

# that's a wrap on 2020– 2021.



**sit back,  
get comfortable  
and let us take  
you through the  
year that was...**



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## Your directors present their report on the consolidated entity consisting of Aruma Services and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Throughout the report, the consolidated entity is referred to as the Group.

# directors' report

### Directors

The following persons were directors of Aruma Services during the whole of the financial year and up to the date of this report:

- Candice Charles - Chair
- Richard Madden - Deputy Chair
- Maura Boland
- Leanne Dreves
- Chris Edwards
- Andrew Sando
- Peter Williams
- Samantha Male
- Malcolm Kinns (appointed 26 August 2021)

The directors, except for Malcolm Kinns, have been in office since the start of the year to the date of this report.

### Principal activities

The principal activity of the Group during the year was the provision of support services to people with a disability, their families and carers.

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

### Significant changes in the state of affairs

In December 2020, the Department of Health announced that the Continuity of Support (COS) programme would be replaced by the Disability Support for Older Australians (DSOA) programme effective from 1 July 2021 to better align with NDIS pricing and service delivery rules. The Group made preparations to enable it to deliver a high level of support to 122 of its customers who were funded by the COS programme.

On 1 January 2021, 640 former employees of the Victorian State Department of Families, Fairness and Housing (formerly known as the Department of Housing and Human Services) joined the Group as new employees. As a result, the Group took on \$18,015,000 of employee leave liabilities relating to these transferred employees in accordance with the terms of the transfer deed.

On 15 February 2021, the Group's transferred parcels of disability services in Loddon/

Goulburn, Mallee and North East Melbourne in Victoria transitioned from government block funding to National Disability Insurance Scheme (NDIS) funding.

### Review of operations

#### Overview of the Group

Consolidated revenue of \$478,908,000 (2020: \$486,313,000) decreased by 2% (2020: increased by 42%) compared with the prior year. During the year the Group experienced a general decline in funding of customers' National Disability Insurance Scheme (NDIS) plans in shared living, increased regulations and compliance in the disability sector and the impact of COVID 19 lockdowns on the Group's operations particularly in New South Wales (NSW) and Victoria during the year. The decline in revenue was partially offset by the receipt of JobKeeper subsidy funding from the Federal Government from 1 July 2020 to 30 September 2020, which helped Aruma to retain employment of our support workers through the financial year.

Consolidated net loss of \$4,561,000 (2020: profit of \$42,796,000) decreased by 111% (2020: increased by 201%) mainly due to a number of non-recurring events that occurred last year and the challenging business environment as described.

Net assets of \$112,037,000 (2020: \$114,331,000) decreased by 2% (2020: 59%).

Cash flows from operating activities was \$48,926,000 (2020: \$22,561,000). Cash flows used in investing activities was \$6,182,000 (2020: \$11,002,000). Overall cash on hand increased by \$11,312,000 (2020: \$25,386,000) due to prudent management of cash flow and intensified debt collection measures during the financial year.

#### Market and strategy

In 2017 to 2019, Aruma experienced significant growth following mergers and transfers of services from the NSW and Victorian state governments. Aruma set a new strategic plan for 2020-2022, which is focused on consolidation, cultural alignment, delivering excellence in all aspects of our operations and innovating for our customers.

In the first two years of Aruma's 2020-2022 strategic plan, Aruma has prioritised excellence and aspires to be the best provider of support services and most trusted partner for people with a disability, their families and carers. By focusing on excellence in customer relationships, quality services, efficient systems and great people, Aruma intends to positively impact the lives of our customers.

The rapidly evolving operational environment in 2020 and 2021 has meant that Aruma expects the external operating environment will continue to be challenging in the next financial year. The NDIA is expected to continue rationalising funding of customers plans and introduce further changes to the NDIS that would have far reaching impact on people with a disability, their families and carers and service providers. As a result, Aruma is streamlining our priorities in the third year of our current strategic plan, with a continued emphasis on serving our customers well, supporting our staff and strengthening our organisation, to operate effectively and efficiently in an increasingly commercial NDIS environment.

### Impact of COVID-19

Since COVID 19 was declared a pandemic in March 2020 by the World Health Organisation, several variants of the virus have been identified in different countries. During the financial year, the Australian federal and state governments had pursued a zero tolerance COVID policy and were largely successful in combatting the spread of different variants of COVID 19 through a combination of extended international and domestic travel restrictions and time limited lockdowns when local infections were identified. In May 2021, the detection of the highly transmissible Delta variant in NSW resulted in the implementation of lockdown measures in NSW and Victoria in June 2021. These restrictions are still largely in place at the date of this report as the number of daily Delta variant infections continues to rise in both states.

Consequently, Aruma had to close many of its respite and community hubs in NSW and Victoria to comply with state government lockdown measures.

This has led to a disruption of respite and community-based support services to our NSW and Victorian customers. A number of Aruma's social enterprises such as the laundry and Summerland Farm were similarly impacted by the flow on effects of lockdown measures during the financial year.

In March 2020, the Federal Government introduced the JobKeeper program, which broadly comprised a wage subsidy to help qualifying businesses to retain staff. An eligible employer that has suffered the requisite decline in turnover due to the impact of governmental travel and social restrictions imposed during the pandemic would receive JobKeeper funding to retain eligible employees. For the year ended 30 June 2021, Aruma received \$31,532,000 (2020: \$27,170,000) in JobKeeper funding. During the same period Aruma paid additional wages of \$5,039,000 (2020: \$4,263,000) to meet the requirements of the JobKeeper legislation and continued to employ a significant number of people who were unable to participate fully in employment activities due to the reduction of disability services that the Group was able to provide. Aruma ceased receiving JobKeeper funding after 30 September 2020.

Aruma's COVID-19 Pandemic Response and Crisis Management Teams continued to meet frequently during the year to actively manage and monitor the Group's operations and protocols in response to the evolving COVID-19 pandemic and the consequential rollout of federal and state government regulations to combat the impact of the pandemic. Personal Protective Equipment (PPE) kits were rapidly deployed across our services to protect our staff and customers.

Additional training on infection control and the proper use of PPE was also provided to all staff.

Responding to the COVID-19 pandemic has had a negative impact on the Group's financial performance and position during the financial year. It has also created a high degree of uncertainty in the macroeconomic climate. The Board and the Group's executive leadership team recognise the need to be nimble in order to rapidly respond to changes in the macroeconomy and to address the key risks impacting the Group's operations. Tactical changes have been made to the Group's current strategic plan to return the Group to sustainable operations.

#### Event since the end of the financial year

No other matters or circumstances have arisen since 30 June 2021 that have significantly affected the Group's operations, results or state of affairs, or may do so in future years.



## Information on directors

### Candice Charles, Chair

**Qualifications** B App Sc, MBA, MPH, GAICD

#### Experience

Candice Charles is an experienced Chair with a career in the financial, health and community sectors. She has held directorships in several for-purpose organisations since 2002, building her expertise in corporate governance, strategy, financial management and clinical governance.

Candice has held senior leadership positions in the financial services sector at National Australia Bank and Transport Accident Commission, and in health and community service organisations including Good Shepherd Microfinance, Breast Cancer Network Australia. Candice has also run her own consulting business.

She was previously Chair of The Tipping Foundation, Deputy Chair of the North Richmond Community Health Centre, Chair of Out Doors Inc and a director of YWCA Victoria.

Candice has a Masters Degree in Public Health and Business Administration from the University of Melbourne.

#### Special responsibilities

Chair of the Aruma Services Board, Ex-officio Member of the Audit & Risk Committee, Ex-officio Member of the Customer Experience & Outcomes Committee, Ex-officio Member of the Governance & Remuneration Committee, Ex-officio Member of the STAR Committee.

