Multicultural Australia Limited
Annual Financial Report

For the year ended 30 June 2020

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Contents

Directors' Report

The Directors of Multicultural Australia Limited ("Multicultural Australia", the "Company" or "Parent Entity") present their Directors' Report together with the financial statements of the Company and its subsidiaries (the "Group") for the year ended 30 June 2020 and the independent Auditor's Report thereon.

Directors' details

The following persons were non-executive Directors of Multicultural Australia during or since the end of the financial year.

Peter Forday MAICD, Chair

Peter Forday joined the Board in July 2011 and has held the position of Chair since November 2016. He is also a member of the People and Culture Committee and the Audit and Risk Committee. Peter holds a Bachelor of Speech Therapy (Hons), a Graduate Diploma in Social Sciences (Counselling), a Certificate IV in Program Design and Facilitation and is a Foundation Alumnus of the Queensland Leadership Program. Peter is also the Chair of the Motor Neurone Disease Association of Queensland Inc, Chair of Welcome Sports Ltd and a non-executive Director of Mercy Community Services South East Queensland Ltd. He is an Adjunct Research Fellow with Griffith University and holds senior advisory roles with the Queensland Police Service, the Queensland Human Rights Commission and the AusCongo Network. Peter owns and operates a management consultancy specialising in leadership coaching and strategic group facilitation.

Giri Sivaraman, Deputy Chair

Giri Sivaraman joined the Board in April 2018 and has held the role of Deputy Chair since November 2019. He is also the Chair of the People and Culture Committee. Giri is a Principal at Maurice Blackburn Lawyers and holds a Bachelor of Laws (Honours) and a Bachelor of Arts (Psychology) from Macquarie University.

Thi The Anh Bui, Director

Anh Bui joined the Board in June 2015 and is Chair of the Audit and Risk Committee. She holds a Bachelor of Laws, Bachelor of Business Administration and Graduate Diploma of Applied Corporate Governance. Anh is admitted as a Solicitor in the Supreme Court of Queensland, is a member of CPA Australia and a Fellow of the Governance Institute of Australia.

Fahim Khondaker, Director

Fahim Khondaker joined the Board in June 2015 and is a member of the Audit and Risk Committee. He is a qualified Chartered Accountant and holds a Bachelor of Commerce (Accounting & Finance majors) and

Bachelor of Economics. Fahim is a Partner at BDO in Brisbane and has extensive experience working with charities and community organisations that promote social cohesion.

Jade Demnar, Director

Jade Demnar joined the Board in September 2018 and is a member of the People and Culture Committee. As a Management Consultant at Oracle, Jade leads change management and innovation initiatives for government clients. In addition to these roles she serves as non-executive Director of the Australian Cervical Cancer Foundation.

Directors are reimbursed expenses that are incurred in the course of their duties as Board members in accordance with company policy. Reasonable opportunities are provided from time to time to ensure the continued professional development of the Board.

All current Directors are also the members of the Company.

Company Secretary

Christina Skoien has held the position of Company Secretary since February 2016. Christina has completed a Graduate Diploma in Corporate Governance from the Governance Institute of Australia.

Principal activities

Multicultural Australia is an independent organisation committed to achieving quality settlement outcomes for clients. Multicultural Australia's staff work with refugees, international students, people seeking asylum and migrants, as well as their local communities. The principal activities of the Group are directed towards creating welcome and inclusion for new Queenslanders, and exceeding stakeholder expectations by delivering exceptional services, working with others to solve big issues and driving innovative projects that make a real difference.

During the year, the Group continued to work in partnership with clients, service providers, government agencies and private sector entities to deliver settlement services, advocacy, community development and multicultural sector development in metropolitan and regional Queensland.

Under the Humanitarian Settlement Program (HSP), Status Resolution Support Services (SRSS) program and Settlement Engagement and Transition Support (SETS) program, Multicultural Australia provided case management and other activities to support clients. The organisation also assisted newly arrived Queenslanders take the first step into employment through a range of employment programs including the Skilling Queenslanders for Work (SQW) and Work & Welcome programs.

