Intereach Limited

ABN 33 143 880 219

Annual Financial Statements
30 June 2017

Contents

Directors' report

The Directors present their report together with the financial statements of Intereach Limited (the Company), for the year ended 30 June 2017 and the auditor's report thereon.

Directors

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

Patricia Fogarty	Director	Appointed AGM October 2010
Dianne Rinaldi	Director	Appointed AGM October 2003
Clive Gow	Director	Appointed AGM October 2005
Robert Brown	Director	Appointed 25 August 2011
Andrew Johnstone	Director	Appointed AGM October 2016
Vicki Kempton	Director/Chairperson	Appointed 26 June 2014, Resigned November 2016
Jody Whitley	Director/Chairperson	Appointed AGM October 2014, Resigned March 2017

All Directors are considered independent, non executive Directors of the Company.

Company secretary

Ms Suzanne Mathieson (CEO) was appointed to the position of Company Secretary on 20 September 2012 and continues to act in this capacity subsequent to year end.

Qualifications

- Bachelor of Arts–Macquarie University.
- Graduate Certificate Adult Education - UTS

Experience

- 28 years' experience in human services in NSW including at Senior Executive level in the NSW Public Service.

Principal activities

The principal activities of the Company during the course of the financial year were those of strengthening and improving social and personal well-being for individuals, families and communities.

State of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Operating and financial review

The operating profit for the year was $870,500 (2016: $784,462).

Short & long term objectives

- strengthen and improve social and personal well-being for individuals, families and communities;
- promote and facilitate access, equality and social justice; and
- deliver services locally that are of quality and have value.

Dividends

The Company is a company limited by guarantee and therefore has not declared or paid any dividend during the financial year, nor is it recommended that any dividend should be declared or paid from the operating result disclosed in the financial statements.

As at 30 June 2017 the company has 29 members each of whom have guaranteed to contribute $2, in the event of windup of the company or within 12 months of ceasing membership.

Directors' report (continued)

Environmental regulation
The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Directors believe that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

Events subsequent to balance date
There has been no transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the economic entity, in subsequent financial years.

Likely developments
There are no significant likely developments not otherwise disclosed in this report or the financial statements.

Indemnification and insurance of directors and officers
The Company has indemnified all Directors and certain Executive Officers in respect of liabilities to other persons (other than the Company or a related body corporate) that may arise from their position as Director or Executive Officer of the Company, except where the liability arises out of conduct involving a lack of good faith.

The Company has not indemnified its auditor, Brian McCleary & Co.

Auditors' independence declaration
A copy of the auditors' independence declaration as required by section 307C of the Corporations Act 2001 is set out on page 3.

Directors' meetings
The number of Directors' meetings attended by each of the Directors of the Company during the financial year are:

Director	Number of Directors' Meetings Attended	Number of Directors' Meetings Held*
Patricia Fogarty	9	11
Dianne Rinaldi	9	11
Clive Gow	10	11
Robert Brown	11	11
Andrew Johnstone	7	8
Vicki Kempton	3	3
Jody Whitley	5	7

* reflects the number of meetings held during the time the Director held office during the year.

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

x C.N. Gow

Clive Gow, Director

Date: 28 September 2017

x

Robert Brown, Director

Date: 28 September 2017

AUDITORS' INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTOR OF
INTEREACH LIMITED

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2017 there have been:

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

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

Name of Firm: Brian McCleary & Co
Chartered Accountants

Name of Partner: Brian McCleary
Brian McCleary (RCA665)

Address: 126 End Street Deniliquin NSW 2710

Dated this 28th day of September 2017

Statement of comprehensive income for the year ended 30 June 2017

	Note	2017 $	2016 $
Revenue from rendering of services		19,584,433	13,623,024
Other revenue		708,726	988,430
	4	**20,293,158**	**14,611,454**
Other income	4	(116,258)	291,443
Expenses			
Marketing expenses		159,847	130,571
Occupancy expenses		811,462	509,587
Administrative expenses		4,507,660	3,713,462
Unspent grants		942,681	646,564
Employee benefits expense		10,806,036	7,895,933
Other expenses		2,169,328	1,326,287
Result from operations		**779,887**	**680,493**
Financing income	4	125,996	140,678
Financing expenses		(35,383)	(36,709)
Net financing costs		**90,613**	**103,969**
Profit/(loss) before income tax		**870,500**	**784,462**
Income tax expense/(benefit)	2(e)	-	-
Net profit/(loss)		**870,500**	**784,462**
Other comprehensive income			
Prior year adjustment to income		-	-
Net change in reserves		130,790	1,156
Total comprehensive income for the year		**1,001,290**	**785,618**

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 8 to 23.