### Richard Madden, Deputy Chair

**Qualifications** BSc, PhD, FIAA, AM, PSM

#### Experience

Richard Madden is a statistician and actuary. He has extensive knowledge of the Australian health and community services sectors. Richard is an Honorary Professor at the University of Sydney.

His previous roles include Chair of the House with No Steps, Director of the National Centre for Classification of Health, University of Sydney, Director of the Australian Institute of Health and Welfare, Deputy Australian Statistician and Co-chair of the WHO Family of International Classifications. Previously he had various senior roles in the Commonwealth, NSW, ACT and NT Governments.

In 2018 Richard was made a Member of the Order of Australia and he has received the Public Service Medal. He has also been awarded a Lifetime Achievement Award by the World Health Organization (WHO), the ACROD President's Service Award, the Public Service Medal, and an Honorary Doctor of Science degree from the University of Sydney. In 2002 Richard was Australian Actuary of the Year.

#### Special responsibilities

Deputy Chair of the Aruma Services Board, Member of the Customer Experience & Outcomes Committee, Member of the STAR Committee.

### Maura Boland, Director

**Qualifications** BSc (Hons), Grad Dip Comm Mgt, MAppSc, (Comm Mgt), Grad Cert Mgt, GAICD

#### Experience

Maura Boland is a leader, strategic thinker, and influencer with expertise across all aspects of management and corporate governance including strategic planning, policy development, social and capital program design and administration, regulation, and project governance.

Currently Maura is a director of The Insight Partnership, a management consultancy specialising in collaboration for strategic results in areas of positive social and environmental impact. Maura has held a range of executive positions in the NSW Government, most recently as Deputy Director-General, Strategy and Policy in the then Family and Community Services and has extensive experience in government and human services. She has successfully led and guided change and innovation across housing, health, disability, environment, planning and other government portfolios.

Her non-executive director positions have included the House with No Steps and ANROWS.

She is an Executive Fellow of the Australia and New Zealand School of Government (ANZSOG).

#### Special responsibilities

Chair of the Human Rights Committee, Member of the Governance & Remuneration Committee, Member of the STAR Committee.

### Leanne Dreves, Director

**Qualifications** B. Com, CPA, GAICD

#### Experience

Leanne Dreves is a finance, governance, and risk professional. She has extensive experience as a director and senior executive for leading organisations in the not-for-profit sector.

Leanne has held senior accounting and financial leadership roles in credit unions, charities and in public practice. She is currently Chief Financial Officer and Company Secretary of not-for-profit Act for Kids Limited, and its controlled entities. In addition, Leanne is Company Secretary for Abused Child Foundation Limited.

Leanne is a non-executive director of Roses in the Ocean, Australia's leading lived experience of suicide organisation. She was previously a non-executive director of House with No Steps.

Leanne is a Certified Practising Accountant (CPA) and also holds a Bachelor of Commerce (Accounting).

#### Special responsibilities

Chair of the Audit & Risk Committee.

## Information on directors continued

### Chris Edwards, Director

**Qualifications** GAICD, Dip. Business

#### Experience

Chris Edwards is a manager and director with extensive experience across the human services sector. He has specific expertise in disability inclusion and improving organisation performance in service delivery.

Chris is currently Manager, Government Relations and Advocacy for Vision Australia. He has performed a range of strategic and operational management roles for Vision Australia and has previously worked for Nous Group, a leading Australian professional services firm.

Chris' prior board appointments include a non-executive director of The Tipping Foundation Ltd, Retina Australia (Victoria) and Disability Attendant Support Service Incorporated (DASSI), including two years as Chair of DASSI.

Chris is a Seeing Eye Dog handler and works in partnership with his Seeing Eye Dog, Eva.

#### Special responsibilities

Chair of the Customer Experience & Outcomes Committee, Member of the Human Rights Committee.

### Malcolm Kinns, Director (appointed on 26 August 2021)

**Qualifications** B.Eng (Hons), Chemical Engineering

#### Experience

Malcolm Kinns is an experienced director and education executive. He has held senior leadership roles in the vocational and higher education sectors and had an extensive career building and improving technology driven education.

Malcolm is currently Chief Executive Officer of Generation Australia, an independent not-for-profit focussed on transforming education to employment systems to prepare, place, and support people into life-changing careers. Previously Malcolm has worked with a variety of educational institutions including Think Education Group, Edinburgh Business School and FBOL Solutions, where he consulted to Universities and other education institutions on business growth strategies and best practice design principles for the delivery of blended and online learning.

Malcolm has also held advisory board roles on the Classic Wallabies Indigenous Exchange, supporting young Indigenous Australians to undertake volunteer assignments in South Africa as well as the NSW Rugby Learn, Earn, Legend program.

Malcolm holds a Bachelor of Engineering (Honours), Chemical Engineering from The University of Edinburgh.

### Samantha Male, Director

**Qualifications** BSc (Hons), MBA, GAICD

#### Experience

Samantha Male is an experienced director and senior business executive. She has particular experience in community housing, having worked at a senior management and Board level across the UK and Australia.

Samantha currently runs her own consultancy business, leading transformation projects within the social services sector. She lives in rural Australia running a family Avocado Farm. Previously Samantha held senior executive roles with Link Housing, Mission Australia Housing and Genesis Housing Group.

She was formerly an executive director of Pathmeads Residential Ltd and Orchard & Shipman PLC (UK), and a non-executive director of House with No Steps and Berkshires Women's Aid.

Samantha holds a Bachelor of Science (Building) and graduated with an MBA from the Cranfield School of Management in 2011.

#### Special responsibilities

Chair of the Governance & Remuneration Committee, Member of the Customer Experience & Outcomes Committee.

### Andrew Sando, Director

**Qualifications** BSc (Hons), MBA, GAICD

#### Experience

Andrew Sando is a director and senior business leader with a significant executive career in the healthcare sector.

Andrew is currently Chief Executive Officer of the Australian Health Service Alliance (AHSA), an organisation that works with Private Health Insurers and on their behalf negotiates agreements with private hospitals, doctors, and other health providers. Previously Andrew has held executive roles at Healthscope Limited and other senior strategic and operational management roles in private hospitals, rehabilitation and independent living, pathology, and medical centres.

He was formerly a non-executive director of The Tipping Foundation.

Andrew has supplemented his healthcare experience with ongoing studies including qualifications from Harvard Business School (Advanced Management Program) and a Master of Business Administration to complement his initial Honours degree in Science.

#### Special responsibilities

Chair of the STAR Committee, Member of the Governance & Remuneration Committee.

## Information on directors continued

### Peter Williams, Director

**Qualifications** ANZIFF (ASSOC) CIP, MAICD, FAIM

#### Experience

Peter Williams is an established executive and non-executive director with extensive experience across the finance, banking, and investment sectors. He has held senior executive positions in leading companies in Australia and overseas.

Peter is currently a non-executive director of Australian Foundation Investment Company. He is also a non-executive director of Cricket Victoria, Independent Chairman, and director for NAB Trustee Services Limited and Advisory Board Member for TLC Aged Care.

Formerly Peter held senior executive roles with Equity Trustees Limited and AXA/ National Mutual in Australia and Hong Kong.

He was previously Chair of Olympic Park Sports Medical Centre and a non-executive director of The Tipping Foundation, the Australian Baseball Federation, and the Trustee Corporations Association of Australia.

#### Special responsibilities

Member of the Audit & Risk Committee.

### Gina Georgiou, Company Secretary (resigned on 13 May 2021)

**Qualifications** B. Laws, B. Arts (Applied Psychology), MAICD, FGIA

#### Experience

Gina was Aruma's General Counsel and Company Secretary for the period to 13 May 2021. She is a senior corporate lawyer with extensive leadership experience in the delivery of legal, corporate governance, regulatory, risk and compliance services in the private, public and NFP sectors (including public health and education).

