

Australian Men's Shed Association Limited

Financial Statements

For the Financial Year Ended 30 June 2020

Australian Men's Shed Association Limited

Financial Statements for the Financial Year Ended 30 June 2020

CONTENTS

| | Page |
|--|-------------|
| Financial Statements | |
| Directors' Report | 1 |
| Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 | 4 |
| Independent Audit Report | 5 |
| Directors' Declaration | 7 |
| Statement of Profit or Loss and Other Comprehensive Income | 8 |
| Statement of Financial Position | 9 |
| Statement of Cash Flows | 10 |
| Statement of Changes in Equity | 11 |
| Notes to the Financial Statements | 12 |

Australian Men's Shed Association Limited

Directors' Report 30 June 2020

Your directors present their report on the Company for the financial year ended 30 June 2020.

1. General information

Directors

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

Names

| | |
|------------------|--------------------|
| Helen Barker | Appointed 27.02.20 |
| William Clifford | Appointed 05.12.19 |
| Stuart Eustice | |
| Peter Hendry | Resigned 05.12.19 |
| Robert Jenkins | |
| Aaron Kearney | Appointed 27.02.20 |
| Barry Laubsch | Appointed 05.12.19 |
| Stuart Marshall | |
| John Sharples | |
| Paul Sladdin | |
| Neil Sperring | Resigned 05.12.19 |
| Len Thomson | |
| Charlie Trafford | |

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

David Helmers held the office of company secretary throughout the financial year and up to the date of this report.

Objectives

The short-term objective of the Company is the promotion and provision of advice for the establishing, operating and management of Men's Sheds across Australia.

The long-term objective of the Company is to sustain existing Men's Sheds and develop further Sheds across Australia to assist with the provision of support and mental health services to communities across Australia.

Strategy

The Company would like to thank the Australian Government, corporate sponsors and donors for their funding assistance that enables the Company to achieve its objectives.

Principal activities

Implement national initiatives and facilitate relevant education, research, activities and services for the benefit of shedders, member Men's Sheds and the Men's Shed movement.

- Promote positive male health and wellbeing outcomes for Australian men
- Advance an effective Men's Shed movement
- Lead best practice standards for Men's Sheds
- Continue effective governance and operations of the Australian Men's Shed Association (AMSA)

Australian Men's Shed Association Limited

Directors' Report 30 June 2020

Performance measures

The Company measures its performance based on performance reporting to the Commonwealth and the AMSA Board. The AMSA is also periodically reviewed by independent assessments based on performance measured against the given deliverables of our funding agreement.

Meetings of directors

During the financial year, 5 meetings of directors were held. Attendances by each director during the year were as follows:

| Directors' Meetings | |
|---------------------------|-----------------|
| Number eligible to attend | Number attended |
| Helen Barker | 2 |
| William Clifford | 3 |
| Stuart Eustice | 3 |
| Peter Hendry | 1 |
| Robert Jenkins | 5 |
| Aaron Kearney | 2 |
| Barry Laubsch | 3 |
| Stuart Marshall | 5 |
| John Sharples | 4 |
| Paul Sladdin | 5 |
| Neil Sperring | 2 |
| Len Thomson | 5 |
| Charlie Trafford | 5 |

Indemnifying officers or auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Australian Men's Shed Association Limited.

Contributors on winding up

In the event of the Company being wound up, members are required to contribute a maximum of \$10 each.

Australian Men's Shed Association Limited

Directors' Report 30 June 2020

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2020 has been received and can be found on page 4 of the financial report.

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



Director :

Dated this 12th day of October 2020

Australian Men's Shed Association Limited

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* and the *Australian Charities and Not-for-Profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



PKF

12 OCTOBER 2020
NEWCASTLE, NSW



MARTIN MATTHEWS
PARTNER

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AUSTRALIAN MEN'S SHED ASSOCIATION LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Men's Shed Association Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of Australian Men's Shed Association Limited, has been prepared in accordance with *Division 60 of the Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (including Independence Standards) (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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, 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, 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 Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*. The directors' responsibility also includes 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 Company'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 intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors. Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.



PKF

12 OCTOBER 2020
NEWCASTLE, NSW



MARTIN MATTHEWS
PARTNER

Australian Men's Shed Association Limited

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2020 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards and the *Australian Charities and Not-for-Profits Commission Act 2012*; and
 - b. give a true and fair view of the Company's financial position and performance in accordance with the accounting policies described in Note 1 to the financial statements of the Company;
2. In the directors' opinion, 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 Board of Directors.



