 23 October 2019

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY PAUL BULL TO THE DIRECTORS OF RICHMONDPRA LIMITED

As lead auditor of RichmondPRA Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the Australian Charities and Not-for-profit Commission Act 2012 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

Paul Bull
Partner

BDO East Coast Partnership

Sydney, 23 October 2019

CONTENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Ref.	2019 $	2018 $
Revenue from ordinary activities	A1	72,328,409	62,982,325
Other income	A1	442,369	745,023
Total income		**72,770,778**	**63,727,348**
Cost of sales of goods		(443,568)	(587,866)
Employee benefits expense		(56,025,434)	(47,678,918)
Depreciation and amortisation expenses		(2,446,770)	(2,071,114)
Other expenses		(13,835,257)	(14,239,556)
Total expenses	A2	**(72,751,029)**	**(64,577,454)**
Surplus/(deficit) before income tax expense		**19,749**	**(850,106)**
Income tax expense		**-**	-
Surplus/(deficit) for the year		**19,749**	**(850,106)**
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of land and bu		9,182,166	-
Items that may be reclassified to profit or loss			
Investments measured at fair value through other comprehensive income	D2	340,189	136,086
Total comprehensive income/(loss) for the year		**9,542,104**	**(714,020)**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Ref.	2019 $	2018 $
Current assets			
Cash and cash equivalents	C1	7,843,596	4,934,011
Receivables	C1	5,125,580	5,026,342
Accrued Income		694,457	722,227
Inventories		35,214	-
Prepayments		1,127,338	1,274,186
Total current assets		**14,826,185**	**11,956,766**
Non-current assets			
Bonds and deposits		759,500	726,842
Investments	B1	6,121,980	5,686,921
Investment properties	B3	11,236,234	12,471,263
Intangibles	B3	678,599	597,090
Property, plant and equipment	B2	19,655,995	10,294,393
Total non-current assets		**38,452,308**	**29,776,509**
Total assets		**53,278,493**	**41,733,275**
Current liabilities			
Accounts payable	C1	3,674,766	3,961,306
Employee entitlements	C1	4,629,495	4,439,543
Income in advance	C1	9,678,186	5,616,839
Total current liabilities		**17,982,447**	**14,017,688**
Non-current liabilities			
Financial liabilities	C1	2,300,000	4,600,000
Employee entitlements	C1	2,188,707	1,850,352
Total non-current liabilities		**4,488,707**	**6,450,352**
Total liabilities		**22,471,154**	**20,468,040**
Net assets		**30,807,339**	**21,265,235**
Contributed equity			
Program participants reserve	D2	163,995	319,456
Other reserves	D2	16,754,101	7,232,246
Accumulated profits	D2	13,889,243	13,713,533
Total contributed equity		**30,807,339**	**21,265,235**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Ref.	Program Participants Reserve	Reserves	Accumulated profits	Total
		$	$	$	$
Balance as at 30 June 2017		**451,846**	**7,096,160**	**14,495,747**	**22,043,753**
Profit for the year		-	-	(850,106)	(850,106)
Allocated to current year expenses*		(132,390)	-	67,892	(64,498)
Other comprehensive income					
Investment revaluation reserve	D2	-	136,086	-	136,086
Total comprehensive income		**(132,390)**	**136,086**	**(782,214)**	**(778,518)**
Balance as at 30 June 2018		**319,456**	**7,232,246**	**13,713,533**	**21,265,235**
Profit for the year		-	-	19,749	19,749
Other adjustment		500	(500)	-	-
Reserve funds consumed		(155,961)	-	155,961	-
Revaluation of Land & Buildings		-	9,182,166	-	9,182,166
Other comprehensive income					
Investment revaluation reserve	D2	-	340,189	-	340,189
Total comprehensive income		**(155,461)**	**9,521,855**	**175,710**	**9,542,104**
Balance as at 30 June 2019		**163,995**	**16,754,101**	**13,889,243**	**30,807,339**

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

** Allocated to prior year expenses includes an adjustment for $67,892 belonging to financial years prior to those presented.*

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Ref.	2019 $	2018 $
Cash Flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		6,425,976	4,203,708
Payments to suppliers and employees (inclusive of goods and services tax)		(72,916,944)	(67,001,627)
Government grants and subsidies received (inclusive of goods and services tax)		71,152,842	61,769,115
Interest received		48,163	262,278
Interest paid		(86,684)	(103,749)
Rents received		1,218,788	605,589
Donations received		84,973	22,277
Net cash inflow / (outflow) from operating activities	E4	**5,927,114**	**(242,409)**
Cash Flows from investing activities			
Payments for property, plant and equipment		(2,707,716)	(2,834,761)
Capitalised finance costs on construction projects		-	(97,503)
Proceeds from sale of investment property		1,677,402	2,382,052
Income received from shares and other financial investments		780,502	-
Payments for shares and other financial assets		(435,059)	(35,128)
Payments for security deposits		(32,658)	(315,694)
Net cash outflow from investing activities		**(717,529)**	**(901,034)**
Cash Flows from investing activities			
Repayment of borrowings		(2,300,000)	(2,099,891)
Net cash outflow from financing activities		**(2,300,000)**	**(2,099,891)**
Net increase/(decrease) in cash held		2,909,585	(3,243,334)
Cash and cash equivalents at the beginning of the financial year		4,934,011	8,177,345
Cash and cash equivalents at the end of the financial year	C1	**7,843,596**	**4,934,011**

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

A. WHERE DO OUR FUNDS COME FROM AND HOW ARE THEY SPENT?

A1. What are our sources of revenue?