The Multicultural Australia client-facing staff practices were significantly impacted by COVID-19 in the fourth quarter. The organisation adapted quickly by developing and implementing more robust virtual platforms for client contact (where appropriate) and also mobilised to ensure local COVID-19 health and education information updates were regular, timely, in a range of key languages and via multiple platforms. With no new arrivals due the international border closures the HSP program in particular was able to repurpose their work providing advocacy and support for families around the challenges of home schooling.

The organisation remains committed to 'Changing the Conversation' around multiculturalism in Queensland. In 2019 research was commissioned on how best to engage the Queensland community on the value and importance of social cohesion. Using this as a base, the organisation engaged in a positive messaging campaign regarding the value of diversity through communications with stakeholders, funding bodies and the public at large. As COVID-19 emerged, the organisation commenced the 'Culture of Connection' social movement with connected communities and stakeholders encouraging social inclusion to counter physical distancing. Multiple community information sessions were conducted and led by the organisation on a range of relevant issues to ensure communities were equipped to have the right conversations through the COVID-19 crisis.

Other principal activities during the year included delivery of youth and migrant programs such as the Migrant Youth Vision Project, and the Brisbane Student Hub which welcomes international students. The Group also continued to focus on the development of its not for profit sporting hub. These activities reflect Multicultural Australia's core belief that providing pathways for the full participation of new arrivals are vital to a successful multicultural society.

Objectives

Multicultural Australia aims to:

- Develop inclusive and prosperous communities where people feel valued, safe and where others will be drawn to live;
- 'Change the conversation' by seizing opportunities to advance a multicultural Australia, creating welcome and a strong sense of belonging for newcomers; and
- Keep fit for the future by investing in the right skills, knowledge and technology to achieve our vision, including social business opportunities that help shape a better future for all.

Financial performance

The 2020 financial year resulted in a consolidated operating surplus of $1.18M for the Group with net cash flow from operating activities down 38% on prior year. Revenue was significantly impacted in the last quarter of the financial year with the closure of the international borders in March 2020 as a result of Coronavirus (COVID-19) pandemic. This resulted in no new refugee arrivals to Australia from that date. The impact on revenue was offset by JobKeeper payments, increased income from the SRSS program and a one-off payment from the Department of Home Affairs for additional settlement related work performed, resulting in the overall year end surplus position.

The Group maintains a robust balance sheet with a strong cash position and an asset to liability ratio of 2.8:1 as at year end.

There is continued uncertainty relating the COVID-19 pandemic on the Group and the wider economy. In addition, economic stimulus packages such as JobKeeper Wage Subsidy payments continue to evolve and develop. The organisation is currently undergoing a review of its operations to ensure it remains fit for the future.

Directors' meetings

The Directors meet regularly in accordance with the Constitution and the Board's work plan. During the year there were two Committees of the Board; the Audit and Risk Committee; and the People and Culture Committee. The number of meetings of Directors held during the year, and the number of meetings attended by each Director, were as follows:

Name	Board of Directors' meetings	
	Number eligible to attend	Number attended
Peter Forday (Chair)	11	11
Giri Sivaraman (Deputy Chair)	11	11
Fahim Khondaker	11	11
Thi The Anh Bui	11	11
Jade Demnar	11	11

Name	Audit and Risk Committee meetings	
	Number eligible to attend	Number attended
Thi The Anh Bui (Committee Chair)	6	6
Fahim Khondaker	6	6
Peter Forday	6	6

Name	People and Culture Committee meetings	
	Number eligible to attend	Number attended
Giri Sivaraman (Committee Chair)	6	4
Peter Forday	6	6
Jade Demnar	6	6

Contribution on winding up

The Company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of $100 each towards meeting any outstanding obligations of the Company. At 30 June 2020, the total amount that members of the Company are liable to contribute if the Company wound up is $500.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s.60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is included on page 5 of this financial report and forms part of the Directors' Report.

Signed in accordance with a resolution of the Directors.