Previously Gina held the position of Deputy General Counsel at the Australian Catholic University, with previous senior roles at Australian Hearing Services, Australian Children's Education and Care Quality Authority and the NSW Aboriginal Land Council.

Gina was elected a Fellow of the Governance Institute of Australia Ltd in June 2020.

### Tiffany Roxburgh, Company Secretary

**Qualifications** B. Com, CA

#### Experience

Tiffany is both Company Secretary and Chief Financial Officer for Aruma Services and has held executive roles in the areas of finance, risk, and governance.

Tiffany has extensive experience in the resources and energy industry and private equity owned organisations before joining Aruma in 2018. Previously Tiffany held the position of Client Director at Deloitte, and Director Corporate Development and Sustainability at Bis industries.

### Sarah Houlihan, Company Secretary (appointed on 26 August 2021)

**Qualifications** BArtTh, MArtAdmin

#### Experience

Sarah is both Company Secretary and Manager Corporate Governance for Aruma Services. She has held company secretarial and governance related roles in the not-for-profit and corporate sectors, including MLC (NAB Wealth), WWF-Australia and the National Association for the Visual Arts.

## Meetings of directors

The numbers of meetings of the Company's board of directors held during the year ended 30 June 2021, and the numbers of meetings attended by each director were:

Directors	Board		Audit & Risk Committee meetings		Human Right Committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Candice Charles	11	11	5	4	-	-
Maura Boland	11	11	-	-	3	2
Leanne Dreves	11	11	5	5	-	-
Chris Edwards	11	11	-	-	3	3
Richard Madden	11	11	-	-	-	-
Samantha Male	11	10	-	-	-	-
Andrew Sando	11	11	-	-	-	-
Peter Williams	11	11	5	5	-	-
Malcolm Kinns	-	-	-	-	-	-

Directors	Governance & Remuneration Committee Meeting		Customer Experience & Outcomes Committee Meeting		Star Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Candice Charles	4	4	4	4	2	2
Maura Boland	4	4	-	-	2	2
Leanne Dreves	-	-	-	-	-	-
Chris Edwards	-	-	4	4	-	-
Richard Madden	-	-	4	4	2	2
Samantha Male	4	4	4	4	-	-
Andrew Sando	2	2	-	-	2	2
Peter Williams	-	-	-	-	-	-
Malcolm Kinns	-	-	-	-	-	-

## Shares under option

No option to acquire shares in the Group has been granted to any person. No shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options. There are no unissued shares under option at the date of this report.

## Member's guarantee

Aruma Services is a company limited by guarantee and in accordance with the Constitution the liability of members in the event of Aruma Services being wound up during the time, or within one year after he or she is a member, would not exceed (\$1) per member towards meeting any outstanding obligations of the entity. At 30 June 2021 the total amount that members are liable to contribute if Aruma Services is wound up is \$34 (2020: \$36).

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not-for-Profit Commission (ACNC) Act 2012 is set out on page 16.

## Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the board of directors.



21 October 2021

**Candice Charles** - Chair

Director

### *Auditor's Independence Declaration*

As lead auditor for the audit of Aruma Services for the year ended 30 June 2021, 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.

This declaration is in respect of Aruma Services and the entities it controlled during the period.



Eliza Penny  
Partner  
PricewaterhouseCoopers

Sydney  
21 October 2021

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## These financial statements are the consolidated financial statements of the Group consisting of Aruma Services and its subsidiaries.

A list of subsidiaries is included in Note 23. The financial statements are presented in Australian Dollars (\$).

# financial report

Aruma Services is an Australian Public Company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Aruma Services  
49 Blackbutts Road  
Belrose 2085, Australia

The financial statements were authorised for issue by the directors on 21 October 2021. The directors have the power to amend and reissue the financial statements.



## Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Revenue and other income</b>			
Revenue	4	446,268	433,429
Other income	4	32,640	52,884
<b>Total revenue and other income</b>	4	478,908	486,313
<b>Less: expenses</b>			
Employee benefits expense	5	(418,701)	(372,289)
Occupancy expense		(12,547)	(12,046)
Depreciation and amortisation expense	5	(14,328)	(14,613)
Professional fee expenses		(6,761)	(6,036)
Motor vehicle expenses		(4,333)	(4,892)
Material and consumables used		(4,838)	(5,006)
Technology expenses		(6,345)	(5,827)
Repairs and maintenance expense		(6,121)	(3,898)
Sales and marketing expenses		(2,963)	(3,805)
Finance expenses		(1,419)	(1,520)
Other expenses		(5,113)	(13,585)
<b>Total expenses</b>		(483,469)	(443,517)
<b>(Loss)/profit before income tax expense</b>		(4,561)	42,796
Income tax expense		-	-
<b>Net (loss)/profit from continuing operations</b>		(4,561)	42,796
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability		1,018	438
Changes in the fair value of financial assets at fair value through other comprehensive income		1,038	(770)
Change in fair value of freehold land and commercial buildings		211	-
<b>Other comprehensive income/(loss) for the year, net of tax</b>		2,267	(332)
<b>Total comprehensive (loss)/income for the year</b>		(2,294)	42,464

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

## Consolidated statement of financial position

As at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	109,779	98,467
Trade receivables and accrued income	7	33,300	53,012
Inventories	8	839	756
Other current assets	9	12,346	4,295
<b>Total current assets</b>		156,264	156,530
<b>Non-current assets</b>			
Biological assets	10	602	602
Financial assets	11	5,899	4,712
Intangible assets	12	2,732	1,049
Property, plant and equipment	13	77,548	78,375
Right-of-use assets	14	30,543	35,235
Other non-current assets	9	4,124	-
<b>Total non-current assets</b>		121,448	119,973
<b>Total assets</b>		277,712	276,503
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	27,125	22,961
Borrowings	16	-	23,396
Lease liabilities	14	7,017	6,924
Provisions	17	90,547	60,786
Contract liabilities	18	8,696	9,819
<b>Total current liabilities</b>		133,385	123,886
<b>Non-current liabilities</b>			
Lease liabilities	14	24,320	27,650
Provisions	17	7,970	10,636
<b>Total non-current liabilities</b>		32,290	38,286
<b>Total liabilities</b>		165,675	162,172
<b>Net assets</b>		112,037	114,331
<b>Equity</b>			
Reserves	19(a)	8,722	6,736
Accumulated profit	19(b)	103,315	107,595
<b>Total equity</b>		112,037	114,331

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

## Consolidated statement of changes in equity

For the year ended 30 June 2021

	Attributable to owners of Aruma Services		Total funds and reserves \$'000
	Reserves \$'000	Accumulated profit \$'000	
Balance at 1 July 2019	9,500	62,367	71,867
Profit for the year	-	42,796	42,796
Remeasurements of defined benefit liability	438	-	438
Change in fair value of financial assets	(770)	-	(770)
<b>Total comprehensive (loss)/income for the year</b>	<b>(332)</b>	<b>42,796</b>	<b>42,464</b>
<b>Transactions with owners in their capacity as owners</b>			
Transfer of reserve (Note 19(b))	(2,432)	2,432	-
<b>Balance at 30 June 2020</b>	<b>6,736</b>	<b>107,595</b>	<b>114,331</b>
<b>Balance at 1 July 2020</b>	<b>6,736</b>	<b>107,595</b>	<b>114,331</b>
Loss for the year	-	(4,561)	(4,561)
Remeasurements of defined benefit liability	1,018	-	1,018
Change in fair value of financial assets	1,038	-	1,038
Increase in valuation of freehold land and buildings held at valuation	211	-	211
<b>Total comprehensive income/(loss) for the year</b>	<b>2,267</b>	<b>(4,561)</b>	<b>(2,294)</b>
<b>Transactions with owners in their capacity as owners</b>			
Transfer of reserve (Note 19(b))	(281)	281	-
<b>Balance at 30 June 2021</b>	<b>8,722</b>	<b>103,315</b>	<b>112,037</b>