A2. Where has the funding been spent?

This section explains the main sources of our **revenue** and **expenditure** and how those are measured in accordance with the relevant accounting standards

A1. WHAT ARE OUR SOURCES OF REVENUE?

Our primary sources of revenue are State and Federal Government contracts, together with NDIS revenue. We also receive some income from commercial sales through our social enterprises that provide employment opportunities for individuals with mental health issues. We also receive a small amount of 'Other Revenue' from investment of our reserves.

	2019 **$**	2018 $
Revenue from ordinary activities		
NSW Government Contracts	25,631,681	18,426,505
NDIS	25,539,295	15,610,167
Commonwealth Government Contracts	12,059,598	22,354,594
Business Sales	3,660,980	3,352,417
Other Income: Ordinary Activities	3,062,697	1,795,218
QLD Government Contracts	2,374,158	1,443,424
Total revenue from ordinary activities	**72,328,409**	**62,982,325**
Other Income: Gain on sale of non-current assets	**442,369**	**745,023**

[1]For further analysis on specific funding sources, refer to section E4 (ii) Acknowledgement of funding.

What is the relevant accounting policy?

Revenue is recognised in the statement of profit or loss & other comprehensive income when the entity obtains control of the revenue and it is probable that the economic benefits gained will flow to the entity and the amounts can be measured reliable. If conditions are attached to the revenue which must be satisfied, the recognition of revenue will be deferred until those conditions are satisfied.

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

Commercial sales revenue represents revenue earned from the sale of the Company's products, net of returns and trade allowances and taxes paid.

Other revenue includes income from Medicare Locals (Partners in Recovery), the National Disability Insurance Scheme (NDIS), interest income on investments, donations from donors, dividends received from other corporations, fund raising income and subsidies received from the government.

A2. WHERE HAS THE FUNDING BEEN SPENT?

We have spent the income we received over the course of this financial year on programs that support the following goals.

	2019 $	2018 $
Supporting people where they live	26,432,528	28,068,800
Helping people make friends, get involved and learn new things	22,746,328	20,362,047
Working with people to find a job	13,642,953	10,426,622
Other expenditure	9,929,220	5,719,985
Total expenditure	**72,751,029**	**64,577,454**

The main categories of expenditure were as follows:

	2019 $	2018 $
Salaries & Wages	47,058,166	42,697,240
Superannuation	4,441,918	3,862,808
Annual leave	3,628,689	191,034
Other office costs	3,524,201	3,445,754
Rental expense on operating leases	3,162,911	2,993,208
Other expenses	2,585,204	1,932,278
Depreciation & Amortisation	2,446,770	2,071,114
Motor vehicle expenses	1,882,748	1,667,515
Consultants and contractors	1,881,570	2,463,828
Client expenditure	797,758	1,736,006
Workers compensation insurance	744,003	606,154
Cost of goods sold	443,568	587,866
Long service leave	152,658	321,681
Bad debts expense	865	968
	72,751,029	**64,577,454**

Capitalised finance costs on construction projects	**-**	**97,503**

B. WHAT RESOURCES DO WE HAVE AND HOW DO WE MANAGE THEM?

B1. Investments

B2. Property, Plant and Equipment

B3. Intangible Assets and Investment Properties

This section sets out the **non-current assets** (that is, assets that are not for sale in the current financial year) held by RichmondPRA.

B1. INVESTMENTS

From time to time, RichmondPRA will hold financial assets such as shares and other equity securities that can be traded on the market. We do this in order to manage our financial risk and produce returns that we can use to provide services to our clients.

	2019 **$**	2018 $
Non-Current		
Unlisted securities	-	738,006
Available for sale financial investments	-	4,948,915
Investments in listed securities	3,024,467	-
Managed investments	2,868,134	-
Cash held in investment account	170,914	-
Others	58,465	-
Total Non-Current Investments	**6,121,980**	**5,686,921**

What is the relevant accounting policy?

Prior to 1 July 2018, investments were accounted for as available for sale financial investments under AASB 139. Following adoption of AASB 9 investments are accounted for as follows;

Listed securities, comprising marketable equity securities, are non-derivatives are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period. The entity has made an irrevocable election to present changes in the fair value of equity instruments through other comprehensive income in accordance with AASB 9.