Statement of changes in equity for the year ended 30 June 2017

	Retained Earnings $	Asset Revaluation Reserve $	ADHC Restrictions $	Total Equity $
Balance at 1 July 2015	4,162,952	75,406	375,000	4,613,358
Total comprehensive income for the period				
Profit or (loss)	784,462	-	-	784,462
Revaluation Reserve (Ex. Berrigan Hume Shire Council Vehicles)	-	17,560	-	17,560
Reversal of Revaluation Reserve (Land & Buildings)	-	(16,404)		(16,404)
Total comprehensive income	**784,462**	**1,156**	-	**785,618**
Transactions with owners recorded directly in equity	-	-	-	-
Balance at 30 June 2016	**4,947,414**	**76,562**	**375,000**	**5,398,976**

	Retained Earnings $	Asset Revaluation Reserve $	ADHC Restrictions $	Total Equity $
Balance at 1 July 2016	4,947,414	76,562	375,000	5,398,976
Total comprehensive income for the period				
Profit or (loss)	870,500	-	-	870,500
Changes in Accounting Policy (Long Service Leave)	130,790	-	-	130,790
Prior year adjustment (transition to new finance system)	156			156
Total comprehensive income	**1,001,446**	-	-	**1,001,446**
Transactions with owners recorded directly in equity	-	-	-	-
Balance at 30 June 2017	**5,948,860**	**76,562**	**375,000**	**6,400,422**

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 8 to 23.

Statement of financial position
As at 30 June 2017

	Note	2017 $	2016 $
Current assets			
Cash and cash equivalents	6	4,819,018	4,954,992
Trade and other receivables	7	1,989,074	204,748
Other current assets	8	57,625	44,678
Total current assets		**6,865,717**	**5,204,418**
Non-current assets			
Property, plant and equipment	9	4,944,834	4,441,488
Intangibles	9(a)	106,274	147,844
Total non-current assets		**5,501,108**	**4,589,332**
Total assets		**11,916,825**	**9,793,750**
Current liabilities			
Trade and other payables	10	2,227,565	1,272,428
Loans and borrowings	11	172,280	115,330
Provisions	13	931,469	1,041,358
Other current liabilities	14	1,350,903	1,084,042
Total current liabilities		**4,682,217**	**3,513,158**
Non-current liabilities			
Loans and borrowings	11	685,375	625,418
Provisions	13	148,811	256,198
Total non-current liabilities		**834,186**	**881,616**
Total liabilities		**5,516,403**	**4,394,773**
Net assets		**6,400,422**	**5,398,976**
Equity			
Reserves	15	451,562	451,562
Retained profits		5,948,860	4,947,415
Total equity		**6,400,422**	**5,398,976**

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 8 to 23.

Statement of cash flows
For the year ended 30 June 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Cash receipts in the course of operations		20,805,008	16,094,566
Cash payments in the course of operations		(20,157,504)	(15,333,432)
		647,504	**761,134**
Interest received		125,996	140,678
Financing costs		(35,383)	(36,709)
Net cash from operating activities	19	**738,116**	**865,103**
Cash flows from investing activities			
Proceeds from sale of non current assets		31,634	35,444
Payments for property, plant and equipment		(1,022,787)	(1,436,285)
Net cash from/(used in) investing activities		**(991,153)**	**(1,400,841)**
Cash flows from financing activities			
Proceeds from borrowings/leases		234,893	770,000
Repayment of borrowings/leases		(123,301)	(96,477)
Net cash from/(used in) financing activities		**111,592**	**673,523**
Net increase/(decrease) in cash held		**(141,445)**	**137,785**
Cash at beginning of the financial year		**4,944,841**	**4,807,056**
Cash at end of the financial year	6	**4,803,552**	**4,944,841**

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 8 to 23.

