

Adventure Patch

Financial Report

For the Year Ended 31 December 2020

Adventure Patch

For the Year Ended 31 December 2020

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Adventure Patch

Board's Report

31 December 2020

Your Board submit the financial report of the Company for the financial year ended 31 December 2020.

1. General information

Board

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

| Names | Position | Appointed/Resigned |
|--------------------|-------------------|---------------------------|
| Charles Courtney | Chairman | Appointed 29/05/2019 |
| Joyce du Mortier | Deputy Chair | Appointed 29/05/2019 |
| Ashleigh Furminger | Company Secretary | Appointed 19/02/2020 |
| Aidan Eggleston | Director | Appointed 29/05/2019 |
| Belinda Bresnehan | Director | Resigned 29/07/2020 |
| Calum Frame | Director | Appointed 25/11/2020 |
| Gaylene Cunningham | Director | Appointed 29/05/2019 |
| Jeanette Loosmore | Director | Resigned 29/07/2020 |
| Karen Banks | Director | Appointed 29/05/2019 |
| Mark Roberts | Director | Appointed 29/05/2019 |
| Zoe Tracey | Director | Resigned 29/07/2020 |

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

Principal Activities

The principal activities of the Company during the financial year were to provide early and middle childhood education and care.

Significant Changes

No significant change in the nature of these activities occurred during the year.

Adventure Patch

Board's Report

31 December 2020

1. General information

Short term objectives

The Company's short term objectives are to:

To bring the Adventure Patch philosophy of education and care to as many Tasmanian children as possible through implementing our constitutional objectives.

Long term objectives

The Company's long term objectives are to:

a) The Company is established to be a not-for-profit entity that is a charitable institution with the Objects to advance social and public welfare and to advance education in the communities in which it operates.

b) The Company pursues these Objects through a range of nurturing and challenging activities and family supportive services that may include but not be limited to a focus on:

1) providing occasional and long day care services for babies and infants from birth to 5 years of age;

2) providing out of school hours programs for children aged 5 to 12 years;

3) providing home-based care programs for children aged from birth to 12 years;

4) encouraging children to develop and learn in a safe, secure, inclusive environment;

5) facilitating communication and understanding within and between families, groups and individuals and carers and educators;

6) initiating and/or supporting endeavours that advance the Objects in rule 7a); and 7) doing anything ancillary to the Objects in rule 7a) of our Constitution.

Adventure Patch

Board's Report

31 December 2020

1. General information

Strategy for achieving the objectives

To achieve these objectives, the Company has outlined the goals to achieve the following strategies:

Goal 1: People and Culture:

1.1 Robust understanding of our Culture and People

1.2 Articulate and position our Employee Value Proposition

Goal 2: Growth

2.1 Explore Growth opportunities and options (business)

2.2 Understand our markets and customers

2.3 Position our brand

2.4 Explore diversity in products, services and programs (mix)

Goal 3: Children and families

3.1 Build our contribution to families and children (charity and total contribution dollars)

3.2 Develop customer value proposition

Goal 4: Be well managed

4.1 Strict regulatory compliance

4.2 Be well financially managed

4.3 Well developed Governance systems/processes

4.4 Well developed ICT strategy

4.5 Board strategic reporting

4.6 Leadership development.

Performance measures

The following measures are used within the Company to monitor performance:

Performance is measured through reported progress in line with the strategic objectives outlined in the strategic plan.

Adventure Patch

Board's Report

31 December 2020

1. General information

Members' guarantee

Adventure Patch is a company limited by guarantee. In the event of the company being wound up, ordinary members are required to contribute a maximum of \$1 each. The total amount that members of the company are liable to contribute if the company is wound up is \$143, based on 143 current ordinary members.