Managed investments are investments in debt instruments that are solely interest and principal which are held to collect or sell. Managed investments are accounted for through fair value through other comprehensive income.

When securities classified as fair value through other comprehensive income are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses.

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Investments at fair value through other comprehensive income are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available for sale are recognised in equity in the investments revaluation reserve.

B2. PROPERTY, PLANT AND EQUIPMENT

	Land $	Building $	Lease hold improvement $	Construction Work in Progress[1] $	Plant and Equipment $	Motor Vehicles $	Total $
Year ended 30 June 2018							
Opening net book amount	4,173,913		2,700,787	13,446,308	1,169421	2,652,958	24,143,387
Additions	-		79,959	1,038,362	510,749	1,205,691	2,834,761
Reclassifications	-		-	(14,484,670)	4,976	-	(14,479,694)
Disposals	-		(11,027)	-	(16,097)	(105,826)	(132,947)
Depreciation expense	(3,470)		(422,127)	-	(635,387)	(1,010,130)	(2,071,114)
Closing net book amount	**4,170,443**		**2,347,592**	**-**	**1,033,665**	**2,742,693**	**10,294,393**
At 30 June 2018							
Cost	4,191,675		4,489,634	-	4,754,221	8,127,108	21,562,6381
Accumulated depreciation	(21,232)		(2,142,042)	-	(3,720,556)	(5,384,415)	(11,268,245)
Net book amount	**4,170,443**		**2,347,592**	**-**	**1,033,665**	**2,742,693**	**10,294,393**
Year ended 30 June 2019							
Opening net book amount	4,170,443	-	2,347,592	-	1,033,665	2,742,693	10,294,393
Additions	-	-	191,125	-	594,538	1,463,846	2,249,509
Revaluation	8,965,424	216,741	-	-	-	-	9,182,165
Reclassifications	(885,867)	1,833,259	(947,392)	-	-	-	-
Disposals	-	-	-	-	(86)	(892)	(978)
Depreciation expense	-	-	(425,649)	-	(575,266)	(1,068,179)	(2,069,094)
Closing net book amount	**12,250,000**	**2,050,000**	**1,165,676**	**-**	**1,052,851**	**3,137,468**	**19,655,995**
At 30 June 2019							
Cost	12,250,000	2,050,000	3,448,325	-	5,314,910	8,222,833	31,286,068
Accumulated depreciation		-	(2,282,621)	-	(4,262,060)	(5,085,392)	(11,630,073)
Net book amount	**12,250,000**	**2,050,000**	**1,165,704**	**-**	**1,052,850**	**3,137,441**	**19,655,995**

[1] The Construction work in progress represented a development to create affordable housing under the National Rental Affordability Scheme and Technology One Financials & HR software implementation costs. The property development is a reinvestment of funds received as a result of the sale of the Redfern property in FY13. Both of these projects finalised during FY2018/19 and their costs were reclassified within assets.

B3. INTANGIBLE ASSETS AND INVESTMENT PROPERTIES

	Investment Property $	Intangible Assets $	Total $
Year ended 30 June 2018			
Opening net book amount	-	-	-
Additions	-	-	-
Transfers in	13,887,580	597,090	14,484,670
Disposals	(1,416,317)	-	(1,416,317)
Depreciation expense	-	-	-
Closing net book amount	**12,471,263**	**597,090**	**13,068,353**
At 30 June 2018			
Cost	12,471,263	597,090	13,068,353
Accumulated depreciation	**-**	**-**	**-**
Net book amount	**12,471,263**	**597,090**	**13,068,353**
Year ended 30 June 2019			
Opening net book amount	12,471,263	597,090	13,068,353
Additions	208,000	230,373	438,373
Disposals	(1,214,217)	-	(1,214,217)
Depreciation expense	(228,812)	(148,864)	(377,676)
Closing net book amount	**11,236,234**	**678,599**	**11,914,833**
At 30 June 2019			**-**
Cost	11,465,046	827,463	12,292,509
Accumulated depreciation	(228,812)	(148,864)	(377,676)
Net book amount	**11,236,234**	**678,599**	**11,914,833**

What is the relevant accounting policy?

Land and buildings were previously stated at historical cost less depreciation. The company has changed the subsequent recognition of land and building from historical cost model to revaluation model with effect from 30 June 2019. This accounting policy was changed to more accurately reflect the value of the land and buildings which was in some instances significantly different to the cost amounts.

The impact on the 30 June 2019 financials was an increase of the value of property plant and equipment assets on the balance sheet of $9.2m consisting of an uplift of $0.2m to the value of buildings and a $9.0m uplift to the value of land. There has been a corresponding $9.2m increase in the revaluation reserve. No valuation exercise was completed for prior periods presented, however the values of assets are not believed to have fluctuated significantly during this time.