Notes to and forming part of the financial statements
For the year ended 30 June 2017

1 Going concern basis of preparation

The values attributed to Intereach Limited's ("the Company's") assets represent true and fair values on the basis that the Company is a going concern. The financial statements have been prepared on a going concern basis that contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

The Company reports a surplus in working capital of $2,183,501 being the amount that current assets exceed current liabilities (2016: $1,691,261 surplus). The Company reports a trading profit for the 2017 year of $870,500 (2016: $784,462).

The Company's ability to remain a going concern and to discharge its liabilities in the ordinary course of business is dependent upon the continuing financial support of its funding provider, key suppliers and the generation of positive net cash flows from operating activities.

In the current year the Company has reported a cash surplus from operations of $738,116 (2016: $865,103). The Directors have reviewed future operating and cash flow budgets and are of the view that it is appropriate to prepare the financial statements on a going concern basis.

2 Statement of significant accounting policies

Intereach Limited (the "Company") is a public company limited by guarantee domiciled in Australia. The address of the registered office is 78-80 Napier Street, Deniliquin, NSW, Australia.

The financial statements were authorised for issue by the Directors on 28 September 2017

(a) Statement of compliance

The Company has adopted the Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010-2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.* As a consequence, the Company has also adopted AASB 2011-2: *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements* and AASB 2012–7: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* in respect of AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets and AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income.

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The Company is a not-for-profit entity for financial reporting purposes under the Australian Accounting Standards.

Notes to and forming part of the financial statements
For the year ended 30 June 2017

2 Statement of significant accounting policies (continued)

(b) Basis of preparation

The financial statements are presented in Australian dollars.

The financial statements are prepared on the basis of historical costs and except where stated, do not take into account changing money values or current valuations of non-current assets.

Not-for-profit status

Under AIFRS, there are requirements that apply specifically to not-for-profit entities that are not consistent with International Financial Reporting Standards (IFRS) requirements. The Company has analysed its purpose, objectives and operating philosophy and determined that it does not have profit generation as a prime objective. Consequently, where appropriate the Company has elected to apply options and exemptions within AIFRS that are applicable to not-for-profit entities.

Critical accounting estimates

The preparation of the financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Company.

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

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 3.

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

(c) Revenue

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Government grants

Government grants and subsidies are recognised as income in the period to which they relate and not when they are received. Grants received in advance are treated as a liability.

Income is recognised when the Company obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Company and the amount of the contribution can be measured reliably.

Notes to and forming part of the financial statements
For the year ended 30 June 2017

2 Statement of significant accounting policies (continued)

(c) Revenue (continued)

Asset sales

The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed and is accounted for as other income.

Other revenue

Other revenue comprises room hire, approved surplus income and other sundry revenue.

(d) Expenses

Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method and interest receivable on funds invested.

Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the statement of comprehensive income using the effective interest method.

Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense and spread over the lease term.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(e) Income tax

The Company is exempt from income tax.

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash balances, call deposits and 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. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(g) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (refer Note 2(j)). Receivables are due for settlement no more than 30 days from the date of recognition unless specific payment arrangements have been approved.

Notes to and forming part of the financial statements
For the year ended 30 June 2017

2 Statement of significant accounting policies (continued)

(h) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation/amortisation and impairment losses. The cost of self-constructed assets includes the cost of materials and direct labour and an appropriate proportion of production overheads.

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

Depreciation/ amortisation

Depreciation/Amortisation is charged to the statement of comprehensive income over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The depreciation rates and methodology applied in the current and comparative periods are as follows:

Buildings	2.5%
Plant and equipment	10% - 34%
Motor vehicles	12.5% - 25%

Subsequent costs

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included as other income in the statement of comprehensive income.

(i) Trade and other payables

Trade and other payables are stated at cost, which approximates amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Impairment

The carrying amounts of the Company's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its value in use. Value in use in respect of a not-for-profit entity is the depreciated replacement cost of an asset when the future economic benefits of the asset are not primarily dependent on the assets ability to generate net cash inflows. Impairment losses are recognised in the statement of comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Notes to and forming part of the financial statements
For the year ended 30 June 2017

2 Statement of significant accounting policies (continued)

(k) Employee benefits

Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs, such as workers compensation insurance.