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

## Consolidated statement of cash flows

For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
Receipt from customers (inclusive of GST)		<b>494,259</b>	433,658
Payments to suppliers and employees (inclusive of GST)		<b>(444,533)</b>	(411,997)
Finance costs		<b>(1,419)</b>	(1,520)
Interest received		<b>619</b>	900
<b>Net cash inflow from operating activities</b>	20(b)	<b>48,926</b>	22,561
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		<b>170</b>	260
Proceeds from sale of financial assets at fair value through other comprehensive income		<b>658</b>	1,594
Payment for property, plant and equipment		<b>(4,221)</b>	(11,404)
Payment for intangible assets		<b>(2,241)</b>	-
Payments for financial assets at fair value through other comprehensive income		<b>(781)</b>	(1,792)
Dividends received		<b>233</b>	340
<b>Net cash (outflow) from investing activities</b>		<b>(6,182)</b>	(11,002)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	23,396
Redemption of term deposits		-	500
Repayment of borrowings		<b>(23,396)</b>	-
Lease payments		<b>(8,036)</b>	(10,069)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(31,432)</b>	15,347
<b>Net increase in cash and cash equivalents</b>		<b>11,312</b>	25,386
Cash and cash equivalents at the beginning of the financial year		<b>98,467</b>	73,081
Cash and cash equivalents at end of financial year	6	<b>109,779</b>	98,467

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

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## 1. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Aruma Services and its subsidiaries.

### a. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012. The Company is a not-for-profit entity for the purpose of preparing the financial statements.

#### i. Compliance with Australian Accounting Standards - Simplified Disclosure Requirements

The consolidated financial statements of the Group comply with Australian Accounting Standards - Simplified Disclosures as issued by the Australian Accounting Standards Board (AASB).

#### ii. Historical cost convention

The consolidated financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the respective accounting policies.

#### iii. Comparative information

Comparative information is reclassified where appropriate to enhance comparability or in conformity with revised standards and interpretations.

#### iv. New and amended standards adopted by the Group

The Group has elected to adopt the following standard early:

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.

The adoption of AASB 1060 did not have any impact on the amounts recognised in prior years and are not expected to significantly affect the current or future years.

These are the Group's first general purpose financial statements prepared in accordance with AASB 1060. As permitted by the amended AASB 1053 Application of Tiers of Australian Accounting Standards, the Group has not provided comparative information for those disclosures that it had not previously made in the notes of its general purpose financial statements prepared in accordance with Australian Accounting Standards - Reduced Disclosure requirements.

### b. Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions and balances between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### c. Revenue from contracts with customers

#### NDIS funding

The Group provides disability services to participants who qualify for NDIS funding. NDIS funding for each participant is provided based on an hourly/weekly fixed price basis for approved specific support services. Revenue is recognised in the amount to which the Group has a right to invoice, based on specific support services delivered to participants each week.

The Group invoices NDIA on a weekly or fortnightly basis and consideration is payable within 14 days from invoice date.

#### Government block funding

The Group provides disability services to participants who either have not transitioned from federal or state government funding schemes to the NDIS or are not eligible for NDIS funding. Revenue is recognised in the amount to which the Group has a right to invoice, based on specific support services delivered to participants each week. The Group recognises a liability for government block funding received in advance of delivery of specific performance obligations in each participant's approved funding plan.

#### Service revenue

The Group provides commercial laundry and facility services to business customers. Revenue is recognised when services have been rendered and the customer has received and used the benefits simultaneously. No significant element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. A receivable is recognised when services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group provides supported independent living support services under fixed price weekly fee contracts to participants who live at fit for purpose properties owned or leased by the Group. Revenue is recognised in the amount to which the Group has a right to invoice, based on specific support services delivered to participants each week. Participants are invoiced on a fortnightly basis and consideration is payable within 14 days from invoice date.

#### Sale of goods

The Group manufactures and sells biscuits, packaging materials, assembles and delivers medical packs and supplies, harvests and sells farm products. Revenue is recognised when the products have been shipped to the specific location and the customer has accepted the products in accordance with the sales contract. No significant element of financing is deemed

present as the sales are made with a credit term of 30 days, which is consistent with market practice. A receivable is recognised when goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### d. Government Grants, Donations, Bequests, Fundraising Income and Volunteer Services

The Group recognises government grants as an asset where the consideration to acquire the grant is significantly less than the fair value of the asset principally to enable the Group to further its objectives. The Group recognises and measures the asset at fair value in accordance with the applicable Australian Accounting Standard. Upon initial recognition of the asset, The Group would consider whether any other related amounts should be recognised.

Where the government grant relates to a transfer of a financial asset to enable the Group to acquire or construct a recognisable non-financial asset to be controlled by the Group, the Group recognises a liability for the excess of the fair value of the transfer over any related amounts recognised. The Group recognises income as it satisfies its obligations under the transfer.

Where the government grant does not enable the Group to acquire or construct a recognisable non-financial asset to be controlled by the Group, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income.

The Group recognises donations, bequests and fundraising appeals as income when it gains control of the donated cash and bequeathed assets. The Group recognises a liability for all direct and indirect fundraising costs as they are incurred.

The Group does not recognise volunteer services even if the fair value of those services can be measured reliably, regardless of whether the services would have been purchased if they had not been donated. The Group does not rely significantly on volunteer services.

#### e. Dividend and interest income

Dividends are received from financial assets measured at fair value through other comprehensive income (FVOCI). Dividends are recognised as income in profit or loss at the time the right to receive payment has been established.

Interest income received from financial assets at amortised cost and financial assets at FVOCI is calculated using the effective interest method, with interest accrued over the relevant period using the effective interest rate. This rate exactly discounts the estimated future cash flows over the expected life of the financial asset to the net carrying amount of the financial asset. Interest income is recognised as income in profit or loss.

#### f. Income tax

The Group is registered under the Charitable Fundraising Act 1991 and is endorsed as income tax exempt charitable entities under Subdivision 50 B of the Income Tax Assessment Act 1997.

Aruma Services is a public benevolent institution as defined in the Income Tax Assessment Act 1997 and is endorsed as a deductible gift recipient under Subdivision 30 BA of the Income Tax Assessment Act 1997.

#### g. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and at banks, short term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

#### h. Inventories

Raw materials and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory

are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories held for distribution at no or nominal consideration are measured at lower of cost and current replacement cost.

#### i. Financial assets

##### i. Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income ("FVOCI") or through profit or loss ("FVPL"), and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or in other comprehensive income.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment FVOCI. The Group has elected to classify its equity securities as financial assets at FVOCI as these are strategic investments and the Group considers this classification to be more relevant.

The Group has classified its debt financial assets as measured at amortised cost using the effective interest method as both of the following conditions are met:

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

The Group's debt financial assets comprise trade and other receivables.

## ii. Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

## iii. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset at amortised cost, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

## Debt instruments

Subsequent measurement of debt financial assets at amortised cost are measured using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss and other comprehensive income.

## Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Impairment losses and reversal of impairment losses on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## iv. Impairment

The Group assesses the expected credit

losses associated with its debt instruments carried at amortised cost on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and accrued income, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables and accrued income. To measure expected credit losses, trade receivables and accrued income have been grouped based on shared credit risk characteristics and the days past due. Accrued income relates to unbilled services delivered to customers and have substantially the same risk characteristics as trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for accrued income.