Property held to meet service delivery objectives rather than to earn rental or for capital appreciation is accounted for as property plant and equipment in accordance with accounting standard AASB 116 Property, Plant and Equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Machinery	*5-12 years*
- Vehicles	*4-15 years*
- Furniture, fittings and equipment	*3-10 years*
- Leasehold improvements	*3-40 years*

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is the company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

What is the relevant accounting policy for intangible assets ?

Costs incurred in the development and implementation of new software applications are only capitalised when the software will deliver a future economic benefit to the company and these benefits can be measured reliably.
Captalised software costs have a finite useful life and are amortised on a systematic basis based on future economic benefits over the useful life of the software which is estimated to be 5 years.
Softwares residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Where an adjustment is appropriate these adjustments are included in profit or loss.

What is the relevant accounting policy for investment properties?

Investment property, comprising freehold residential dwellings, are held to generate long-term rent yields. All tenant leases are on an arm's length basis.
Investment properties are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition and construction of the residential dwellings. The directors have opted to account for investment properties at cost in accordance with accounting standard AASB 140 Investment Property.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.
Depreciation on investment properties is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives of 40 years.
The investment properties' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An investment property's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is the company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

C. HOW DO WE MANAGE OUR RISK AND WORKING CAPITAL?

C1. Capital management

C2. Financial risk management

This section explains the risk that RichmondPRA is exposed to, the policies we apply to reduce those risks and also provides the users with information on how we manage our working capital.

C1. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern so they can continue to provide services to the community, and
- Maintain an optimal capital structure to support efficient and effective service delivery

(i) Working Capital

	2019 **$**	2018 $
Current Assets (includes cash, receivables, inventories, and prepayments)	14,826,185	11,956,766
Current Liabilities	(17,982,447)	(14,017,688)
Net Current Liabilities	**(3,156,262)**	**(2,060,922)**

The negative net current liabilities are more than offset by the $6,121,980 in investments classified as non current assets for accounting purposes, which can be converted to cash in less than 1 week.

(ii) Current Assets – Cash and receivables

	2019 **$**	2018 $
Cash and cash equivalents		
Cash on hand	31,415	7,912
Cash at bank		
Interest bearing deposits	1,320,006	1,289,759
Cash management call accounts	6,492,175	3,636,340
Total cash and cash equivalents	**7,843,596**	**4,934,011**

		2019 **$**	2018 $
Trade receivables			
Trade debtors		5,370,112	5,054,579
Provision for doubtful debts	D1	(256,773)	(41,857)
		5,113,339	**5,012,722**
Other debtors		12,241	13,620
Total receivables		**5,125,580**	**5,026,342**

(iii) Current Liabilities

	2019 $	2018 $
Trade payable and accruals	2,201,515	2,367,249
Other payables and accruals	1,513,818	1,686,984
GST payable	(40,567)	(92,927)
Total accounts payable	**3,674,766**	**3,961,306**

	2019 $	2018 $
Employee entitlements	4,629,341	4,439,543
Total current employee entitlements	**4,629,341**	**4,439,543**

	2019 $	2018 $
Income in Advance	9,678,186	5,616,839
Total other current liabilities	**9,678,186**	**5,616,839**

(IV) Non-Current Liabilities

	2019 $	2018 $
Employee entitlements	2,188,707	1,850,352
Total non-current employee entitlements	**2,188,707**	**1,850,352**

(V) Financial liabilities

	2019 $	2018 $
Loans*	2,300,000	4,600,000
Total non-current financial liabilities	**2,300,000**	**4,600,000**

*Assets pledged as security - loans are secured by first registered mortgages over RichmondPRA's land and buildings.

What is the relevant accounting policy?

Cash and Cash Equivalents

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

Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days for debtors. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debtors which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The expected credit loss model as per E3 note 1(a) is considered in determining the impairement allowance. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Trade Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

C2. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and aging analysis for credit risk.

The Company holds the following financial instruments:

	2019 **$**	2018 $
Financial assets		
Cash and cash equivalents	7,843,596	4,934,011
Trade and other receivable	5,125,580	5,026,342
Investments	6,121,980	5,686,921
Financial liabilities		
Trade and other payables	3,674,766	3,961,306
Loans	2,300,000	4,600,000

D. APPENDICES

D1. Other non-financial assets and liabilities

D2. Reserves

D3. Unrecognised items

D4. Financial Risks

D1. OTHER NON-FINANCIAL ASSETS AND LIABILITIES

Impaired trade receivables

As at 30 June 2019 current trade receivables of the Company with a nominal value of $256,774 (2018: $41,857) were considered impaired. The individually impaired receivables mainly relate to individuals, who are experiencing unexpected difficult economic situations. Movements in the provision for impairment of receivables are as follows:

	2019 **$**	2018 $
At 1 July	42,825	1,011
Provision for impairment recognised during the year	213,949	41,814
Unused amount reversed	-	(968)
	256,774	**41,857**

As of 30 June 2019, trade receivables of $2,946,888 (2018: $4,322,553) were past due date but not impaired. They relate to a number of independent customers for whom there is no recent history of default and government funding bodies.