Long-term service benefits

The provision for long service leave is measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yields as at the reporting date of national government bonds, which have terms to maturity approximating the terms of the related liability rate used. This is a change from previous policy, which was a conservative approach of accruing for 100% of staff from commencement date. The financial effect of this change is accounted for in the statement of changes in equity.

Superannuation contributions

The Company contributes to several complying superannuation funds, via Hesta Clearing House. Contributions are recognised as an expense as they are incurred.

(l) Provisions

A provision is recognised in the statement of financial position when the Company has a present legal, equitable or constructive obligation as a result of a past event, and it is probable (more likely than not) that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is treated as an expense as part of borrowing expenses related to the particular provision.

(m) 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 the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated without the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows inclusive of GST. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Notes to and forming part of the financial statements
For the year ended 30 June 2017

2 Statement of significant accounting policies (continued)

(n) Interest bearing loans and borrowings

Interest bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(o) Leases

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Lease payments are accounted for as described in Note 2(d).

(p) Financial instruments

Recognition & Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to the profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

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

Classification & Subsequent Measurement

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

Financial assets are classified at fair value through profit of loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Notes to and forming part of the financial statements
For the year ended 30 June 2017

2 Statement of significant accounting policies (continued)

(p) Financial instruments (continued)
Classification & Subsequent Measurement (continued)

(ii) Loans & receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

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

Impairment
At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

3 Accounting estimates & judgements

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

Key estimates – Impairment
The Company assesses impairment at each reporting date by evaluation conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

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

Notes to and forming part of the financial statements
For the year ended 30 June 2017

4 Revenue

	2017 $	2016 $
Government grants	16,696,532	12,969,476
Donations & fundraising	2,170	792
Fees & client contributions	2,887,901	1,005,855
Rental income	51,584	23,850
Profit / (Loss) on sale of assets	(116,258)	18,753
Reversal of Impairment Loss on Land & Buildings	-	272,691
Other	780,968	752,158
	20,302,896	15,043,575

5 Expenses

	2017 $	2016 $
Depreciation	413,121	391,549
Bad and doubtful debt expense	4,536	13,981

a) Personnel expenses

	2017 $	2016 $
Wages and salaries	8,514,005	6,685,360
Other associated personnel expenses	671,288	399,075
Superannuation	819,845	659,730
Increase / (Decrease) in liability for annual leave	760,653	53,435
Increase / (Decrease) in liability for long service leave	40,245	92,333
	10,806,036	7,895,933

Notes to and forming part of the financial statements
For the year ended 30 June 2017

	2017 $	2016 $
6 Cash and cash equivalents		
Cash on hand	2,055	1,810
Cash at bank	612,293	865,212
Short term deposits	4,204,670	4,087,970
	4,819,018	4,954,992

Reconciliation to cash at the end of the year
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

NILS Bank overdraft	(15,466)	(10,151)
Cash and cash equivalents in the statement of cash flows	4,803,552	4,944,841

7 Trade and other receivables

Trade debtors	1,817,297	121,854
Deposits	39,203	960
Other receivables	132,575	81,934
	1,989,074	204,748

Trade receivables are shown net of impairment losses amounting to $0 (2016: $0).

8 Other assets

Current		
Prepayments	57,625	44,678
	57,625	44,678

Notes to and forming part of the financial statements
For the year ended 30 June 2017

	2017 $	2016 $
9 Property, plant and equipment		
Freehold land		
At cost	788,835	365,035
Buildings		
At cost	3,244,725	3,642,266
Less: accumulated depreciation	(504,832)	(438,398)
Less: accumulated impairment losses	-	-
	2,739,893	3,203,868
Plant and equipment		
At cost	284,314	679,737
Less: accumulated depreciation	(171,943)	(506,568)
	112,371	173,169
Motor vehicles		
At cost	1,969,437	1,344,145
Less: accumulated depreciation	(846,511)	(683,529)
	1,122,927	660,616
Leasehold		
At cost	176,374	50,116
Less: accumulated amortisation	(23,055)	(11,316)
	153,318	38,800
Capital work in progress		
At cost	27,490	-
Total property, plant and equipment	4,944,834	4,441,488

The Company has land and buildings with restrictions against them by Government. Refer to Note 18 Contingent liabilities, and Note 15 Reserves.