The expected loss rates are based on the payment profiles of revenue over a period of 36 months before 30 June 2021 and the historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on factors affecting the ability of customers to settle the receivables. The Group has identified that self-managed and plan-managed customers have a higher expected loss rate than other customer groups.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to make contractual payments for a period of greater than 180 days past due and the failure of a debtor to commit to a repayment plan for outstanding debt.

## j. Financial liabilities

Financial liabilities include trade payables, other creditors and accrued liabilities. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Non derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. They are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest method.

## k. Property, plant and equipment

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

Properties that are held for strategic purpose or to provide social services and that generate cash inflows where the rental revenue is incidental to the purpose for holding the property, do not meet the definition of investment properties and are classified as properties in accordance with AASB 116.

Freehold land and buildings are initially recorded at cost. Where freehold land and buildings were acquired at no cost or for a nominal amount, cost is deemed to be the fair value at the acquisition date.

## Freehold land and commercial buildings

Subsequent to initial recognition, freehold land and commercial buildings are measured at revalued amounts, being the fair value at the date of the revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. At each balance date the carrying amount of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value.

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings at cost	2.5%	Straight line
Buildings at valuation	2.5%	Straight line
Plant and equipment at cost	8-50%	Straight line
Motor vehicles at cost	15%	Straight line

Increases in the carrying amounts arising on revaluation of freehold land and commercial buildings are recognised in other comprehensive income and accumulated in reserves in equity. To the extent that the increase reverses a decrease of the same class of asset previously recognised in profit or loss, the increase is recognised in profit or loss. Decreases that offset previous increases of the same class of asset are recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Valuations are performed every 3 years by an external qualified valuer.

## Land and buildings

Residential land and buildings are stated at historical cost less depreciation.

Plant and equipment and furniture and fittings

Plant and equipment and furniture and fittings are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Furniture and fittings include assets received in the form of free office fit outs. These assets are recognised at their fair value and depreciated over the shorter of their useful life or the lease term.

## Depreciation

Land is not depreciated.

The depreciable amount of all property, plant and equipment is depreciated on a straight line basis over their estimated useful lives.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The Group reviews the assets' estimated useful lives and adjusts, if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

## I. Intangibles

### i. Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised. Refer to Note 1(f) for a description of how goodwill arising from a business combination is initially measured.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less any accumulated impairment losses.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purpose.

### ii. Software development

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are clearly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use or sell it;
- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Amortisation is calculated on a straight-line basis over 3 years, which is the expected benefit of the software, system or licence to the Group from the point in time at which the asset is ready for use.

### m. Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

The recoverable amount is assessed based on the expected net cash flows which will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### n. Biological assets

Avocado and macadamia trees are classified as biological assets and valued in accordance with AASB 116 Property, Plant and Equipment. The value of the trees is measured at fair value using a discounted cash flow methodology. Biological assets are assessed for impairment in accordance with note 1(m).

### o. Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;

- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

## p. Employee benefits

### i. Short-term obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the undiscounted amounts expected to be paid when the liabilities are settled. All short-term employee benefits including the expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in provision for employee benefits.

### ii. Long-term employee benefit obligations

The Group has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee turnover and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

### iii. Retirement benefit obligations

#### Defined benefit superannuation plan

A net defined benefit liability is recognised in the consolidated statement of financial position and is measured as the difference between the Group's obligation for employees' defined benefit entitlements at the end of the reporting period and the fair value of plan assets attributable to employees at the same date. The Group's obligation for employees' defined benefit entitlements is calculated at the end of each reporting period by an independent actuary using the projected unit credit method. In determining the Group's obligation for employee's defined benefit entitlements, the actuary discounts the expected future payments attributable to providing the defined benefit entitlements at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Consideration is given to expected future wage and salary levels, experience of employee turnover and periods of service.

The periodic cost of providing defined benefit entitlements is disaggregated and accounted for as follows:

- Service cost (including current and past service costs and any gains or losses on settlements or curtailments) is recognised in profit or loss in the period in which it arises as part of employee benefits expense;
- Interest on the net defined benefit liability is calculated by multiplying the average balance of the liability during the reporting period by the discount rate applied to the defined benefit obligation and is recognised in profit or loss in the period in which it arises as part of finance costs; and

- Remeasurements of the net defined benefit liability (including actuarial gains and losses, the return on plan assets less amounts included in the net interest on the net defined benefit liability, and any changes in the limit on the net defined benefit asset (excluding interest) are recognised in other comprehensive income in the periods in which they occur.

## q. Provisions

Provisions for contingent liability and make good obligations are recognised when the Group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle that the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

## r. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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

## s. Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

## t. Business combinations

Business combinations are accounted for by applying the acquisition method, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition comprises the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is carried at its acquisition date fair value.

Goodwill is recognised initially at the excess of: (a) the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition); over (b) the net fair value of the identifiable assets acquired, and liabilities assumed.

If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest, the difference is immediately recognised as a gain in the profit or loss.

Acquisition related costs are expensed as incurred.

#### u. Goods and Services Tax (GST)

Revenues, expenses and purchased 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 consolidated statement of financial position are shown inclusive of GST.

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

#### v. Parent entity financial information

The financial information for the parent entity, Aruma Services, disclosed in Note 28 has been prepared on the same basis as the consolidated financial statements, except as set out below.

##### i. Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Aruma Services.

#### w. Rounding of amounts

The Company is of a kind referred to in ASIC legislative instrument 2016/191, relating to the 'round-off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

## 2. Critical estimates, judgements and errors

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

##### a. Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability estimates of attrition rates and pay increases through inflation have been considered.

##### b. Defined benefits superannuation plan

In determining the Group's ultimate cost of its defined benefit superannuation plan, actuarial assumptions are required to be made. The principal actuarial assumptions used are disclosed in Note 17.

##### c. Provision for workers compensation

The Group participates in a Loss Prevention Recovery (LPR) insurance scheme for workers compensation policies over a number of financial years for its employees who are located in New South Wales.

Estimates of the forecast premium payable at the end of each LPR period are based on actual capped claims costs provided by the insurer and extrapolated for each LPR as they mature over 4 years. The extrapolation is derived by applying:

- i. A weighted average development factor that is calculated based on the triangulation of past 10 years of actual claims costs maintained by the insurer for the second to fourth year respectively of each LPR policy; and

- ii. An adjustment factor provided by the insurer that is applied to the second to fourth year respectively of each LPR policy.

The Group has further incorporated historical claims and policy experience to determine the estimated provision required for all LPR policies that remain open at the end of the financial reporting period.

##### d. Estimation of useful lives of assets

The Group 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 regulatory changes or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives. Technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

##### e. Valuation of property

The Group engages external, independent and qualified valuers to determine the fair value of the Group's freehold land and commercial buildings which are subject to revaluation at least every three years.

The last independent valuation of these freehold land and commercial buildings was performed as at 30 June 2021. The critical assumptions adopted in determining the valuations included the location of the land and buildings, the demand for land and buildings in the area and recent sales data for similar properties.

##### f. Expected credit losses (ECL) on trade receivables and accrued income

Loss allowances for trade receivables and accrued income are based on assumptions about risk of default and expected loss rates. The Group has used relevant historical information and loss experience to determine the probability of default and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgements, to determine loss allowances.

In determining the ECL of trade receivables, the Group has provided for all trade receivables that are more than 120 days past due, plus 3% of all trade receivables less than 120 days past due as at 30 June 2021. The Group prepared an assessment of historical loss data to assess the loss rate on trade receivables and applied an adjustment against the historical loss rate based on aging of trade receivables to determine expected credit loss.