The ageing analysis of these trade receivables is as follows:

	2019 **$**	2018 $
31 - 60 days	875,542	1,535,458
60 - 90 days	1,332,271	234,156
Over 90 days	739,075	2,552,939
	2,946,888	**4,322,553**

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of each class of receivables mentioned above. Refer to section C2 for more information on the risk management policy of the Company and the credit quality of the entity's trade receivables.

What is the relevant accounting policy?

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

D2. RESERVES AND ACCUMULATED PROFITS

	2019 $	2018 $
Accumulated profits		
Balance at 1 July	13,713,533	14,495,747
Net (deficit)/surplus for the year	19,749	(850,106)
Reserve funds consumed	155,961	-
Other comprehensive Income	-	67,892
Balance at 30 June	**13,889,243**	**13,713,533**
Other Reserves		
Capital subsidies reserve	632,822	633,322
Asset revaluation reserve	9,222,371	40,205
Investment revaluation reserve	1,384,578	1,044,389
Capital reserve	5,514,330	5,514,330
	16,754,101	**7,232,246**
Program participants reserve	163,995	319,456
	163,995	**319,456**
Movements		
Capital subsidies reserve		
Balance at 1 July	633,322	633,322
Other adjustment	(500)	-
Balance at 30 June	**632,822**	**633,322**
Asset revaluation reserve		
Balance at 1 July	40,205	40,205
Revaluation of Res. Land	9,182,166	-
Balance at 30 June	**9,222,371**	**40,205**
Investment revaluation reserve		
Balance at 1 July	**1,044,389**	908,304
Revaluation of investments through other comprehensive income	340,189	136,086
Transfer to accumulated profits	-	-
Balance at 30 June	**1,384,578**	**1,044,389**
Capital reserve		
Balance at 1 July	5,514,330	5,514,330
Balance at 30 June	**5,514,330**	**5,514,330**

	2019 $	2018 $
Program Participants Reserve		
Balance at 1 July	319,456	451,846
Other adjustment	500	-
Funds consumed	(155,961)	(132,390)
Balance at 30 June	**163,995**	**319,456**

What is the nature and purpose of the other reserves?

(i) Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the assets is transferred to retained earnings.

(ii) Financial Assets Reserve

Changes in the fair value arising on translation of investments, such as equities, classified as fair value through other comprehensive income financial assets, are recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

(iii) Capital Reserve

Capital reserve represents membership interests given to members of RFNSW as consideration for acquisition.

(iv) Program Participants Reserve

The reserve represents non-specific grants received and recognised as revenue immediately during previous financial years. These funds have been provided by the funders with no specific purpose however the company has the intention of utilising these funds in a future period for the benefit of its program participants and therefore RichmondPRA treats these funds as restricted.

Refer to A1 for further details of the revenue recognition policy of the RichmondPRA.

(v) Capital Subsidies Reserve

Capital subsidies reserve represents restricted funds designated for capital purchase for clients or RichmondPRA

D3. UNRECOGNISED ITEMS

(i) Contingencies

The Company lease office and client properties under operating lease agreements. The bond deposits for leases have been satisfied by the provision of banker's undertaking issued by St George Bank and ANZ Banking Group Limited. The banker's undertakings are secured by cash deposits which in aggregate amount to $1,289,759 (2018: $1,257,107).

(ii) Commitments for expenditure

	2019 **$**	2018 $
Total lease expenditure contracted for at reporting date but not recognised in the financial statements:		
Payable no later than one year	1,949,280	3,659,157
Payable later than one, not later than five years	3,997,691	4,746,852
Payable later than five years	-	-
Total commitments	**5,946,971**	**8,406,009**

The organisation has lease commitments for $103,319 per month where the lease contract has expired and the contractual obligations are on occupancy.

D4. FINANCIAL RISK

(i) Market risk

Price risk

The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified on the balance sheet as available-for-sale. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company. The majority of the Company's equity investments are publicly traded.

If the unit price of available-for-sale financial assets had increased by +/-10% from the year end price with all other variables held constant, equity would have increased/decreased by $612,198 (2018: $568,692).

Interest rate risk

The Company's main interest rate risk arises from cash equivalents, bank deposits, held to maturity investments, loans and other receivables with variable interest rates. Flourish Australia does not consider the impact from interest rate change to its operations to be material.

(ii) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions. For customers, management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors. Compliance with credit limits by customers is regularly monitored by management. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradable in highly liquid markets.