As at 30 June 2016, the Company had valuations conducted by independent registered valuers on its land and buildings. Where the carrying amount of a class of assets is more than the fair value determined by the valuer, the balance of the asset has been impaired to reflect the fair value. Where the carrying amount of a class of assets is less than the fair value, prior impairments are reversed and no further increment has been made to its carrying amount. Properties are to be revalued in 2021.

Notes to and forming part of the financial statements
For the year ended 30 June 2017

9 Property, plant & equipment (continued)

Asset reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	Freehold land $	Buildings $	Plant and equipment $	Motor vehicles $	Lease hold	Capital WIP $	Total $
Balance at 1 July 2015	365,035	1,967,385	213,987	692,695	42,663	-	3,281,765
Additions	-	1,064,672	42,896	177,986	-	-	1,285,554
Revaluations	-	-	-	-		-	-
Internal transfers	-	-	-	-	-	-	-
Disposals	-	-	(3,399)	(13,293)	-	-	(16,982)
Depreciation	-	(84,476)	(80,315)	(196,772)	(3,863)	-	(365,426)
Impairment loss	-	-	-	-		-	-
Impairment reversal	-	256,287	-	-		-	256,287
Balance at 30 June 2016	365,035	3,203,868	173,169	660,616	38,800	-	4,441,488
Balance at 1 July 2016	365,035	3,203,868	173,169	660,616	38,800	-	4,441,488
Additions	-	84,608	38,849	700,583	164,742	27,490	1,016,272
Revaluations	-	-	-	-	-	-	-
Internal transfers	423,800	(425,250)	2,302	(2,302)	1,450	-	-
Disposals	-	(56,900)	(436,573)	(72,989)	(39,934)	-	(606,396)
Depreciation for the year	-	(92,729)	(37,508)	(215,372)	(20,591)	-	(366,201)
Depreciation - Disposals	-	25,653	373,053	51,470	9,496	-	459,670
Depreciation – Transfers	-	643	(921)	921	(643)	-	-
Balance at 30 June 2017	788,835	2,739,893	112,371	1,122,927	153,318	27,490	4,944,834

	2017 $	2016 $
9(a) Intangibles – Computer Software and Licenses		
At cost	165,212	258,626
Less: accumulated depreciation	(58,938)	(110,782)
	106,274	147,844
10 Trade and other payables		
Trade payables	783,474	768,814
Accrued payroll	283,756	164,807
Sundry payables and accrued expenses	196,971	15,000
Accrued purchase orders	963,364	323,807
Payables due to related parties	-	-
	2,227,565	1,272,428

Notes to and forming part of the financial statements
For the year ended 30 June 2017

11 Loans and borrowings

	2017 $	2016 $
Current		
NILS Bank overdraft	15,466	10,151
Finance lease liabilities	78,665	26,993
Credit Card liability	1,146	1,182
NAB Loan	77,004	77,004
	172,280	115,330
Non-current		
Finance lease liabilities	139,970	3,009
NAB Loan	545,405	622,409
	685,375	625,418

12 Financing arrangements

Facilities available at balance date

- National Australia Bank - overdraft facility for the NILS Program
- National Australia Bank - equipment finance facility of $81,365
- National Australia Bank – flexible rate loan facility of $622,409
- Commonwealth Bank of Australia - business card facility $40,000

Facilities used at balance date
NILS Overdraft facility
The overdraft facility is provided by National Australia Bank in relation to the NILS Program. This is an unsecured facility and interest is not incurred on overdrawn balances.

National Australia Bank finance facility
The Company has finance lease arrangements for the purchase of motor vehicles. The lease liabilities are secured by the leased assets. $218,635 of the facility was utilised at balance date.

National Australia Bank flexible rate loan facility
The Company has obtained a flexible rate loan facility for the purchase of 20 Peter Street Wagga Wagga Office. The mortgage is secured over the same property.