Information on Board

Charles Courtney

| | |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Title | Chairman |
| Qualifications | BSc(Hons) |
| Experience | Charles has over 20 years working in Business Operations both in the UK and in Tasmania. Charles joined the Board in March 2016, and has served as Chair since 2018. |

Joyce du Mortier

| | |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Title | Deputy Chairman |
| Qualifications | GradCert Business, BHRM, DipOH&S |
| Experience | Joyce has over 20 years of experience in generalist human resource management, organisational development and organisational change in national and international, profit and not for profit organisations. Joyce joined the Board in May 2018 and was elected Deputy Chair in 2020. |

Ashleigh Furminger

| | |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Title | Company Secretary |
| Qualification | LLB, BA, Diploma Legal Practice |
| Experience | Ashleigh has recently been appointed to the Board as Company Secretary. While studying law she was an actively involved in various legal committees and social groups as well as mentoring Legal Undergraduates. She is a solicitor and brings with her sound governance experience which is crucial in her role as Adventure Patch Company Secretary. |

Aidan Eggleston

| | |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Title | Director |
| Qualification | Cert IV General Insurance, Cert III Investigative Services, Tier 2 Financial Services |
| Experience | Aidan has been on the Board for approximately 3 years and brings 16 years of General Insurance, risk management and compliance experience. He has previously spent 5 years volunteering for organisations such as Good Beginnings and Save the Children providing parental support and mentoring. |

Adventure Patch

Board's Report

31 December 2020

1. General information

Information on Board

Belinda Bresnehan

Title

Director

Qualification

Bcom, CPA, GAICD

Experience

Belinda has over 20 years of Accounting and Finance experience in various sectors including Financial Services, Energy and Tourism and Hospitality. Belinda joined the Board of Adventure Patch in May 2014 and retired from her Board position in July 2020.

Calum Frame

Title

Director

Qualification

BBus

Experience

Calum joined the Board in November 2020 and has a background in accounting and finance. He has previously been employed as an Audit Manager who managed clients from a wide variety of for-profit and not-for-profit organisations. Currently he is employed as a Finance Manager for a not-for-profit organisation.

Gaylene Cunningham

Title

Director

Qualification

Diploma Business Management

Experience

Gaylene has had over 30 years experience in the Trustee Industry. She is an Executive Manager within the Tasmanian State Service of a Government Business Enterprise (GBE). She is a long serving Board member who contributes to the Board substantial experience in senior management, with a particular focus on the setting and achievement of client service objectives within an area subject to legislative restrictions and requirements.

Jeanette Loosmore

Title

Resigned

Qualification

Director

Experience

LLB

Jeanette has been on the Adventure Patch Board for 13 years and has over 20 years of experience in public administration and taxation. She has a special interest in charities law. She retired from the Board in July 2020.

Adventure Patch

Board's Report

31 December 2020

1. General information

Information on Board

Karen Banks

Title

Director

Qualification

Asc Dip Social Science, Tier 1 Insurance Broking

Experience

Karen is currently employed within the Insurance Industry and has previously been employed and involved within the Education/Childcare sector for 30 years. Karen has been a volunteer for 18 years with Special Olympics Australia / Tasmania. Joined Adventure Patch Board 4 years ago and served as Deputy Chair until 2020.

Mark Roberts

Title

Director

Qualification

LLB

Experience

Mark has a legal background and obtained a Bachelor of Law from the University of Tasmania. He currently works as a Property Representative in Real Estate and holds a Diploma of Property Services (Agency Management). Mark joined the Board of Adventure Patch in April 2015.

Zoe Tracey

Resigned

Title

Director

Qualification

Bcom

Experience

Zoe has over 10 years working in Human Resources in the energy industry and not for profit consulting. Her earlier career centred around strategic marketing and has lived the majority of her life in Tasmania besides a few years in Melbourne and Edinburgh. She brings a strategic view to her role on the Adventure Patch Board on which she has sat for 4 years. Zoe retired for the Board in July 2020.

Adventure Patch

Board's Report

31 December 2020

1. General information

Information on Board

Meetings of Board

During the financial year, 11 meetings of directors were held. Attendances by each director during the year were as follows:

| | Directors' Meetings | |
|--------------------|---------------------------|-----------------|
| | Number eligible to attend | Number attended |
| Charles Courtney | 11 | 11 |
| Joyce du Mortier | 11 | 11 |
| Ashleigh Furminger | 11 | 10 |
| Aidan Eggleston | 11 | 7 |
| Belinda Bresnehan | 5 | 5 |
| Calum Frame | 2 | 2 |
| Gaylene Cunningham | 11 | 10 |
| Jeanette Loosmore | 5 | 4 |
| Karen Banks | 11 | 10 |
| Mark Roberts | 11 | 10 |
| Zoe Tracey | 5 | 4 |

2. Operating Results and Review of Operations for the Year

Operating result

The surplus/(deficit) of the Company for the financial year amounted to \$1,023,546 (2019: \$ 592,024).