The tables below analyse the Company's financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 30 June 2019	1 year or less	Between 1 and 5 years	Over 5 years	Total Contractual cash flows	Carrying Amount (assets)/ liabilities
Non-derivatives (non-interesting bearing)					
Trade and other creditors	3,674,766	-	-	3,674,766	3,674,766
Loans with banks	-	2,300,000	-	2,300,000	2,300,000
Total non-derivatives	**3,674,766**	**2,300,000**	**-**	**5,974,766**	**5,974,766**
At 30 June 2018					
Non-derivatives (non-interesting bearing)					
Trade and other creditors	3,961,305	-	-	3,961,305	3,961,305
Loans with banks	-	4,600,000	-	4,600,000	4,600,000
Total non-derivatives	**3,961,305**	**4,600,000**	**-**	**8,561,305**	**8,561,305**

E. OTHER INFORMATION

E1. Related parties

E2. Parent entity financial information

E3. Summary of significant accounting policies

E4. Other required disclosures

This section covers other information that is not directly related to items in the financial statements, including information about related party transactions, parent entity financial information, significant accounting policies not disclosed elsewhere and other statutory information.

E1. RELATED PARTIES

Directors

The names of persons who were directors of the Company during the financial year:

- Professor Elizabeth More AM (Chair)
- Jeremy Thorpe (Treasurer)
- Robyn Carmody
- Paul Clenaghan
- Paula Hanlon
- Rachel Slade (retired 12/11/18)
- Dr Josey Anderson
- Diane Robinson
- Andrew Pryor (appointed 4/3/19)
- Dr Phil Wing (appointed 15/3/19)

Since the end of the previous financial year directors of the Company have remuneration in the form of honorariums totalling $33,092 (2018: $19,967).

Key management personnel compensation

The aggregate compensation made to key management personnel of the company is set out below.

	2019 **$**	2018 $
Short-term employee benefits	1,782,548	1,980,152
Total compensation	1,782,548	1,980,152

E2. PARENT ENTITY FINANCIAL INFORMATION

(i) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts

	2019 **$**	2018 $
Statement of Financial Position		
Current assets	14,819,383	11,949,964
Non-current assets	38,452,308	29,776,509
Total assets	**53,271,691**	**41,726,473**
Current liabilities	18,683,712	(13,994,106)
Non-current liabilities	3,763,864	(6,450,352)
Total liabilities	**22,447,576**	**(20,444,458)**
Net assets	**30,824,115**	**21,282,015**
Contributed equity		
Under-expended contract funds reserve	163,995	318,956
Other reserves	16,770,878	7,300,635
Accumulated profits	13,889,242	13,662,425
Total equity	**30,824,115**	**21,282,016**
Surplus/(Deficit) for the year	19,748	(850,106)
Available-for-sale financial assets	340,189	136,086
Total comprehensive (loss)/income for the year	**359,937**	**(714,020)**

(ii) Contingent liabilities of the parent entity

As at 30 June 2019, the parent entity did not have any contingent liabilities (2018: $nil).

(iii) Details of the Group and Subsidiaries

Name of Entity	Entity Type	Notes	Part of ACNC Reporting Group	ACNC & DGR Status	Percent of shares held* 2019	2018
					%	%
RichmondPRA	Parent	(1) (2)	Yes	Yes – endorsed	N/A	N/A
RichmondPRA Services	Subsidiary	(1) (2) (3)	Yes	Yes - endorsed	N/A	N/A

(1) The above entities are consolidated in the financial statements (refer to Note E3 for detailed accounting policy)
(2) Both entities are companies limited by guarantee and therefore do not have issued capital.
(3) The parent entity acquired control over RichmondPRA Services Limited in the merger of the two companies. Refer to Note D2 for details of the capital reserve which represents membership interests given to members of RFNSW as consideration for acquisition.
* Both entities are limited by guarantee

E3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of RichmondPRA and its subsidiary, RichmondPRA Services.

1. Basis for preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by Australia Accounting Standards Board and the Australian Charities and Not-for-profit Commission Act 2012 (*ACNC ACT*). RichmondPRA is a not-for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements of RichmondPRA group comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB). The functional and presentation currency is Australian Dollars.

The Directors of RichmondPRA consider the group to be a non-reporting entity as defined by AASB1053 and the general purpose financial statement of RichmondPRA has been prepared under Section 60-95 of the ACNC Act. In preparing these financial statements RichmondPRA has consolidated all its controlled entities as required by AASB10. Detailed in Note E2 is a table of all controlled entities of the group.

Historical cost convention

These financial statements have been prepared under the historical cost convention, unless otherwise stated

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. There are no critical accounting estimates and judgements as at 30 June 2019.

Income Tax

The Company has been granted exemption from income tax under section 50-10 of the Income Tax Assessment Act 1997.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in receivables (C1) in the balance sheet. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

a. Asset carried at amortised cost

For loans and receivables, The Company applies the AASB 9 simplified approach to measuring expected credit losses, which requires expected lifetime credit losses to be recognised from initial recognition of trade and other receivables with maturities of 12 months or less.

Employee entitlements

b. Wages and Salaries, Annual Leave

Liabilities for wages and salaries, including annual leave expected to be settled within 12 months of the end of each reporting period are recognised in other payables in respect of employees' services up to the end of each reporting period and are measured at the amounts expected to be paid when the liability is settled.

c. Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of each reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

d. Superannuation fund

Contributions to employee superannuation funds are charged against the income statement as an expense when they occur.

e. Employee benefits on-costs

Employee benefit on-costs are recognised and included in employee benefit liabilities and measured at amounts expected to be paid when the liabilities are settled discounted to net present value.