In determining the ECL of accrued revenue, the Group has provided for 14% of accrued income as at 30 June 2021 based on historical trend in reduction of NDIS funding for shared living during the immediate 12 months up to the reporting date.

As at date of consolidated financial statement, the ECL for trade receivables and accrued income are \$5,902,000 (2020: \$5,809,000).

### 3. Financial risk management

The Board of Directors, on advice from the Audit and Risk Committee and senior management, is responsible for analysing and managing financial risk exposure. Risk management policies are approved and reviewed by the Board of Directors on a regular basis.

The Group is exposed to a number of financial risks comprising:

- a. Market price risk
- b. NDIS funding risk
- c. Government funding risk
- d. Interest rate risk
- e. Credit risk
- f. Liquidity risk

#### a. Market price risk

The Group's exposure to equity securities price risk arises from the investment portfolio held by the Group and classified in the balance sheet as FVOCI. These investments are subject to market fluctuations. The majority of these investments are ASX200 entities and therefore are subject to the risks associated with such markets. The day to day management of the investment portfolio is contracted to an external investment manager under mandate of the Board of Directors. The mandate provided by the Board of Directors requires an ethical investment strategy.

#### b. NDIS funding risk

The NDIA continues to rationalise funding of customers supported independent living plans and to introduce further changes to the NDIS to ensure continued financial sustainability of the scheme. This is likely to result in an increasingly commercial NDIS environment whereby customers become more price sensitive and competition intensifies within the disability services sector.

The Group is managing this risk through a range of operational strategies to:

- Continually improve the quality and consistency of its services, with a stronger focus on person centred practices, customer relationship management and development of the support framework;
- Redesign and automate key business processes to bill efficiently, improve customer service levels and achieve operational efficiencies; and
- Build on the strength of the Aruma brand to enhance the Group's value propositions to current and future customers.

The implementation of the NDIS also impacts credit and liquidity risk which is discussed under Notes 3(e) and 3(f).

#### c. Government funding risk

Despite the reduction in direct government funding during the transition to NDIS, the Group is dependent on state and federal government funding to operate many of its services and businesses. Direct government funding contributed 21% (2020: 23%) of the Group's revenue during the current financial year. Government funding risk is managed through a range of complementary strategies but cannot be totally mitigated. The major risk management strategies are:

#### Quality management

The Group demonstrates a commitment to quality and good governance by ensuring its systems and practices meet the NDIS Quality & Safeguarding Framework requirements and the National Standards for Disability Services. In addition to these national certifications, the Group also holds discrete accreditations and certifications to comply with various national and state standards and requirements.

#### Effective tendering

The Group employs staff dedicated to the production of high-quality tender and proposal documentation, within parameters of a documented bid management system, to ensure that proposals to operate new services are delivered to quality standards, well scoped and well costed.

### Training

The Group spent a minimum of 1.25% of its annual payroll costs for training to ensure that staff are appropriately trained in the functional and management skills they require to perform their roles effectively.

### Advocacy

The Group actively participates in systematic advocacy, including submissions and responses to the NDIA, various levels of government and other industry bodies to ensure that the voice of the Group's customers and the Group's views are clearly communicated to policy makers so that the best possible outcomes are achieved for the disability sector.

#### d. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Interest rate risk is minimal as the Group has no interest-bearing borrowings. Subject to consideration of liquidity risk, cash is held in fixed interest rate accounts to maximise returns.

#### e. Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any loss allowance of those assets, as disclosed in consolidated statement of financial position and notes to the consolidated financial statements.

The Group does not have any material credit risk exposure to any single debtor or group of debtors. The Group's largest funding body is the NDIA, which represents 65% (2020: 63%) of receivables. At 30 June 2021, NDIA accounts receivable balances comprises many individual

agency-funded customers (52%) (2020: 33%), self-managed customers (4%) (2020: 8%) and plan-managed customers (44%) (2020: 60%). The Group faces a higher credit risk with plan-managed and self-managed customers compared with agency-managed customers.

The Group does not have any material credit risk in respect of cash and cash equivalents as these are held with Authorised Deposit taking Institutions (ADIs) regulated by the Australian Prudential Regulation Authority (APRA).

#### f. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash and cash equivalents and/or unutilised borrowing facilities are maintained (Note 20(d)).

When considering the liquidity position of the Group it is important to recognise that there is access to readily realisable non-current assets such as the Group's investment portfolio. This is principally an investment portfolio that could be easily converted to cash to cover any urgent cash requirements.

## 4. Revenue and other income

	2021 \$'000	2020 \$'000
<b>Revenue</b>		
NDIS Funding	313,912	294,056
Government block funding	92,343	99,352
Service revenue	32,283	30,371
Sale of goods	5,844	5,014
Fundraising appeals	1,432	3,351
Bequest income	190	207
Sundry revenue	264	1,078
<b>Total revenue</b>	<b>446,268</b>	<b>433,429</b>
<b>Other income</b>		
Dividend income	233	340
Interest income	619	900
Gain on disposal of property, plant and equipment	141	-
Gain on disposal of right-of-use assets	90	-
Profit on sale of shares	25	30
Discount on acquisition	-	2,410
Transfer of Crown Land assets (Note 13(a))	-	16,600
Grant income	-	5,434
JobKeeper funding	31,532	27,170
<b>Total income</b>	<b>32,640</b>	<b>52,884</b>
<b>Total revenue and income</b>	<b>478,908</b>	<b>486,313</b>

**a. Disaggregation of revenue from contracts with customers and income recognised in accordance with AASB 1058 Income of Not-for-Profit Entities**

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following revenue streams and recognises income in accordance with AASB 1058 Income of Not-for-Profit Entities as follows:

	NDIS Funding \$'000	Government block funding \$'000	Service revenue \$'000	Sale of goods \$'000	Other revenue \$'000	Total \$'000
<b>2021</b>						
<b>Timing of revenue recognition</b>						
At a point in time	-	-	14,808	5,844	-	20,652
Over time	313,912	92,343	17,475	-	-	423,730
<b>Revenue from external customers</b>	<b>313,912</b>	<b>92,343</b>	<b>32,283</b>	<b>5,844</b>	<b>-</b>	<b>444,382</b>
Income recognised in accordance with AASB 1058	-	-	-	-	1,886	1,886
<b>Total revenue</b>	<b>313,912</b>	<b>92,343</b>	<b>32,283</b>	<b>5,844</b>	<b>1,886</b>	<b>446,268</b>
<b>2020</b>						
<b>Timing of revenue recognition</b>						
At a point in time	-	-	13,612	5,014	-	18,626
Over time	294,056	99,352	16,759	-	-	410,167
<b>Revenue from external customers</b>	<b>294,056</b>	<b>99,352</b>	<b>30,371</b>	<b>5,014</b>	<b>-</b>	<b>428,793</b>
Income recognised in accordance with AASB 1058	-	-	-	-	4,636	4,636
<b>Total revenue</b>	<b>294,056</b>	<b>99,352</b>	<b>30,371</b>	<b>5,014</b>	<b>4,636</b>	<b>433,429</b>

## 5. Expenses

Profit before income tax includes the following specific expenses:

	2021 \$'000	2020 \$'000
<b>Net loss on disposal of non-current assets:</b>		
Loss on sale of property, plant and equipment	-	536
Impairment loss on property, plant and equipment	-	1,454
<b>Total</b>	<b>-</b>	<b>1,990</b>
Cost of sales	4,838	5,006
Impairment loss on trade receivables and accrued income	1,788	3,688
Rental expense on operating leases	3,635	3,354
Loss on right-of-use asset	-	216
<b>Total</b>	<b>10,261</b>	<b>12,264</b>
Depreciation on property, plant and equipment	5,229	5,632
Depreciation on right-of-use assets	8,541	8,246
Amortisation expense	558	735
<b>Total depreciation and amortisation expense</b>	<b>14,328</b>	<b>14,613</b>
<b>Employee benefits expense</b>		
Wages and salaries	305,735	268,271
Superannuation contribution	30,241	27,413
Employee benefits	37,635	36,615
Workers compensation	15,421	16,718
JobKeeper costs	5,039	4,263
Other employee related expenses (includes agency costs)	24,630	19,009
<b>Total employee benefits expense</b>	<b>418,701</b>	<b>372,289</b>

## 6. Cash and cash equivalents

	2021 \$'000	2020 \$'000
Cash on hand	17	13
Cash at bank	31,227	32,465
At call deposits with financial institutions	78,535	65,989
<b>Total</b>	<b>109,779</b>	98,467

### a. Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the consolidated statement of cash flows at the end of the financial year as follows:

	2021 \$'000	2020 \$'000
Balances as above	109,779	98,467

### b. Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of 3 months or less from the date of acquisition and are repayable within 24 hours' notice with no loss of interest.