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events after the reporting date

The Coronavirus (COVID-19) pandemic continues to impact both communities and businesses throughout the world, including Australia, and the community where the Company operates. The scale, timing and duration of potential impacts on the Company is unknown, as are any future mitigating factors. The Company continues to closely monitor the impacts of COVID-19 and will respond as appropriate.

Adventure Patch

Board's Report

31 December 2020

3. Other items

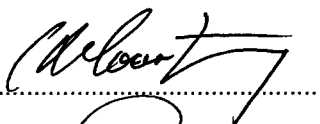
Events after the reporting date

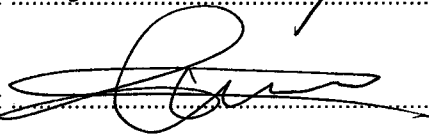
No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Auditors independence declaration

A copy of the auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)* is set out at page 26.

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

Board member: 

Board member: 

Dated this 11 day of May 2021.

Adventure Patch

Board Declaration

For the year ended 31 December 2020

The Board of the Company have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

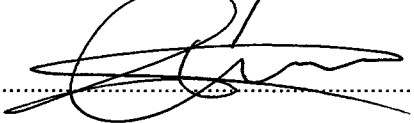
The Board declares that:

1. The financial statements and notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)* and:
 - (a) comply with Australian Accounting Standards to the extent described in Note 1 of the financial statements; and
 - (b) give a true and fair view of the financial position as at 31 December 2020 and of the performance for the year ended on that date of the Company in accordance with the accounting policy described in Note 1 of the financial statements.

2. In the Board's 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.

Board member 

Board member 

Dated this 11 day of MAY 2021.

Adventure Patch

Statement of Comprehensive Income

For the Year Ended 31 December 2020

| | 2020 | 2019 |
|---------------------------------------|-------------------|------------------|
| | \$ | \$ |
| Income | | |
| Childcare assistance | 5,046,572 | 6,189,728 |
| COVID 19 government assistance | 100,000 | - |
| Dividend, distribution and interest | 5,019 | 6,746 |
| Fees | 2,234,037 | 2,741,353 |
| Grants | 1,034,492 | 511,865 |
| Inclusion support services | 47,951 | 39,451 |
| Insurance recovery | 827 | 4,026 |
| Jobkeeper subsidy | 892,500 | - |
| Other revenue | 1,632,097 | 122,802 |
| Unrealised gain/(loss) on investments | 26,194 | 359,117 |
| Total Income | 11,019,689 | 9,975,088 |
| Expenditure | | |
| 40th Celebration expenses | 75,189 | - |
| Accounting and audit fees | 15,470 | 7,006 |
| Advertising | 66,231 | 53,819 |
| Bad debts | 315 | 26,549 |
| Bank charges | 20,093 | 25,119 |
| Board expenses | 2,460 | 10,021 |
| Cleaning | 137,362 | 131,060 |
| Consultancy and professional fees | 93,116 | 152,476 |
| Cost of running childcare services | 91,783 | 114,962 |
| Depreciation | 258,915 | 200,899 |
| Projects | 5,000 | - |
| Electricity and water | 16,730 | 31,052 |
| Employee benefits | 4,985,392 | 4,569,212 |
| Employee expenses | 102,218 | 153,242 |
| Equipment | 23,045 | 13,371 |
| Event Costs | 7,116 | 10,221 |
| Family day care | 3,600,137 | 3,340,549 |
| Food | 41,618 | 57,084 |
| Gardening | 5,508 | 24,716 |
| Information technology expenses | 130,176 | 102,970 |
| Insurance | 149,339 | 122,991 |
| Interest expense | 3,914 | 2,998 |
| Motor vehicle expenses | 7,183 | 9,124 |
| Photocopying | 6,377 | 13,697 |
| Rates | 12,447 | 6,180 |
| Re-branding project | - | 8,810 |
| Rent | 1,592 | 14,406 |
| Repairs and maintenance | 41,263 | 64,920 |

The accompanying notes form part of these financial statements.