2. Impairment of assets

At the end of each reporting period, the Company reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount.

3. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian 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 balance sheet are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.Cash flows are presented in the cash flow statement on a gross basis, except for the GST components of investing and financing activities, which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

4. Leases

Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (Note D3(ii)). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

5. New and amended standards adopted by the Company

The entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

AASB 9 has impacted the classification of investments held by the entity which are outlined in note B1. Investments previously classified as available for sale financial assets are now classified as investments. The accounting treatment has not fundamentally changed and fair value movements continue to be recognised through other comprehensive income as defined by AASB 9. The Company applies the AASB 9 simplified approach to measuring expected credit losses, which requires expected lifetime credit losses to be recognised from initial recognition of trade and other receivables with maturities of 12 months or less.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

6. New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods. These have been outlined below:

AASB 16 – Leases

This standard requires all leases to be included in the balance sheet of lessees as right-of-use assets (non-current assets). In addition to rent expense will no longer be treated as an operating expense but will be split between amortisation (operating) and interest (financing).

The impact on the financial statements will mean an asset (right of use) being recognised and a corresponding liability (future lease obligations). These rights to occupy will be amortised in the Statement of Profit and Loss over the life of the lease.

If the standard was adopted as at 30 June 2019 the entity estimates that approximately $5.95m of right of use assets and corresponding lease liabilities (estimated at $1.95m current and $4.0m non current would be brought onto the balance sheet. The impact on the net surplus for the year and opening retained earnings would be minimal. This excludes the potential impact of peppercorn leases which are not required to be assessed by not-for-profit organisations at this point in time.

AASB 15 – Revenue from contracts with customers and *AASB 1058 – Income of Not-for-Profit Entities*

These new standards deal with income recognition for annual reporting periods ending on or after 1 January 2019.

The main areas of impact for AASB 1058 will be when accounting for the receipt of volunteer services and transactions where the consideration to acquire an asset is significantly less than its fair value.

The combined operation of AASB 1058, AASB 15 and AASB 16 will come in to affect for periods commencing after 1 January 2019.

7. Parent entity financial information

The financial information for the parent entity, RichmondPRA has been prepared on the same basis as the consolidated financial statements, except as set out below.

8. Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of RichmondPRA. No purchase consideration was paid by the Group for the acquisition of RFNSW.

9. Principles of Consolidation

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

10. Changes in comparative figures

When required by Accounting Standards, comparative figures have been adjusted in presentation for the current financial year.

E4. OTHER REQUIRED DISCLOSURES

(i) Acknowledgement of funding

Revenue from ordinary activities by funding source	**2019** **$**	2018 $
National Disability Insurance Scheme	25,539,295	15,610,167
NSW Ministry of Health	16,319,862	18,075,174
Commonwealth Department of Health	3,802,141	2,829,369
Business Sales	3,660,980	3,352,417
Other Operational Revenue	3,166,982	4,453,800
Other Income	2,608,177	1,794,326
Queensland Department of Health	2,374,158	1,443,424
SVA Nominees	1,973,691	1,730,449
Western NSW LHD	1,513,124	1,121,027
Department of Social Services	1,319,381	1,718,746
Western Sydney LHD	1,175,913	1,129,940
Southern Eastern Sydney LHD	1,053,226	352,344
Sydney LHD	1,005,700	972,200
Wentwest Limited	983,895	1,316,720
South West Sydney PHN	828,792	781,338
Grand Pacific Health Limited	743,726	875,773
Hunter New England LHD	643,590	1,068,751
Western Health Alliance Limited	637,509	1,736,678
Wentworth Healthcare	506,894	-
New Horizons	434,770	481,634
Southern NSW LHD	418,287	635,369
Justice & Communities (FACS)	412,290	-
Nepean-Blue Mountains LHD	377,696	361,496
Murrumbidgee LHD	288,896	469,999
One Door Mental Health	285,208	671,184
Central and Eastern Sydney PHN	254,226	-
Total revenue from ordinary activities	**72,328,409**	**62,982,325**
Other Income: Gain on sale of property	**442,369**	**745,023**

(ii) Guaranteed Capital

Pursuant to the Memorandum of Company every member has undertaken in the event of a deficiency on winding up to contribute an amount not exceeding $50.