Director

Dated this 12th day of October 2020

Australian Men's Shed Association Limited

Statement of Profit or Loss and Other Comprehensive Income for the Financial Year Ended 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|---|-------|-----------------|-----------------|
| Revenue | 2(a). | 2,405,968 | 2,690,042 |
| Employee benefits expense | 4 | (811,604) | (832,546) |
| Depreciation and amortisation expense | 4 | (32,910) | (41,923) |
| Member development grants & donations | 4 | (687,842) | (1,021,220) |
| Administration expenses | | (60,921) | (49,083) |
| Conference expense | | (77,211) | - |
| Advertising and promotions | | (115,818) | (138,438) |
| Professional services expense | | (47,739) | (47,714) |
| Travel & motor vehicle expenses | | (99,041) | (134,724) |
| Insurance expense | | (498,974) | (471,017) |
| Other expenses | | (31,219) | (30,823) |
| Finance costs | 3 | (3,824) | - |
| Deficit before income tax | | (61,135) | (77,446) |
| Income tax expense | 1(j). | - | - |
| Deficit for the year | | (61,135) | (77,446) |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income | | <u>(61,135)</u> | <u>(77,446)</u> |

The accompanying notes form part of these financial statements.

Australian Men's Shed Association Limited

Statement of Financial Position as at 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|--------------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 21(b) | 4,148,303 | 2,513,154 |
| Trade and other receivables | 7 | 80,789 | 121,084 |
| Other assets | 8 | 388,569 | 348,680 |
| TOTAL CURRENT ASSETS | | <u>4,617,661</u> | <u>2,982,918</u> |
| NON-CURRENT ASSETS | | | |
| Property Plant & Equipment | 9 | 6,911 | 28,566 |
| Intangible assets | 10 | - | - |
| Right-of-use assets | 11 | 78,137 | - |
| TOTAL NON-CURRENT ASSETS | | <u>85,048</u> | <u>28,566</u> |
| TOTAL ASSETS | | <u>4,702,709</u> | <u>3,011,484</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 357,189 | 247,567 |
| Lease liabilities | 11 | 11,948 | - |
| Provisions | 13 | 130,912 | 131,310 |
| Other liabilities | 14 | 3,864,670 | 2,333,071 |
| TOTAL CURRENT LIABILITIES | | <u>4,364,719</u> | <u>2,711,948</u> |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 11 | 79,801 | - |
| Provisions | 13 | 19,788 | - |
| TOTAL NON-CURRENT LIABILITIES | | <u>99,589</u> | <u>-</u> |
| TOTAL LIABILITIES | | <u>4,464,308</u> | <u>2,711,948</u> |
| NET ASSETS | | <u>238,401</u> | <u>299,536</u> |
| EQUITY | | | |
| Retained earnings | | <u>238,401</u> | <u>299,536</u> |
| TOTAL EQUITY | | <u>238,401</u> | <u>299,536</u> |

The accompanying notes form part of these financial statements.

Australian Men's Shed Association Limited

Statement of Cash Flows For the Financial Year Ended 30 June 2020

| | 2020 | 2019 |
|--|------------------------|------------------|
| Note | \$ | \$ |
| Cash from operating activities: | | |
| Receipts from funding bodies, members, sponsorship and donations | 4,369,485 | 4,968,444 |
| Payments to suppliers and employees | (2,722,917) | (3,050,769) |
| Interest received | 1,940 | 3,029 |
| Interest paid | (3,824) | - |
| Net cash (used in)/ provided by operating activities | 21(a) <u>1,644,684</u> | <u>1,920,704</u> |
| Cash flows from investing activities: | | |
| Net cash used in investing activities | <u>-</u> | <u>-</u> |
| Cash flows from financing activities: | | |
| Repayment of lease liabilities | (9,535) | - |
| Net cash used in financing activities | <u>(9,535)</u> | <u>-</u> |
| Net increase / (decrease) in cash and cash equivalents held | 1,635,149 | 1,920,704 |
| Cash and cash equivalents at beginning of year | 2,513,154 | 592,450 |
| Cash and cash equivalents at end of year | 21(b) <u>4,148,303</u> | <u>2,513,154</u> |

The accompanying notes form part of these financial statements.