Peter Forday
Chair
Dated 14 October 2020

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Auditor's Independence Declaration to the Directors of Multicultural Australia Limited

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of Multicultural Australia Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit Pty Ltd
Chartered Accountants

S G Hancox

Partner – Audit & Assurance

Brisbane, 14 October 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Notes	2020 $'000	2019 $'000
Funding and income	4	40,921	37,867
Other income	4	7,353	3,682
Direct client expenses		(18,141)	(16,999)
Employee benefits expense	13	(22,912)	(19,870)
Depreciation expense		(599)	(436)
Amortisation expense		(147)	(174)
Write off property plant and equipment		(80)	-
Occupancy expenses		(251)	(544)
Facilities and maintenance		(482)	(380)
Other expenses		(3,733)	(3,566)
Gain/(loss) on financial assets		(678)	73
Finance cost		(64)	-
Surplus / (deficit) before income tax		**1,187**	(347)
Income tax expense		-	-
Surplus / (deficit) for the year		**1,187**	(347)
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income / (loss) for the period		**1,187**	(347)

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

Consolidated Statement of Financial Position

As at 30 June 2020

	Notes	2020 $'000	2019 $'000
Assets			
Current			
Cash and cash equivalents	5	4,377	10,671
Trade and other receivables	6	3,616	2,033
Financial assets	7	11,412	5,073
Other assets	11	290	149
Current assets		19,695	17,926
Non-current			
Property, plant and equipment	8	1,963	1,413
Intangible assets	10	165	245
Goodwill	17	-	80
Non-current assets		2,128	1,738
Total assets		**21,823**	**19,664**
Liabilities			
Current			
Trade and other payables	12	(1,341)	(2,572)
Provisions	14	(3,332)	(1,767)
Lease liabilities	9	(1,018)	-
Contract liabilities	15	(1,918)	(2,050)
Current liabilities		(7,609)	(6,389)
Non-current			
Provisions	14	(101)	(492)
Lease liabilities	9	(143)	-
Non-current liabilities		(244)	(492)
Total liabilities		(7,853)	(6,881)
Net assets		**13,970**	**12,783**
Equity			
Retained earnings		13,970	12,783
Total equity		**13,970**	**12,783**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Retained earnings $'000	Total equity $'000
Balance at 1 July 2018	13,130	13,130
Deficit for the year	(347)	(347)
Other comprehensive income	-	-
Total comprehensive income for the year	(347)	(347)
Balance at 30 June 2019	**12,783**	**12,783**
Balance at 1 July 2019	12,783	12,783
Surplus for the year	1,187	1,187
Other comprehensive income	-	-
Total comprehensive income for the year	1,187	1,187
Balance at 30 June 2020	**13,970**	**13,970**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Notes	2020 $'000	2019 $'000
Operating activities			
Receipts from:			
· Government, donors and others		50,151	45,807
· Interest income		261	338
Payments to clients, suppliers and employees		(49,370)	(44,466)
Net cash provided by operating activities		**1,042**	**1,679**
Investing activities			
Purchase of property, plant and equipment		(125)	(470)
Purchase of intangible assets		(65)	-
Purchase of investment		(12,000)	(5,000)
Dispose of investment		5,078	-
Net cash provided by / (used in) investing activities		**(7,112)**	**(5,470)**
Financing activities			
Cash payment of the Principal Portion of the lease liability		(161)	-
Cash interest for lease liability		(63)	-
Net cash provided by / (used in) financial activities		**(224)**	**-**
Net change in cash and cash equivalents		(6,294)	(3,791)
Cash and cash equivalents, beginning of year		10,671	14,462
Cash and cash equivalents, end of year	5	**4,377**	**10,671**

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

Notes to the Financial Statements

1 General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. A statement of compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) cannot be made due to the Group applying not-for-profit specific requirements contained in the Australian Accounting Standards.

Multicultural Australia Limited is the Group's ultimate parent entity. Multicultural Australia Limited is a public company limited by guarantee incorporated and domiciled in Australia.

The financial statements for the year ended 30 June 2020 were approved and authorised for issue by the Board of Directors on 14 October 2020. The Board has the power to amend and re-issue the financial report.