## 7. Trade receivables and accrued income

	2021 \$'000	2020 \$'000
<b>Current assets</b>		
Trade receivables	20,504	14,363
Accrued income	18,698	44,458
Loss allowance	(5,902)	(5,809)
<b>Total</b>	<b>33,300</b>	53,012

### a. Classification as trade receivables and accrued income

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current.

Accrued income are unbilled amounts for services delivered in the ordinary course of business. They are generally due to be billed

within 30 days of performing the service and are therefore all classified as current.

### b. Loss allowance of trade receivables and accrued income

The loss allowance has been included within other expenses within profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Movements in the loss allowance were:

	2021 \$'000	2020 \$'000
At 1 July	5,809	2,936
Charge for the year	1,789	3,688
Amounts written off	(1,696)	(815)
At 30 June	5,902	5,809

## 8. Inventories

	2021 \$'000	2020 \$'000
<b>Current assets</b> At net realisable value		
Raw materials	337	291
Finished goods	502	465
<b>Total</b>	<b>839</b>	756

### a. Assigning costs to inventories

The cost of individual items of inventory are determined using weighted average cost.

### b. Amounts recognised in profit or loss

Inventories recognised in the statement of profit or loss during the financial year

ended 30 June 2021 included an expense of \$4,865,000 (2020: \$5,088,000) recognised as raw materials and consumables used and a credit of \$27,000 (2020: \$81,000) recognised as changes in inventories of finished goods.

## 9. Other current assets

	2021 \$'000	2020 \$'000
Prepayments	3,289	2,970
Investment in term deposits	400	400
Other current assets	8,657	925
<b>Total</b>	<b>12,346</b>	4,295

Included in other current assets is an amount of \$8,248,000 (2020: Nil) and in other non-current assets of \$4,124,000 (2020: \$Nil) that relate to a receivable due from the Victorian State Department of Families, Fairness and Housing relating to leave liabilities for transferred employees.

## 10. Biological assets

	2021 \$'000	2020 \$'000
<b>Non-current assets</b> At fair value		
Macadamia and avocado trees	602	602
<b>Total biological assets</b>	<b>602</b>	602

### a. Significant fair value assumptions

The fair value of avocado and macadamia trees is measured using a financial model based on the following assumptions:

- Macadamia trees are expected to bear crops from 7 years to 43 years (2020: 7 years to 38 years),
- Avocado trees are expected to bear crops from 3 years to 32 years (2020: 3 years to 32 years),

- Expectations in respect of crop bearing are based on historical observations,
- Welling prices, direct and overhead costs are based on actual results for the last three years,
- Cash flows, expected over five years from existing trees, are discounted at a rate that takes into account the cost of capital plus a suitable risk factor (15%).

## 11. Financial assets at fair value through other comprehensive income

	2021 \$'000	2020 \$'000
<b>Non-current assets</b>		
<b>FVOCI financial assets</b> At cost		
Fixed interest investment	917	948
Equity instruments	4,982	3,764
<b>Total FVOCI financial assets</b>	<b>5,899</b>	4,712
<b>Reconciliation of FVOCI financial assets</b>		
Opening balance at 1 July	4,712	5,254
Additions	780	1,792
Disposals	(632)	(1,564)
Change in fair value of investment	1,039	(770)
<b>Closing balance at 30 June</b>	<b>5,899</b>	4,712

## 12. Intangible assets

	Goodwill \$'000	Internally generated software \$'000	Internally generated software under development \$'000	Total \$'000
<b>At 30 June 2020</b>				
Cost	470	1,033	441	1,944
Accumulated amortisation and impairment	(214)	(681)	-	(895)
Net book amount	256	352	441	1,049
<b>Year ended 30 June 2021</b>				
Opening net book amount	256	352	441	1,049
Additions and transfer	-	1,543	698	2,241
Amortisation charge	-	(558)	-	(558)
Closing net book amount	256	1,337	1,139	2,732
<b>At 30 June 2021</b>				
Cost	470	2,576	1,139	4,185
Accumulated amortisation and impairment	(214)	(1,239)	-	(1,453)
Net book amount	256	1,337	1,139	2,732

## 13. Property, plant and equipment

	Freehold land \$'000	Commercial buildings \$'000	Land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Assets under construction \$'000	Total \$'000
<b>At 1 July 2020</b>							
Cost	22,100	7,055	32,945	3,988	32,861	8,484	107,433
Accumulated depreciation	-	(1,398)	(3,794)	(2,632)	(21,234)	-	(29,058)
Net book amount	22,100	5,657	29,151	1,356	11,627	8,484	78,375
<b>Year ended 30 June 2021</b>							
Opening net book amount	22,100	5,657	29,151	1,356	11,627	8,484	78,375
Revaluation surplus	1,495	(1,285)	-	-	-	-	210
Additions	-	-	858	357	3,006	-	4,221
Disposals	-	-	-	-	(29)	-	(29)
Transfers	-	4,871	-	57	2,838	(7,766)	-
Depreciation charge	-	(503)	(662)	(783)	(3,281)	-	(5,229)
Closing net book amount	23,595	8,740	29,347	987	14,161	718	77,548
<b>At 30 June 2021</b>							
Cost	23,595	10,641	33,803	4,402	37,832	718	110,991
Accumulated depreciation	-	(1,901)	(4,456)	(3,415)	(23,671)	-	(33,443)
Net book amount	23,595	8,740	29,347	987	14,161	718	77,548

Included in land and buildings are:

- i. Land and buildings acquired with capital funding which the funding body may have an interest in the property or any proceeds on disposal. The written down value of these assets is \$23,877,000 (2020: \$23,957,000).
- ii. Buildings with a total carrying value of \$255,000 (2020: \$276,000) on government gazetted land in respect of which no communication has been received of any plans that would prevent the Group's continued use.

### a. Valuation

The Group engages external, independent and qualified valuers to determine the fair value

of the Group's freehold land and commercial buildings at least every 3 years. As at 30 June 2021, an independent valuation was obtained from PP&E Valuations Pty Ltd for all freehold land and commercial buildings. The valuation was prepared to meet the requirements of AASB 116 on a highest and best use basis. The independent valuers used a number of approaches to determine market value including market comparison, income, cost and summation. The valuations were undertaken with a combination of Level 2 and Level 3 inputs as defined under AASB 13 Fair Value Measurement. The freehold land and commercial buildings classes of assets were revalued based on the independent valuation. The previous independent valuation of freehold land and commercial buildings was performed as at 30 June 2018.