Australian Men's Shed Association Limited

Statement of Changes in Equity For the Financial Year Ended 30 June 2020

| | Retained Earnings | Total |
|--------------------------------|-------------------|----------------|
| | \$ | \$ |
| 1 July 2019 | 299,536 | 299,536 |
| Deficit for the year | (61,135) | (61,135) |
| Balance at 30 June 2020 | <u>238,401</u> | <u>238,401</u> |
| | | |
| 1 July 2018 | 376,982 | 376,982 |
| Deficit for the year | (77,446) | (77,446) |
| Balance at 30 June 2019 | <u>299,536</u> | <u>299,536</u> |

The accompanying notes form part of these financial statements.

Australian Men's Shed Association Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

1 Summary of Significant Accounting Policies

(a). Statement of compliance

The financial report is a general purpose report which has been prepared in accordance with the Corporations Act 2001, Australian Charities and Not-for-Profits Commission Act 2012, Australian Accounting Standards and Interpretations, and complies with other requirements of the law.

(b). Basis of preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. Unless otherwise indicated, all amounts are presented in Australian dollars.

(c). Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of a change in accounting policy.

(d). Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line or diminishing value basis over the asset's useful life to Company commencing from the time the asset is held ready for use.

Assets held under a finance lease are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

| | |
|----------------------------------|----------|
| Furniture, Fixtures and Fittings | 10 - 20% |
| Office Equipment | 33.3% |
| Computer Software | 40% |

The asset's residual values and useful lives are reviewed, and adjusted for if appropriate, at each balance date. An asset's carrying value is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount. The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Australian Men's Shed Association Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

1 Summary of Significant Accounting Policies (cont'd)

(e). Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

The Company does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(f). Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held-at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(g). Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. These cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

(h). Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i). Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(j). Income tax

The company is exempt from income tax pursuant to s.11-5 of the Income Tax Assessment Act 1997.

Australian Men's Shed Association Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

1 Summary of Significant Accounting Policies (cont'd)

(k). Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). 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 payable are stated inclusive of GST.

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

(l). Government grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Revenue and Other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the reporting date and where the outcome can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Australian Men's Shed Association Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

1 Summary of Significant Accounting Policies (cont'd)

Revenue from contracts with customers (cont'd)

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

(m). Capital risk management

The company manages its capital to ensure it will be able to continue as a going concern while maximising the return to members through the optimisation of the debt and equity balance. The company's overall strategy remains unchanged from 2019.

The company's not subject to externally imposed capital requirements. Operating cash flows are used to maintain and expand the company's assets, as well as to make the routine outflows of tax, supplier payments and repayment of maturing debt. The company's policy is to use borrowing facilities as available.

(n). New accounting standards and interpretations

The company 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.

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

The following Accounting Standards and Interpretations are most relevant to the Company:

AASB 15 Revenue from Contracts with Customers

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

AASB 16 Leases

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

Australian Men's Shed Association Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

1 Summary of Significant Accounting Policies (cont'd)

(n). New accounting standards and interpretations (cont'd)

AASB 1058 Income of Not-for-Profit Entities

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

Impact of adoption

AASB 15, AASB 16, AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2019.

(o). Critical accounting estimates and judgements

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances. These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Estimation of useful lives

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated, or technically obsolete or nonstrategic assets that have been abandoned or sold will be written off or written down.

Provision for doubtful debts

The valuation of provision for doubtful debts is estimated by considering the ageing receivables, communication with the debtors and prior history. The directors determined that a \$1,000 provision for impairment of receivables was an appropriate provision based on aged receivables and debtor days.

Long service leave provision

As discussed in Note 1, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Australian Men's Shed Association Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

2 Deficit for the year

(a). Revenue

| | 2020 | 2019 |
|-----------------------|------------------|------------------|
| | \$ | \$ |
| Sales revenue | | |
| Government grants | 1,400,000 | 1,700,000 |
| Rendering of services | 759,264 | 634,439 |
| Donations | 244,764 | 352,574 |
| | <u>2,404,028</u> | <u>2,687,013</u> |
| Other income | | |
| Interest income | 1,940 | 3,029 |
| | <u>2,405,968</u> | <u>2,690,042</u> |

3 Finance expenses

| | | |
|------------------|-------|---|
| Interest expense | 3,824 | - |
|------------------|-------|---|