Business card facility
The Company has a corporate credit card facility. $1,146 of the facility was utilised at 30 June 2017

13 Provisions

	Annual leave $	Long service leave $	Other provisions $	Total $
Opening balance at 1 July 2015	270,336	355,961	623,191	1,249,488
Net amount provided for/(used)	59,203	92,565	(103,700)	48,068
Balance at 30 June 2016	329,539	448,526	519,491	1,297,556
Change in Accounting Policy	-	(199,811)	-	(199,811)
Net amount provided for/(used)	151,146	97,109	(265,720)	(17,465)
Balance at 30 June 2017	480,685	345,824	253,771	1,080,280

Analysis of total provisions

	2017 $	2016 $
Current	931,469	1,041,358
Non - current	148,811	256,198
	1,080,280	1,297,556

14 Other liabilities

	2017 $	2016 $
Current		
Unspent government funding	1,280,447	1,070,505
Approved carry over funding & prepaid grants	70,456	13,536
	1,350,903	1,084,042

15 Reserves

Asset revaluation surplus
The asset revaluation surplus records revaluations of non current assets. These relate to assets that have been given to Intereach Limited for no consideration.

Ageing, Disability and Home Care Restrictions
A potential obligation exists for the repayment of funds contributed by NSW Government for the establishment of the Neighbourhood Centre. The NSW Government retain a 50% interest reflecting their contribution to the organisation upon purchase and establishment of the Neighbourhood Centre at the corner of Trickett and Napier Street Deniliquin.

16 Key management personnel

The following were key management personnel of the Company at any time during the reporting period, and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors
The names of each person holding the position of director of Intereach Limited during the financial year are P. Fogarty, D. Rinaldi, C. Gow, R. Brown, A. Johnstone, V. Kempton and J. Whitley

Apart from the details disclosed in this note, no director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at year end.

Executive
S. Mathieson – Chief Executive Officer

Key management personnel compensation and expenses inclusive of non-executive and executive key management personnel for the 2017 year were $174,721 (2016: $167,918).

Notes to and forming part of the financial statements
For the year ended 30 June 2017

Other transactions with the Company
From time to time the directors of the Company may make purchases from the Company. These purchases are on the same terms and conditions as those entered into by other members. From time to time the Company may also be supplied with goods and services from entities associated with directors. The terms and conditions of the transactions with the above mentioned directors and their director related entities were on an arms length basis.

17 Segment reporting

AASB 114*Segment Reporting* states that it does not apply to general purpose financial reports of not-for-profit entities. The Directors of the Company have stated in Note 2(b) that the Company is a not-for-profit entity.

18 Contingent liabilities and contingent assets

A potential obligation exists for the repayment of funds contributed by the NSW Government for the establishment of the Neighbourhood Centre. As at 30 June 2017 the NSW Government retain a 50% interest reflecting their contribution to the organisation upon purchase and establishment of the Neighbourhood Centre at the corner of Trickett and Napier Street, Deniliquin.

The amount recognised in equity is $375,000.

19 Reconciliation of cash flows from operating activities

	2017 $	2016 $
Profit for the period	870,500	784,461
Adjustments for:		
Depreciation	413,121	391,549
Impairment Charges / (Reversal of Impairment Charges)	-	(256,287)
(Gain)/loss on sale of assets	116,258	(18,753)
Net movement in reserves	130,790	1,156
Net cash provided by operating activities before changes in assets and liabilities	**1,530,669**	**902,126**
Change in operating assets and liabilities:		
(Increase)/decrease in trade & other receivables	(1,784,326)	181,536
(Increase)/decrease in prepayments	(12,948)	5,462
Increase/(decrease) in trade & other payables	955,137	160,170
Increase/(decrease) in.provisions & other liabilities	49,584	(384,191)
Net cash provided by operating activities	**738,116**	**865,103**

Notes to and forming part of the financial statements
For the year ended 30 June 2017

20 Commitments

a) Finance leases

Finance lease commitments relate to financing of the motor vehicle fleet. As at 30 June 2017 there are 15 vehicles encumbered under finance arrangements which are payable in the normal course of events as follows:

	2017 $	2016 $
Not later than 1 year	86,050	27,898
Later than 1 year but not later than 5 years	145,282	3,025
	231,332	30,923
Less: future lease finance charges	(12,697)	(921)
	218,635	30,002
Amounts provided for in the financial statements:		
Current	78,665	26,993
Non-current	139,970	3,009
	218,635	30,002

b) Operating leases

Non cancellable operating leases contracted for but not capitalised in the financial statements are payable as follows:

Not later than 1 year	423,754	77,004
Later than 1 year but not later than 5 years	946,791	622,409
	1,370,545	699,413

Operating leases relate to contracts entered into for occupancy of the offices located at Albury, Hay, Corowa, Cootamundra, Buronga, Griffith and Finley and the photocopiers at each office.

c) NAB Loan Facility

NAB Loan Facility obtained for the purchase of 20 Peter Street Wagga Wagga Office, is payable as follows:

Not later than 1 year	77,004	77,004
Later than 1 year but not later than 5 years	545,405	622,409
	622,409	699,413

d) Capital expenditure commitments

There are no capital expenditure commitments as at 30th June 2017

Notes to and forming part of the financial statements
For the year ended 30 June 2017

21 Financial Risk Management

a) Financial Risk Management Policies

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans, bills and lease facilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies of these financial statements as follows:

		Carrying Amount	
		2017	2016
	Note	$	$
Financial assets			
Cash & cash equivalents		4,819,018	4,954,992
Trade and other receivables		1,989,074	204,748
		6,808,092	5,159,740
Financial liabilities			
Trade and other payables		2,227,565	1,272,428
Loans and borrowings		172,280	115,330
		2,399,845	1,387,758

22 Subsequent events

There has been no transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the economic entity, in subsequent financial years. .

23 Economic dependency

Intereach Limited is dependent on the Federal and State Government for the majority of its revenue used to operate the business. At the date of this report the directors have no reason to believe the Federal and State Governments will not continue to support Intereach Limited.

Directors' declaration

In the opinion of the directors of Intereach Limited (the "Company"):

(a) the financial statements and notes, set out on pages 4 to 24, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company as at 30 June 2016 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Signed in Deniliquin in accordance with a resolution of the directors:

x C.N. Gow

Clive Gow, Director

Date: 28 September 2017

x

Robert Brown, Director

Date: 28 September 2017

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF INTEREACH LIMITED
ABN 33 143 880 219

Scope

We have audited the financial report of Intereach Limited for the financial year ended 30 June 2017. The company's director is responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Independent

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

Name of Firm: Brian McCleary & Co
Chartered Accountants

Name of Partner: Brian McCleary
Brian McCleary (RCA665)

Address: 126 End Street Deniliquin NSW 2710

Dated this 28th day of September 2017

Intereach Limited
Income & Expenditure

	2017	2016
	$	$
Ordinary Income/Expense		
Income		
Administration Income	749,156	256,652
Approved Surplus Income	-	334,963
Brokerage Received	-	123,333
Family Day Care Receipts	1,362,964	1,364,370
Fees Received	1,524,936	1,005,857
Gifts & Donations Received	2,170	792
Grants Received	16,696,532	11,270,143
Reimbursed Expenses	83,396	396,022
Total Income	20,419,155	14,752,132
Expenses		
Administration	373,465	179,094
Brokerage	2,169,328	1,326,287
Building & Occupancy	811,462	509,587
Capital Expenditure < $5,000	539,142	185,107
Client Services	395,018	408,614
FDC Educator Payments	1,361,647	1,364,853
Communications	738,629	530,089
Depreciation	413,121	391,549
Equipment	-	50,022
Insurance	52,232	42,555
Interest Paid	35,383	36,709
Meetings & General Travel	194,248	70,858
Motor Vehicle Expense	412,395	326,882
Office Supplies	206,939	129,221
Professional Fees	97,945	129,751
Staff Costs	10,477,313	7,732,307
Training, Workshop & Conference	171,343	163,626
Volunteers	40,105	35,438
Total Expenses	18,489,715	13,612,549
Net Ordinary Income	1,929,439	1,139,583
Other Income/Expense		
Reversal of Impairment Charges	-	272,691
Gain/(Loss) on Sale of Asset	(116,258)	18,752
Unspent Grant Funds	(942,681)	(646,564)
Total Other Income/Expense	(1,058,939)	(355,120)
Net Income	870,500	784,462