Adventure Patch

Statement of Comprehensive Income

For the Year Ended 31 December 2020

| | 2020 | 2019 |
|-------------------------------------------|------------------|------------------|
| | \$ | \$ |
| Sundry expenses | 58,080 | 79,695 |
| Telephone | 38,074 | 35,915 |
| Total Expenses | <u>9,996,143</u> | <u>9,383,064</u> |
| Net surplus/(deficit) for the year | <u>1,023,546</u> | <u>592,024</u> |
| Other comprehensive income | - | - |
| Total comprehensive income | <u>1,023,546</u> | <u>592,024</u> |

The accompanying notes form part of these financial statements.

Adventure Patch

Statement of Financial Position

As At 31 December 2020

| | Note | 2020 \$ | 2019 \$ |
|--------------------------------------|------|------------------|------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 2 | 2,052,215 | 926,257 |
| Trade and other receivables | 3 | 267,735 | 306,276 |
| Other financial assets | | 2,840,248 | 2,814,590 |
| TOTAL CURRENT ASSETS | | 5,160,198 | 4,047,123 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 2,241,103 | 2,317,497 |
| Intangible asset | | 2,245 | 2,544 |
| Goodwill | | 22,000 | 22,000 |
| Right of use assets | | 98,754 | 131,186 |
| TOTAL NON-CURRENT ASSETS | | 2,364,102 | 2,473,227 |
| TOTAL ASSETS | | 7,524,300 | 6,520,350 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 6 | 460,843 | 431,245 |
| Employee benefits | 7 | 397,772 | 417,184 |
| Grant liability | | 20,000 | 51,111 |
| Lease liability | | 76,744 | 65,482 |
| TOTAL CURRENT LIABILITIES | | 955,359 | 965,022 |
| NON-CURRENT LIABILITIES | | | |
| Employee benefits | 7 | 117,318 | 93,596 |
| Lease liability | | 33,274 | 66,929 |
| TOTAL NON-CURRENT LIABILITIES | | 150,592 | 160,525 |
| TOTAL LIABILITIES | | 1,105,951 | 1,125,547 |
| NET ASSETS | | 6,418,349 | 5,394,803 |
| EQUITY | | | |
| Accumulated surpluses | | 6,418,349 | 5,394,803 |
| TOTAL EQUITY | | 6,418,349 | 5,394,803 |

The accompanying notes form part of these financial statements.

Adventure Patch

Statement of Changes in Equity

For the Year Ended 31 December 2020

2020

| | Accumulated Surpluses | Total |
|------------------------------------|----------------------------------|------------------|
| | \$ | \$ |
| Balance at 1 January 2020 | 5,394,803 | 5,394,803 |
| Net surplus/(deficit) for the year | 1,023,546 | 1,023,546 |
| Balance at 31 December 2020 | <u>6,418,349</u> | <u>6,418,349</u> |

2019

| | Accumulated Surpluses | Total |
|------------------------------------|----------------------------------|------------------|
| | \$ | \$ |
| Balance at 1 January 2019 | 4,682,959 | 4,682,959 |
| Net surplus/(deficit) for the year | 592,024 | 592,024 |
| First time adoption of AASB 1058 | 119,820 | 119,820 |
| Balance at 31 December 2019 | <u>5,394,803</u> | <u>5,394,803</u> |

This statement should be read in conjunction with the accompanying notes

Adventure Patch

Statement of Cash Flows

For the Year Ended 31 December 2020

| | 2020 | 2019 |
|-----------------------------------------------------------|---------------------------|-----------------------|
| Note | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts from customers | 8,934,075 | 9,256,459 |
| Receipts from government | 2,198,580 | 562,977 |
| Interest received | 5,019 | 6,746 |
| Payments to suppliers & employees | (9,836,155) | (9,241,720) |
| Interest paid | (101) | (2,998) |
| Net cash provided by operating activities | 11 <u>1,301,418</u> | <u>581,464</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Payments for property, plant & equipment | (103,039) | (183,418) |
| Proceeds from investments | 536 | (2,284) |
| Net cash used by investing activities | <u>(102,503)</u> | <u>(185,702)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Repayment of lease liability | (72,957) | (64,496) |
| Net cash used by financing activities | <u>(72,957)</u> | <u>(64,496)</u> |
| Net increase/(decrease) in cash and cash equivalents held | 1,125,958 | 331,266 |
| Cash and cash equivalents at beginning of year | 926,257 | 594,991 |
| Cash and cash equivalents at end of financial year | 2 <u><u>2,052,215</u></u> | <u><u>926,257</u></u> |

The accompanying notes form part of these financial statements.