4 Expenses

| | | |
|---|---------|-----------|
| Depreciation and amortisation of non - current assets | 32,910 | 41,923 |
| Employee benefits expense | 811,604 | 832,546 |
| Member development grants and donations | 687,842 | 1,021,220 |

5 Key management personnel

The specified non-executive directors of Australian Men's Shed Association Limited during the year were:

| | | |
|------------------|----------------|------------------|
| Robert Jenkins | Aaron Kearney | Barry Laubsch |
| Paul Sladdin | Len Thomson | Helen Barker |
| Stuart Marshall | Peter Hendry | William Clifford |
| Charles Trafford | Stuart Eustice | John Sharples |
| Neil Sperring | | |

Specified directors remuneration

The non-executive directors received no remuneration during their terms in office for both the 2019 and 2020 financial years.

Australian Men's Shed Association Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

5 Key management personnel (cont'd) Specified executives remuneration

The Board reviews the remuneration packages of the executive director on an annual basis. Remuneration packages are reviewed and determined with due regard to current market rates and are benchmarked against comparable industry salaries adjusted by a performance factor to reflect changes in the performance of the company.

| | 2020 | 2019 |
|---------------------------------|---------|---------|
| | \$ | \$ |
| Short-term employee benefits(i) | 146,385 | 151,003 |
| Post-employment benefits | 32,227 | 29,605 |
| | 178,612 | 180,608 |

(i) This amount includes salaries and wages paid in the period.

6 Auditors' Remuneration

Remuneration of the auditor of the Company for:
Auditing the financial report

| | |
|--------|--------|
| 12,000 | 12,000 |
|--------|--------|

7 Trade and other receivables

Trade receivables

| | |
|--------|---------|
| 80,789 | 121,084 |
| 80,789 | 121,084 |

8 Other current assets

Prepayments

| | |
|---------|---------|
| 388,569 | 348,680 |
| 388,569 | 348,680 |

9 Property, Plant and Equipment

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

| | Software | Furniture, Fixtures and Fittings | Computer Equipment | Total |
|----------------------------------|----------|--|-----------------------|----------|
| | \$ | \$ | \$ | \$ |
| Balance at the beginning of year | 19,410 | 5,215 | 3,941 | 28,566 |
| Depreciation | (19,410) | (770) | (1,475) | (21,655) |
| Balance at 30 June 2019 | - | 4,445 | 2,466 | 6,911 |

Australian Men's Shed Association Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

10 Intangible Assets

| | 2020 \$ | 2019 \$ |
|--------------------------|------------|------------|
| Trademarks - at cost | 5,609 | 5,609 |
| Accumulated amortisation | (5,609) | (5,609) |
| | <u>-</u> | <u>-</u> |

11 Right of Use Assets

| | Motor Vehicles \$ | Total \$ |
|---------------------------------------|-------------------------|---------------|
| Balance at the beginning of the year | - | - |
| Additions | 89,635 | 89,635 |
| Depreciation | (11,498) | (11,498) |
| Balance at the end of the year | <u>78,137</u> | <u>78,137</u> |

Lease liabilities

| | 2020 \$ | 2019 \$ |
|----------------------------------|------------|------------|
| Current Lease liabilities | 11,948 | - |
| Non-Current Lease liabilities | 79,801 | - |

12 Trade and other payables

| | | |
|--------------------------------------|----------------|----------------|
| Trade payables | 60,296 | 38,309 |
| GST payable | 281,472 | 199,543 |
| Sundry payables and accrued expenses | 15,421 | 9,715 |
| | <u>357,189</u> | <u>247,567</u> |

13 Provisions

| | | |
|----------------------------------|---------|---------|
| Current Employee Benefits | 130,912 | 131,310 |
| Non-current Employee Benefits | 19,788 | - |

14 Other liabilities

| | | |
|----------------------------|------------------|------------------|
| Unearned membership income | 454,422 | 385,750 |
| Grants received in advance | 3,350,000 | 1,900,000 |
| Payable to NSW Association | 60,248 | 47,321 |
| | <u>3,864,670</u> | <u>2,333,071</u> |

Australian Men's Shed Association Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

15 Dividends

The company's constitution prevents the declaration of dividends. Accordingly no dividend has been declared in respect of the year ended 30 June 2020 (2019: nil).