(iii) Auditor's Remuneration

Assurance Services	2019 $	2018 $
Audit of financial statements	93,340	98,150
Total fees – Assurance Services	**93,340**	**98,150**
Non assurance services		
Indirect taxation advice and the identification of needs for a new Finance System	-	-
Assistance with preparation of financial statements	5,000	-
Total fees – Non assurance services	**5,000**	**-**
Total fees	**98,340**	**98,150**

(iv) Reconciliation of (deficit)/surplus for the year to net cash flows from operating activities

	2019 $	2018 $
(Deficit)/surplus for the year	19,749	(850,106)
Depreciation	2,446,770	2,071,114
Bad debts expense	865	40,846
Net Unrealised gain/(loss) on sale of investments	-	136,086
Investment income reinvested	(408,523)	(430,281)
Management fee on available-for-sale financial assets	-	62,203
Net gain on sale of non-current assets	(442,369)	(734,786)
(Increase)/decrease in inventories	(35,214)	112,379
(Increase)/decrease in receivables	(71,468)	(3,122,989)
(Increase)/decrease in prepayments	146,848	(614,521)
Increase/(decrease) in payables	3,774,807	3,375,766
Increase/(decrease) in bonds	(32,657)	(315,694)
Increase/(decrease) in provisions	528,307	512,392
Net cash flows from operating activities	**5,927,114**	**(242,409)**

(v) Australian Charities and Not-for-profit Commission Act 2012

The Australian Charities and Not-for-profit Commission Act 2012 (Cth) ('the ACNC Act') passed through the Commonwealth Parliament on 1 November 2012 and received royal assent on 3 December 2012. As a consequence, RichmondPRA is required to provide annual information statements and annual financial reports together with auditor's report to the ACNC by 31 December 2019.

(vi) Disclosure under NSW *Charitable Fundraising Act 1991*

Fundraising appeals conducted by the Organisation during the year led to a number of donations. Comparisons of certain monetary figures and percentages in accordance with the requirements of the NSW Charitable Fundraising Act 1991 are set below:

	2019 **$**	2018 $
Aggregate gross income from bequest*	65,554	-
Aggregate gross income from donations	19,419	22,277
Less total direct costs of fundraising	-	-
Total fundraising	**84,973**	**22,277**

	2019		**2018**	
	$	%	$	%
Total costs of fundraising/aggregate gross income from fundraising		**-**	-	-
Net surplus from fundraising/aggregate gross income from fundraising	19,419 / 19,419	**100**	22,277 / 22,277	100
Total cost of services provided/total expenditure		**-**	-	-
Total cost of services provided/total gross income received		**-**	-	-

* Bequests are excluded from the *Charitable Fundraising Act 1991*

END OF THE AUDITED FINANCIAL STATEMENTS

DIRECTORS' DECLARATION

In the directors' opinion:

1. The financial statements and notes set out on pages 1 to 34 are in accordance with the Australian Charities and Not-For-Profits Commission Act 2012, including:
   a. Complying with Accounting Standards. The Australian Charites and Not-for-profit Commission Regulation 2013 (ACNC Regulation 2013), and other professional reporting requirements; and
   b. Giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date, and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Elizabeth More

Professor Elizabeth More AM
Director
Date: 23 October 2019

Jeremy Thorpe
Director
Date: 23 October 2019

DECLARATION BY CHIEF EXECUTIVE OFFICER IN RESPECT TO FUNDRAISING APPEALS

I, Mark Orr, Chief Executive Officer of RichmondPRA Limited declare that in my opinion:

1. The consolidated statement of profit and loss and other comprehensive income gives a true and fair view of all income and expenditure of RichmondPRA Limited with respect to fundraising appeals; and
2. The consolidated statement of financial position gives a true and fair view of the state of affairs with repect to fundraising appeals; and
3. The provisions of the Charitable Fundraising Act 1991 (NSW), the regulations under the Act and the conditions attached to the authority have been complied with; and
4. The provisions of the Collections Act 1966 (QLD), the regulations under the Act and the conditions attached to the authority have been complied with; and
5. The internal controls exercised by RichmondPRA Limited are appropriate and effective in accounting for all income received and applied by RichmondPRA Limited from any of its fundraising appeals.

Mark Orr AM
Chief Executive Officer
Date: 23 October 2019

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of RichmondPRA Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of RichmondPRA Limited (the registered entity) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

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

(i) Giving a true and fair view of the registered entity's financial position as at 30 June 2019 and of its financial performance for the year then 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 Group 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.

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the RichmondPRA Limited annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the Financial Report

The directors of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the directors 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, directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Group 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.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

We also report that:

(a) The financial statements show a true and fiar view of the financial result of the fundraising appeals for the year ended 30 June 2019, as required by the Charitable Fundraising Act 1991;

(b) The accounting and associated records of RichmondPRA Limited have been kept in accordance with the Charitable Fundraising Act 1991 and the Regulations for the year ended 30 June 2019;

(c) Money received as a result of fundraising appeals conducted during the year have been properly kept in accordance with the Charitable Fundraising Act 1991 and the Regulations; and

(d) As at the date of this report, there are reasonable grounds to believe that RichmondPRA Limited will be able to pay its debts as and when they fall due.

BDO East Coast Partnership

BDO

Paul Bull
Partner

Sydney, 23 October 2019