Adventure Patch

Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The Board has prepared the financial report on the basis that the not-for-profit Company is a non reporting entity because there are no users dependent on a general purpose financial report. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of *Australian Charities and Not-for-profits Commission Act 2012 (Cth)*. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the minimum requirements of the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)* and therefore comply with the following Australian Accounting Standards as issued by the Australian Accounting Standards Board.

AASB 101 Presentation of Financial Statements;

AASB 107 Statement of Cash Flows;

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors;

AASB 1048 Interpretation of Standards; and

AASB 1054 Australian Additional Disclosures.

These special purpose financial statements comply with all the recognition and measurement requirements in Australian Accounting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

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

(b) Comparative Figures

Where appropriate, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments.

Adventure Patch

Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(d) Trade and other receivables

The Company provides an allowance for losses on trade receivables based on a review of the current status of existing receivables and management's evaluation of periodic ageing of accounts.

Trade and other receivables that do not contain a significant financing component are measured at amortised cost, which represents their transaction value. Impairment is recognised on an expected credit loss (ECL) basis. When determining whether the credit risk has increased significantly since initial recognition, and when estimating the ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis is based on the Company's historical experience, an informed credit assessment and forward looking information. This is all considered in the allowance on losses for trade receivables. A provision for impairment is made at year end based on the assessment.

(e) Leases

Company as a lessee.

At lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised. Finance leases are recognised at an amount equal to the present value of the minimum lease payments determine at the inception of the lease or initial recognition in the case of first time application of AASB 16 Leases.

The right-of-use asset using the cost model where cost on initial recognition comprises; the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease.

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e leases with a term of less than or equal to 12 months) and leases of low-value assets.

The Company has elected to measure the right of use assets arising from the concessionary lease (i.e. peppercorn building lease) at cost, which is based on the associated lease liability at initial recognition.

Company as a lessor

The Company does not act as a lessor in any leasing arrangements.

Adventure Patch

Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(f) Property, Plant and Equipment

Property, plant and equipment are carried at cost less, where applicable, any accumulated depreciation. All assets excluding freehold land and buildings, are depreciated over their useful lives to the Company.

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

| Class of Fixed Asset | Depreciation Rate |
|-----------------------------|--------------------------|
| Buildings | 2 - 10% |
| Plant and equipment | 5 - 50% |
| Motor vehicles | 10 - 25% |
| Computers | 20 - 50% |
| Leasehold improvements | 2.5 -10% |

(g) Intangibles

Intangible assets have a finite life and are carried at cost less any accumulated amortisation. They have an estimated useful life of between one and three years.

Amortisation

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each report date and adjusted if appropriate.

(h) Financial Instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Adventure Patch

Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(h) Financial Instruments

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents, and financial investments in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

There are no financial assets classified as fair value through other comprehensive income.

Adventure Patch

Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(h) Financial Instruments

Financial assets

Fair value through profit or loss

Investments are financial assets classified as fair value through profit and loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Adventure Patch

Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(h) Financial Instruments

Financial assets

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flow are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables and finance lease liabilities.

(i) Employee Benefits

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

Contributions made by the Company to an employee superannuation fund are charged as expenses when incurred.

(j) 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.

Adventure Patch

Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(k) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time for the period ending 31 December 2020, and the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Standard AASB 2020-1 Amendments to Australian Accounting Standards Classification of Liabilities as Current or Non-current amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. This standard applied to annual reporting periods beginning on or after 1 January 2022. The Company has decided against early adoption of this Standard.

(l) Income Tax

No provision for income tax has been raised as the Company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(m) 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 is measured on major income categories as follows:

Fees

Revenue arising from fees is recognised when or as the performance obligation is completed and the family (i.e customer) receives the benefit of services being performed.

Operating Grants/Subsidies - under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations, then the revenue is recognised when control of each performance obligation is satisfied.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate method to reflect the transfer of benefit.

Adventure Patch

Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(m) Revenue and Other Income

Operating Grants/Subsidies - under AASB 1058

Assets arising from grants in the scope of AASB 1058 (i.e. agreements that are not enforceable or do not have sufficiently specific performance obligations) are recognised at their fair value when the asset is received. These assets are generally cash, but may be property which has been donated or sold to the Company at significantly below its fair value.