2 Changes in accounting policies

2.1 New standard adopted as at 1 July 2019

The Group has adopted the new accounting standards which have become effective this year, and are as follows:

AASB 15, AASB 16 and 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.

AASB 15 Revenue from Contracts with Customers

The new accounting standard *AASB 15 Revenue from Contracts with Customers* was effective from 1 January 2018 with the application for not-for profit entities being deferred to be adopted in conjunction with *AASB 1058 Income of Not-for-Profit Entities* effective from 1 January 2019 and is applied to reporting periods beginning on or after this date.

AASB 15 core objective is for entities to report about the nature, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

AASB 16 Leases

The accounting standard *AASB 16 Leases* replaces *IAS 17 Leases* and is effective from 1 January 2019 and is applied to reporting periods beginning on or after this date. The standard removes the distinction between operating and finance leases for lessees and requires the recognition of a right-of-use (ROU) asset and lease liability on the balance sheet.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise ROU but to account for the lease expense on a straight-line basis over the remaining lease term.

On transition the incremental borrowing rate applied to lease liabilities was 5.17%.

When adopting AASB 16 from 1 July 2019, the consolidated entity has applied the following practical expedients:

- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

The impact of adoption of AASB 16 on opening retained profits as at 1 July 2019 was as follows:

	1 Jul 2019
Operating lease commitments as at 1 July 2019 (AASB 117)	1,757
Operating lease commitments discount based on the weighted average incremental borrowing rate of 5% (AASB 16)	(402)
Short-term leases not recognised as a right-of-use asset (AASB 16)	(103)
Low-value assets leases not recognised as a right-of-use asset (AASB 16)	(18)
Accumulated depreciation as at 1 July 2019 (AASB 16)	-
Lease incentive provision reduction against right-of-use asset	(302)
Right-of-use assets (AASB 16)	932
Lease liabilities - current (AASB 16)	(1,087)
Lease liabilities - non-current (AASB 16)	(147)
Lease incentive provision reduction	302
Reduction in opening retained profits as at 1 July 2019	-

AASB 1058 Income of Not-for-Profit Entities

The new accounting standard *AASB 1058 Income of Not-for-Profit Entities* is effective from 1 January 2019 and is to be adopted together with *AASB 15 Revenue from Contracts with Customers* effective from 1 January, 2018 but deferred for not-for profit entities to *1 January 2019* and is applied to reporting periods beginning on or after this date.

AASB 1058 objective it to appropriately recognise transactions where a not-for-profit (NFP) entity acquires an asset at significantly less than the fair value principally to enable the entity to further its objectives; as well as the recognition of volunteer services. There are specific exceptions to the standard that apply to Multicultural Australia Limited.

3 Summary of accounting policies

3.1 Overall considerations

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

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

3.2 Basis of preparation

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

The Financial Statements, except for the cash flow information have been prepared on an accrual basis and are based on historical costs, modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the Financial Statements have been rounded to the nearest thousand ($'000) dollars. Australian dollars is the functional and presentation currency of the Group.

3.3 Revenue

Revenue (up to 30 June 2019)

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

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

Government funded programs

A number of the Group's programs are supported by funding received from the federal, state and local governments.

If conditions are attached to the funding which must be satisfied before the Group is eligible to receive the contribution, recognition of the revenue is deferred until those conditions are satisfied.

Where funding is received on the condition that specified services are delivered, to the funder, this is considered a reciprocal transaction. Revenue is recognised as services are performed and deferred at year-end until the service is delivered.

Revenue from non-reciprocal funding that is not subject to conditions is recognised when the Group obtains control of the funds, economic benefits are probable and the amount can be measured reliably. Where funding may be required to be repaid if certain conditions are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied.

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

Donations

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

Fee for Service

Fees are recognised when the services are provided.

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

Revenue (from 1 July 2019)

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. The Group uses an input method based on costs incurred.

Income that is accounted for under AASB 1058.

The timing of income recognition under AASB 1058 is dependent 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 as 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
- the intention is to principally enable the entity to further its objectives.