16 Capital and Leasing Commitments

(a). Operating Lease Commitments

Non - cancellable operating leases contracted for but not capitalised in the financial statements:

| | 2020 | 2019 |
|-----------------------------------|------|-------|
| | \$ | \$ |
| Payable - minimum lease payments: | | |
| - not later than 12 months | - | 2,700 |
| | - | 2,700 |

This operating lease is in relation to a photocopier leased by the Company for a period of 5 years concluding in 2019. No operating leases were entered into following the conclusion of this lease, as such the balance in the 2020FY is nil.

17 Related party transactions

Key management personnel remuneration

Details of key management personnel remuneration are disclosed in note 6 to the financial statements.

Other transactions with specified directors

During the year there were no transactions with specified Directors or their relatives (2019: nil) not otherwise disclosed in the financial statements.

18 Events After the Balance Date

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

19 Contingent Liabilities and Contingent Assets

There were no contingent assets or liabilities as at 30 June 2020 (2019: nil).

20 Segment information

The company promotes the idea of Independent Community Men's Sheds and acts as a resource centre for Men's Sheds across Australia. Accordingly there is only one business and geographical segment.

Australian Men's Shed Association Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

21 Cash Flow Information

(a). Reconciliation of Cash Flow from Operations with Surplus

| | 2020 | 2019 |
|---|------------------|------------------|
| | \$ | \$ |
| Deficit for the year | (61,135) | (77,446) |
| Depreciation and amortisation of non - current assets | 32,910 | 41,923 |
| Loss on sale or disposal of non - current assets | 243 | 697 |
| Changes in assets and liabilities | | |
| - decrease/(increase)in trade and other receivables | 40,295 | (104,971) |
| - decrease/(increase) in other assets | (39,889) | (27,048) |
| - increase/(decrease) in trade payables and accruals | 109,622 | 95,999 |
| - increase in other current liabilities | 1,543,248 | 1,964,274 |
| - increase in provisions | 19,390 | 27,276 |
| Net cash flows provided by operating activities | <u>1,644,684</u> | <u>1,920,704</u> |

(b). Reconciliation of cash

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

| | | |
|---------------|------------------|------------------|
| Bank balances | <u>4,148,303</u> | <u>2,513,154</u> |
|---------------|------------------|------------------|

Included in the total bank balance above is a cash balance of \$60,247 relating to the NSW Mens Shed Association. AMSA hold these funds on behalf of NSW and therefore a corresponding liability has been recognised at 30 June 2020 (2019: \$47,321).

22 Financial Instruments

(a). Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Interest Rate Risk

The Company's cash reserves are subject to interest rate risk, but the company is not dependent on this income.

Australian Men's Shed Association Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

22 Financial Instruments (cont'd)

Maturity profile of financial instruments

The following table details the company's exposure to interest rate risk as at 30 June 2020 and 30 June 2019:

| | Effective Interest Rate | | Floating Interest Rate | | Non-interest Bearing | | Total | |
|------------------------------------|-------------------------|------|------------------------|------------------|----------------------|----------------|------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | % | % | \$ | \$ | \$ | \$ | \$ | \$ |
| Financial Assets: | | | | | | | | |
| Cash at bank | 0.05 | 0.25 | 4,148,303 | 2,513,154 | - | - | 4,148,303 | 2,513,154 |
| Receivables | - | - | - | - | 80,789 | 121,084 | 80,789 | 121,084 |
| Total Financial Assets | | | 4,148,303 | 2,513,154 | 80,789 | 121,084 | 4,229,092 | 2,634,238 |
| Financial Liabilities: | | | | | | | | |
| Trade and sundry payables | - | - | - | - | 357,189 | 247,567 | 357,189 | 247,567 |
| Lease liabilities | 0.05 | - | 91,749 | - | - | - | 91,749 | - |
| Employee provisions | - | - | - | - | 150,700 | 131,310 | 150,700 | 131,310 |
| Total Financial Liabilities | | | 91,749 | - | 507,889 | 378,877 | 599,638 | 378,877 |

(b). Credit risk management

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers. As the overwhelming majority of the company's revenue are government grants, the directors' consider credit risk to be minimal.

Fair value of financial instruments

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values (2019: net fair value).

(c). Liquidity risk management

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

(d). Market risk

As a resource centre for Men's Sheds across Australia, the directors' consider market risk to be minimal.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

Australian Men's Shed Association Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

23 Company Details

Principal Place of Business and Registered Office

The principal place of business and registered office is:

66 King Street
Newcastle NSW 2300