The Company then considers whether there are any related liability or equity items associated with the assets which are recognised in accordance with the relevant accounting standard. Once the assets and liabilities have been recognised, then income is recognised for any difference between the recorded asset and liability.

Donations

Donation revenue is recognised when an unconditional right to a receivable arises or the cash is received, whichever is earlier.

Interest Revenue

Interest revenue is recognised as it accrues.

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

(n) 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 Tax 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.

(o) Critical Accounting Estimates and Judgments

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

Key Judgements - Employee Benefits

For the purpose of measurement, the Company expects that most employees will not take their annual leave entitlements within a 12 month period in which they are earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

Adventure Patch

Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(o) Critical Accounting Estimates and Judgments

Key Judgements - Revenue Recognition

For many of the grant agreements received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgement involving review of the grant documents and consideration of the terms and conditions. Grants received by the Company have been accounted for under AASB 15 and/or AASB 1058 depending on the terms and conditions and decisions made. If this determination was changed then the revenue recognition pattern would be different from that recognised in this financial report.

Key Estimates - 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.

2 Cash and Cash Equivalents

| | 2020 | 2019 |
|--------------------|------------------|----------------|
| | \$ | \$ |
| Cash on hand | 120 | 176 |
| Cash at bank | 310,918 | 190,782 |
| NAB cash maximiser | 1,741,177 | 735,299 |
| | <u>2,052,215</u> | <u>926,257</u> |

3 Trade and Other Receivables

| | 2020 | 2019 |
|-----------------------------|----------------|----------------|
| | \$ | \$ |
| Trade receivables | 157,097 | 271,591 |
| Provision for doubtful debt | (18,203) | (53,618) |
| Prepayments | 102,110 | 38,347 |
| GST receivable | 26,731 | 14,981 |
| Other receivables | - | 34,975 |
| | <u>267,735</u> | <u>306,276</u> |

Adventure Patch

Notes to the Financial Statements

For the Year Ended 31 December 2020

4 Other Financial Assets

| | 2020 | 2019 |
|-------------------------------|------------------|------------------|
| | \$ | \$ |
| Cash component of investments | 263,130 | 260,633 |
| Investments | 2,577,118 | 2,553,957 |
| | <u>2,840,248</u> | <u>2,814,590</u> |

5 Property, Plant and Equipment

| | 2020 | 2019 |
|-------------------------------------|------------------|------------------|
| | \$ | \$ |
| LAND AND BUILDINGS | | |
| Land | | |
| At cost | 250,000 | 250,000 |
| Total land | <u>250,000</u> | <u>250,000</u> |
| Buildings | | |
| At cost | 2,819,005 | 2,786,387 |
| Accumulated depreciation | (981,431) | (885,178) |
| Total buildings | <u>1,837,574</u> | <u>1,901,209</u> |
| Total land and buildings | <u>2,087,574</u> | <u>2,151,209</u> |
| PLANT AND EQUIPMENT | | |
| Plant and equipment | | |
| At cost | 385,966 | 361,317 |
| Plant and Equipment | (292,831) | (254,188) |
| Total plant and equipment | <u>93,135</u> | <u>107,129</u> |
| Motor vehicles | | |
| At cost | 42,756 | 42,756 |
| Accumulated depreciation | (38,227) | (36,635) |
| Total motor vehicles | <u>4,529</u> | <u>6,121</u> |
| Computers | | |
| At cost | 161,931 | 116,902 |
| Accumulated depreciation | (106,066) | (63,864) |
| Total computers | <u>55,865</u> | <u>53,038</u> |
| Total plant and equipment | <u>153,529</u> | <u>166,288</u> |
| Total property, plant and equipment | <u>2,241,103</u> | <u>2,317,497</u> |

Adventure Patch

Notes to the Financial Statements

For the Year Ended 31 December 2020

6 Trade and Other Payables

| | 2020 | 2019 |
|----------------------------------------------|----------------|----------------|
| | \$ | \$ |
| Trade payables | 99,179 | 88,746 |
| Accrued expenses | 82,319 | 116,203 |
| Other payables | 15,068 | 12,166 |
| Family Day Care Carer assistance loan scheme | 4,400 | 3,455 |
| Payroll liability | 259,879 | 210,675 |
| | <u>460,845</u> | <u>431,245</u> |