Assets arising from grants in the scope of AASB 1058 are recognised at the assets' fair values when the assets are received. Any related liability or equity items associated with the asset are recognised in accordance with the relevant accounting standard. Once the asset and any related liability or equity items have been recognised, then income is recognised for any remaining asset value at the time the asset is received.

For transfers of financial assets (usually cash and/or a receivable) to the Company which enable it to acquire or construct a recognisable non-financial asset, a liability is recognised for 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 Company satisfies its performance obligation.

Donations

Donations are recognised at the time the pledge is made.

Grants and government funding

Grant revenue is recognised in profit or loss when the company satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Interest

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

Rental income

The organisation has entered into short term leases to assist refugees in sourcing accommodation, the organisation incurs an expense which is included in direct client expenditure and this expense is funded as per the relevant funding agreements.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

3.4 Operating expenses

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

3.5 Intangible assets

Acquired intangible assets

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

Subsequent measurement

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. The following useful lives are applied:

- software: 5 years

Amortisation has been included within amortisation expense.

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

3.6 Property, plant and equipment

Leasehold improvements and equipment (comprising computers, office equipment, furniture and motor vehicles) are initially recognised at acquisition cost, including any costs directly attributable to bring the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

Leasehold improvement and equipment are subsequently measured using the cost model, cost less subsequent depreciation or amortisation.

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

- leasehold improvements: 1 – 20 years (improvements depreciated over lease term)
- computer equipment: 2 – 5 years
- office equipment: 3 – 15 years
- motor vehicles: 8 years
- furniture and fittings: 2 – 20 years
- right-of-use assets: (unexpired period of lease or estimated useful life, whichever is shorter)

3.7 Leases

As described in Note 2, the Group has applied *AASB 16 Leases*.

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

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

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

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.
Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life.
Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.
The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

3.8 Financial instruments

Recognition, initial measurement and derecognition

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

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

Classification and subsequent measurement of financial assets

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

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

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

Classifications are determined by both:

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

Subsequent measurement financial assets

Financial assets at amortised cost

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

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as long-term deposit that were previously classified as held-to-maturity under AASB 139.

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

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

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

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

Impairment of Financial assets

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

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

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

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

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

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

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

Trade and other receivables

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

Classification and measurement of financial liabilities

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

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

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

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

3.9 Impairment testing of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

3.10 Income taxes

Multicultural Australia Limited is predominately exempt from Australian income tax, as Section 50-5 of the Income Tax Assessment Act 1997 exempt recognised charitable institutions from income tax. However, the subsidiary of Multicultural Australia Limited (refer Note 19) is subject to income tax. For the subsidiary, tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes

Deferred tax is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.11 Cash and cash equivalents

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

3.12 Retained earnings

Retained earnings include all current and prior period retained surpluses.

3.13 Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

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

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

Defined contribution superannuation benefits

All employees of the Group received defined contribution superannuation entitlements for which the Group pays the fixed superannuation guarantee contribution to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contribution at the end of the reporting period. All obligations for unpaid superannuation guarantee contribution are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

3.14 Provisions, contingent liabilities and contingent assets

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

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

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

3.15 Deferred income (up to 30 June 2019)

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

3.16 Contract liabilities (from 1 July 2019)

Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the goods or services to the customer.

3.17 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

3.18 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised.

3.19 Economic dependence

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

3.20 Comparatives

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

3.21 Significant management judgement in applying accounting policies

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

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. 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 lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Depreciation

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of leasehold improvements and equipment.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Redundancy Provision

In the last quarter of the financial year it became apparent that, with the reduction in work load as a result of the arrival of no new refugees, a reduction in staffing numbers would also be required. A scaled wind down in staff numbers commensurate with the reduction in client numbers, while still enabling the provision of high quality services to clients, was approved and as a result it was decided to provision for a redundancy process and associated costs in FY20 to support the scaled wind down. As the number of impacted staff was known, an estimate of redundancy costs has been provisioned based on the known number of staff, the average length of service and the average remuneration rate.

Long service leave

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

3.22 Investment in associates

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

Investments in associates are accounted for using the equity method. Interests in associates are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its share of the revenue from the services rendered by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as an investment.

The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

3.23 Basis of consolidation

The Group financial statements consolidate those of the Parent Entity and all of its subsidiaries as of 30 June 2020. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June 2020.

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

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

3.24 Business combination

The Group applies the acquisition method in accounting for business combinations.

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred; (b) the recognised amount of any non-controlling interest in the acquiree; and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

4 Funding and income

The Group's funds may be analysed as follows for each major product and service category:

	2020 $'000	**2019 $'000**
Funding and income		
Government funded programs	36,495	35,232
Other income	3,236	1,608
Fee for service	694	619
Donations	301	33
Sponsorship	195	375
	40,921	**37,867**
Other income		
Rent	7,091	3,344
Interest	262	338
	7,353	**3,682**
Total	**48,274**	**41,549**

Other income includes JobKeeper Wage Subsidy payments of $1,665,000 and recoupment of SRSS program expenses of $1,301,000.

5 Cash and cash equivalents

Cash and cash equivalents consist the following:

	2020 $'000	2019 $'000
Cash on hand	5	6
Cash at bank	4,241	3,652
Short term deposits	131	7,013
Cash and cash equivalents	**4,377**	**10,671**

5.1 Reconciliation of cash

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

	2020 $'000	2019 $'000
Cash and cash equivalents	4,377	10,671

6 Trade and other receivables

	2020 $'000	2019 $'000
Current		
Trade receivables, gross	710	1,115
Provision for doubtful debts	(2)	(201)
Trade receivables, net	708	914
Accrued income	2,683	996
Other receivables	225	123
Total trade and other receivables	**3,616**	**2,033**

7 Financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

	Notes	2020 $'000	2019 $'000
Financial assets			
Current			
Cash and cash equivalents	5	4,377	10,671
Trade and other receivables	6	3,616	2,033
Financial assets at fair value through profit or loss		11,412	5,073
Total financial assets		**19,405**	**17,777**

	Notes	2020 $'000	2019 $'000
Financial liabilities			
Current			
Trade and other payables	12	1,341	2,572
Total financial liabilities		**1,341**	**2,572**

See Notes 3.8 and 3.9 for a description of the accounting policies for each category of financial instruments. Information relating to fair values is presented in the related notes.

8 Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amount are as follows:

	Leasehold Improvements $'000	Computer Equipment $'000	Office Equipment $'000	Motor Vehicles $'000	Furniture & Fittings $'000	Total $'000
Gross carrying amount						
Balance 1 July 2019	3,825	670	231	262	63	5,051
Adjustment on transition of AASB 16	865	-	15	52	-	932
Additions	62	144	9	-	-	215
Disposals	-	(2)	-	-	-	(2)
Balance 30 June 2020	4,752	812	255	314	63	6,196
Depreciation and impairment						
Balance 1 July 2019	(2,688)	(518)	(231)	(142)	(59)	(3,638)
Depreciation	(373)	(92)	(5)	(126)	(1)	(597)
Disposals	-	2	-	-	-	2
Balance 30 June 2020	(3,061)	(608)	(236)	(268)	(60)	(4,233)
Carrying amount 30 June 2020	**1,691**	**204**	**19**	**46**	**3**	**1,963**

All depreciation is included within 'depreciation expense'.

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

Right- of- use asset	**Total $'000**
Office building (Leasehold)	692
Computer Equipment	73
Office Equipment	10
Motor Vehicles	21
Total Right-of-use assets	**796**

Additional information on the right-of-use assets by class of assets is as follows:

	Carrying Amount (Note 8)	Depreciation expense	Impairment
Office building (Leasehold)	692	173	-
Computer Equipment	73	14	-
Office Equipment	10	5	-
Motor Vehicles	21	31	-
Total Right-of-use assets	**796**	**223**	**-**

The right-of-use assets are included in the same line as where the corresponding underlying assets would be presented if they were owned.

9 Leases

Lease liabilities are presented in the statement of financial position as follows:

	2020 $'000	2019 $'000
Current	1,018	-
Non-current	143	-
	1,161	**-**

The Group has leases for the support offices, office equipment and motor vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property; plant and equipment (see Note 8).