7 Employee Benefits

| | 2020 | 2019 |
|--------------------|----------------|----------------|
| | \$ | \$ |
| CURRENT | | |
| Annual leave | 246,855 | 243,716 |
| Long service leave | 126,540 | 149,281 |
| RDO and TOIL | 24,377 | 24,187 |
| | <u>397,772</u> | <u>417,184</u> |
| NON-CURRENT | | |
| Long service leave | 117,318 | 93,596 |
| | <u>117,318</u> | <u>93,596</u> |

8 Capital Commitments

There are capital commitments of \$97,250 including GST as at 31 December 2020. This is entirely in relation to construction of the Ocean View Yard. (31 December 2019: \$34,766).

9 Auditors' Remuneration

| | 2020 | 2019 |
|------------------------------------------------------------------------------------------------------------|--------------|---------------|
| | \$ | \$ |
| Remuneration of the auditor of the Company, Crowe Audit Australia, for: | | |
| - auditing the financial statements, including assistance with the compilation of the financial statements | 8,850 | 8,490 |
| - other services - accounting guidance* | - | 2,870 |
| | <u>8,850</u> | <u>11,360</u> |

* To be determined

10 Contingent Liabilities and Contingent Assets

There are no contingent liabilities or contingent assets as at reporting date to be disclosed.

Adventure Patch

Notes to the Financial Statements

For the Year Ended 31 December 2020

11 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

| | 2020 | 2019 |
|-----------------------------------------------------------------------|------------------|----------------|
| | \$ | \$ |
| Net surplus/(deficit) for the year | 1,023,546 | 592,024 |
| Cash flows excluded from surplus attributable to operating activities | | |
| - depreciation | 258,915 | 200,898 |
| - unrealised gain on investments | (26,194) | (359,117) |
| - lease interest | 3,813 | 3,638 |
| - first time adoption of AASB 1058 | - | 119,820 |
| Changes in assets and liabilities: | | |
| - (increase)/decrease in trade and other receivables | 38,541 | 34,038 |
| - increase/(decrease) in trade and other payables | 29,598 | 127,864 |
| - increase/(decrease) in unspent grants | (31,111) | (68,992) |
| - increase/(decrease) in employee benefits | 4,310 | (68,709) |
| Cashflows from operations | <u>1,301,418</u> | <u>581,464</u> |

12 Events After the End of the Reporting Period

The Coronavirus (COVID-19) pandemic continues to impact both communities and businesses throughout the world, including Australia, and the community where the Company operates. The scale, timing and duration of potential impacts on the Company is unknown, as are any future mitigating factors. The Company continues to closely monitor the impacts of COVID-19 and will respond as appropriate.

No other 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.

13 Company Details

The registered office of the Company is:
Adventure Patch
1 Diamond Drive
Blackmans Bay Tas 7052

Adventure Patch

Auditors Independence Declaration under Section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 (Cth)

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2020 there have been:

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

Crowe Audit Australia

Crowe Audit Australia



Alison Flakemore
Senior Partner

Dated this6th..... day ofMay..... 2021.
Hobart, Tasmania.

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The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

*Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Audit Australia, an affiliate of Findex (Aust) Pty Ltd.
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Adventure Patch

Independent Audit Report to the members of Adventure Patch

Opinion

We have audited the financial report of Adventure Patch (the Company), which comprises the statement of financial position as at 31 December 2020, the statement of income and expenditure, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Board's declaration.

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

- giving a true and fair view of the Company's financial position as at 31 December 2020 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards to the extent described in Note 1 and the 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 Company 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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Board's financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The Board is responsible for the other information. The other information comprises Board's Report the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon.

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Adventure Patch

Independent Audit Report to the members of Adventure Patch

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 Board for the Financial Report

The Board of the Company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the members and the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)* and for such internal control as the Board determine if necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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 judgment and maintain professional skepticism 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.

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Adventure Patch

Independent Audit Report to the members of Adventure Patch

- 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 Board.
- Conclude on the appropriateness of the Board's 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 Board 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 the audit

Crowe Audit Australia

Crowe Audit Australia



Alison Flakemore
Senior Partner

Dated this.....12th.....day of.....May.....2021.
Hobart, Tasmania.

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