The lease liabilities include the lease for the Dibley Street support office with a reaming lease term of 13 years that will expire in August 2032. This is a below market value lease, the current year rent is $23,628.

Lease payments not recognised as a lease liability

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The Company's future minimum lease payment commitments on leases exempt from AASB 16 are as follows:

	Minimum lease payments due			
	Within 1 year $'000	1 to 5 years $'000	After 5 years $'000	Total $'000
30 Jun 2020	39	6	-	45
30 Jun 2019	315	904	538	1,757

The prior year comparatives include the leases now recognised under AASB 16.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2020 $'000
Short term leases	103
Leases of low value assets	18
	121

10 Intangible assets

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

	2020 $'000
Acquired software licences	
Gross carrying amount	
Balance at 1 July 2019	762
Addition, separately acquired	66
Balance at 30 June 2020	828
Amortisation and impairment	
Balance at 1 July 2019	(517)
Amortisation	(146)
Impairment losses	-
Balance at 30 June 2020	(663)
Carrying amount 30 June 2020	**165**

11 Other assets

Other assets consist of the following:

	2020 $'000	2019 $'000
Current:		
prepayments	290	149
Total other asset	**290**	**149**

12 Trade and other payables

Trade and other payables recognised consist of the following:

	2020 $'000	2019 $'000
Current:		
trade payables	332	552
other creditors and accruals	1,009	2,020
Total trade and other payables	**1,341**	**2,572**

13 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2020 $'000	2019 $'000
Wages, salaries	21,188	17,848
Workers compensation insurance	112	86
Superannuation – defined contribution plans	1,612	1,936
Employee benefits expense	**22,912**	**19,870**

14 Provisions

The liabilities recognised for provisions consist of the following amounts:

	2020 $'000	2019 $'000
Current:		
annual leave	1,569	1,293
time in lieu	30	50
long service leave	651	411
redundancy	1,017	-
MV excess	65	13
	3,332	1,767
Non-current:		
long service leave	101	189
lease incentive	-	303
	101	492
Total provisions	**3,433**	**2,259**

14.1 Motor vehicle excess provision

Motor vehicle excess provision consists of the following:

	2020 $'000	2019 $'000
Current liabilities		
Provision for Motor Vehicle excess	65	13
Balance as at 30 June	**65**	**13**

The provision for motor vehicle excess reflects a requirement to provide for known future motor vehicle excess expense at the end of the motor vehicle leases.

14.2 Lease incentive provision

Lease incentive provision consists of the following:

	2020 $'000	2019 $'000
Non-current liabilities		
Provision for lease incentive contract	-	303
Movement in provision		
Balance as at 1 July	303	258
Additional provision recognised	(303)	45
Balance as at 30 June	**-**	**303**

The provision for lease incentive reflects a requirement to provide for known future increases in operating lease rentals for the lease of premises.

15 Contract liabilities

Other liabilities can be summarised as follows:

	2020 $'000	2019 $'000
Contract liabilities /Deferred income	1,918	2,050
Other liabilities – current	**1,918**	**2,050**

Contract liabilities/Deferred income consists of income received in advance for services to be rendered by the Group. Contract liabilities/Deferred income is recognised when the services are delivered.

16 Related party transactions

The Group's related parties include its associates, key management and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

16.1 Transactions with associates

The Company, up until financial year 2019 provided management and operational support services to its associate Connect Settlement Services. The company had recognised a provision for doubtful debt for the full balance of $199,286 outstanding in 2019. However, full payment was received in the current year to settle the outstanding balance including a further amount of $25,500 (inc GST). The provision for doubtful debt has been amended to reflect the debt settled.

16.2 Transactions with key management personnel

Remuneration paid to key management personnel includes salary, contributions to members' superannuation and other benefits paid to them and on their behalf. Total key management personnel compensation for 2020 was $1,310,877 (2019: $1,428,493). This includes separation payments made to key management personnel during the year.

In the normal course of business Welcome Residential Pty Ltd manages properties for certain key management personnel. Real estate management fees are charged by Welcome Residential Pty Ltd on these properties, the total value related to these transactions is $678 (2019: $3,730) on arms-length commercial terms.

16.3 Other

Director Fahim Khondaker is employed by BDO and was a volunteer with Islamic Council of Queensland Inc.(ICQ). BDO provided professional consulting services for the Company during the financial year 2020 of $21,560 (2019: $0). The Company did not provide any other services to BDO in 2020 (2019: $350). ICQ was a subcontractor of the Company and did not provide employment support services in the current financial year (2019: $75,898).

All transactions were at arm's length terms and conditions.

17 Goodwill

The movement in the net carrying amount of goodwill are as follows:

	2020 $'000	2019 $'000
Gross carrying amount		
Balance as at 1 July	80	80
Acquired through business combination	-	-
Disposal recognised	(80)	
Balance as at 30 June	-	80
Accumulated impairment		
Balance as at 1 July	-	-
Impairment loss recognised	-	-
Balance as at 30 June	-	-
Carrying amount at 30 June	**-**	**80**

18 Parent entity information

Information relating to Multicultural Australia Limited:

	2020 $'000	2019 $'000
Statement of financial position		
Current assets	19,744	17,700
Non current assets	1,993	2,269
Total assets	21,737	19,969
Current liabilities	(7,463)	(6,196)
Non current liabilities	(244)	(492)
Total liabilities	(7,707)	(6,688)
Net assets	**14,030**	**13,281**
Issued capital	-	-
Retained Earnings	14,030	13,281
Total equity	**14,030**	**13,281**
Statement of profit or loss and other comprehensive income		
Profit / (loss) for the year	745	(140)
Other comprehensive income	-	-
Total comprehensive income	**745**	(140)

19 Composition of the Group

Set out below are the details of the subsidiaries and associates held directly by the Parent Entity:

Name of the subsidiary or associate	**Country of Incorporation and principal place of business**		**Principal activity**	**Proportion of ownership interests held by the Group**	
				30-Jun-20	**30-Jun-19**
MDA Training Pty Ltd	Queensland, Australia	Subsidiary	Training and education	0%	100%
Welcome Residential Pty Ltd	Queensland, Australia	Subsidiary	Real estate agency	100%	100%
Welcome Sports Ltd	Queensland, Australia	Subsidiary	Sporting hub	50%	50%

The Parent Entity holds the controlling interest in Welcome Sports and deregistered MDA Training Pty Ltd on the 11th March 2020.

20 Post-reporting date events

The impact of the COVID-19 pandemic on the Group and the wider economy is ongoing. Governments continue to impose restrictions including social distancing requirements, quarantine measures, travel restrictions and border closures. While the Group was an eligible employer for JobKeeper Wage Subsidy payments from March 2020 to September 2020, the economic stimulus packages offered by government continue to evolve and develop. The organisation is currently undergoing a review of its operations to ensure it remains fit for the future.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Directors' Declaration

In the opinion of the Directors of Multicultural Australia Limited:

a. The consolidated financial statements and notes of Multicultural Australia Limited are in accordance with the Australian Charities and Non-for-profits Commission Act 2012, including:

   i. Giving a true and fair view of its financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

   ii. Complying with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Australian Charities and Non-for-profits Commission Regulation 2013; and

b. There are reasonable grounds to believe that Multicultural Australia Limited will be able to pay its debts as and when they become due and payable.

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

Peter Forday
Chair
Dated 14 October 2020

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Independent Auditor's Report to the Members of Multicultural Australia Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Multicultural Australia Limited (the "Registered Entity") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 Multicultural Australia 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 Registered Entity'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 are independent of the Registered Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Registered Entity'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 the Directors for the Financial Report

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

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

The Directors are responsible for overseeing the Registered Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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 Registered Entity'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 Registered Entity'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 Registered Entity 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.

- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Grant Thornton Audit Pty Ltd
Chartered Accountants

S G Hancox
Partner – Audit & Assurance

Brisbane, 14 October 2020