### b. Property, plant and equipment pledged as security

The Group has bank facilities secured by a first registered mortgage over certain freehold

land and buildings of the Group and by a first registered equitable mortgage over all of the Group's assets and undertakings. Refer to Note 20(d) for details of the facilities.

## 14. Leases

This note provides information for leases where the Group is a lessee.

### a. Amounts recognised in the consolidated statement of financial position

	2021 \$'000	2020 \$'000
<b>Right-of-use assets</b>		
Buildings	22,146	26,264
Vehicles	8,397	8,971
<b>Total</b>	<b>31,337</b>	34,574

Future lease payments in relation to lease liabilities as at period end are as follows:

	2021 \$'000
Within one year	7,380
Later than one year but not later than five years	19,722
Later than five years	11,958
<b>Total</b>	<b>39,060</b>

Additions to the right-of-use assets during the 2021 financial year were \$5,273,000 (2020: \$8,631,000) (Note 20(c)).

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

### b. Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

	2021 \$'000	2020 \$'000
<b>Depreciation charge of right-of-use assets</b>		
Buildings	4,513	4,455
Vehicles	4,028	3,791
<b>Total</b>	<b>8,541</b>	8,246

	2021 \$'000	2020 \$'000
Interest expense (included in finance cost)	1,419	1,520
Expense relating to short-term leases (included in occupancy and motor vehicle expenses)	3,635	3,354

### c. The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses, residential properties and motor vehicles. Rental contracts are typically made for fixed periods of 6 months to 10 years but may have extension options as described below.

Extension and termination options, and residual value guarantees are included in a number of property leases of the Group. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Lease payments for short-term leases and leases of low-value assets amount to \$3,635,000 (2020: \$3,354,000) are recognised in profit and loss.

## 15. Trade and other payables

	2021 \$'000	2020 \$'000
<b>Current</b>		
<b>Unsecured liabilities</b>		
Trade payables	6,222	6,877
Sundry creditors and accruals	20,903	16,084
<b>Total</b>	<b>27,125</b>	22,961

Trade payables are unsecured and are usually paid within 30 days of recognition.

## 16. Borrowings

	2021			2020		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
<b>Unsecured</b>						
Other loan	-	-	-	23,396	-	23,396
Total unsecured borrowings	-	-	-	23,396	-	23,396

In March 2020 the NDIA introduced a one-off advance payment for registered providers to assist in the temporary increase in costs to deliver supports during the COVID-19 pandemic. The advance was interest free and was repaid in six equal monthly instalments from 1 October 2020 to 31 March 2021.

## 17. Provisions

	2021			2020		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Employee benefits (a)	70,127	2,217	72,344	42,069	3,990	46,059
Defined pension benefits ((b) - (e))	-	3,577	3,577	-	4,470	4,470
Provision for workers compensation (f)	17,702	-	17,702	18,219	-	18,219
Contingent liability (g)	-	2,176	2,176	-	2,176	2,176
Restructuring costs (h)	2,198	-	2,198	-	-	-
Make good provision (i)	520	-	520	498	-	498
<b>Total</b>	<b>90,547</b>	<b>7,970</b>	<b>98,517</b>	<b>60,786</b>	<b>10,636</b>	<b>71,422</b>

### a. Employee benefits

Provision for employee benefits includes accrued wages and leave obligations covering the Group's liabilities for long service leave and annual leave, which are classified as either other long-term benefits or short-term benefits, as explained in note 1(p).

### b. Defined pension benefits

The Group contributes to pooled post-employment defined benefit plans. These pooled funds are held by SAS Trustee Corporation Pooled Fund (the "Fund") which holds in trust the investments of the following closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS);
- State Superannuation Scheme (SSS);
- Police Superannuation Scheme (PSS); and
- State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit plans as at least one component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All of the Schemes are closed to new members. As at 30 June 2021, there were 15 members (2020: 16).

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- **Investment risk** - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.

- **Longevity risk** - The risk that pensioners live longer than assumed, increasing future pensions.
- **Pensions indexation risk** - The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- **Salary growth risk** - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- **Legislative risk** - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The Fund's assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

An actuarial valuation of the Pooled Fund is performed every three years. The last actuarial valuation was performed as at 30 June 2018. The next actuarial valuation will be performed as at 30 June 2021.

### c. Movement in net defined benefit liability

The Group has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one-off contributions. The Group intends to continue to contribute to the defined benefit section of the plan in line with the actuary's latest recommendations.

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components.

	Defined benefit obligation \$'000	Fair value of plan assets \$'000	Net defined benefit liability \$'000
Balance as at 30 June 2020	15,103	10,633	4,470
Included in profit or loss	596	254	342
Remeasurement gain included in other comprehensive income	102	1,120	(1,018)
Contributions paid	109	326	(217)
Benefits paid	(57)	(57)	-
<b>Balance as at 30 June 2021</b>	<b>15,853</b>	<b>12,276</b>	<b>3,577</b>

#### d. Plan assets

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers, assets

are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund.

Asset Category	Total \$'000	Quoted prices in active markets for identical assets \$'000	Significant observable inputs \$'000	Unobservable inputs \$'000
		Level 1	Level 2	Level 3
Short Term Securities	5,108,370	2,398,668	2,709,702	-
Australian Fixed Interest	903,816	-	903,816	-
International Fixed Interest	1,755,026	45,227	1,709,799	-
Australian Equities	8,310,657	8,308,316	2,341	-
International Equities	13,889,680	13,884,532	5,148	-
Property	3,287,730	626,961	-	2,660,769
Alternatives	8,529,711	759	2,709,828	5,819,124
<b>Total</b>	<b>41,784,990</b>	<b>25,264,463</b>	<b>8,040,634</b>	<b>8,479,893</b>

**Level 1** – Quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares, listed unit trusts.

**Level 2** – Inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts where

quoted prices are available in active markets for identical assets or liabilities.

**Level 3** – Inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property, unlisted shares, unlisted infrastructure, distressed debt, hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements

and cannot be used for speculative purposes or gearing of the investment portfolio. As such, managers make limited use of derivatives.

The percentage invested in each class at the reporting date:

	2021 %
<b>As at 30 June</b>	
Short Term Securities	12.2
Australian Fixed Interest	2.2
International Fixed Interest	4.2
Australian Equities	19.9
International Equities	33.2
Property	7.9
Alternatives	20.4
<b>Total</b>	<b>100.0</b>

#### e. Defined benefits obligation

(expressed as weighted average):

##### i. Actuarial assumptions

The following are principal actuarial assumptions at the reporting date

At 30 June 2021 the duration of the defined benefit obligations was 9.9 years (2020: 10.3 years).

	2021	2022 onwards
Discount rate	2.66%	2.66%
Future salary growth	2.74%	2.74%
Future pension growth	2.50%	1.75%

Changes to the above actuarial assumptions could increase or decrease the recognised net defined benefit liability in future periods.

#### f. Provision for workers compensation

The provision for workers compensation of \$17,702,000 (2020: \$18,219,000) represents workers compensation premiums for a LPR insurance scheme. The Group's participation in a LPR insurance scheme for workers compensation involves the use of estimates as discussed in Note 2(c).

#### g. Contingent liability

As part of a merger in 2018, the Group recognised a contingent liability of \$2,176,000 in respect of a prosecution by Worksafe Victoria for breaches of the 2004 Victorian Occupational Health and Safety Act by Victorian Person Centred Services Limited (VPCS) in 2016. The potential amount of all future payments that the Group could be required to make if there was an adverse decision related to the lawsuit is estimated to be between \$nil and \$4,352,000.

As at 30 June 2021, this matter continues to represent a contingent liability that has been provided for in accordance with AASB 3 which requires an entity to recognise a contingent liability assumed in a business combination at the acquisition date even if it is not probable that an outflow of resources will be required to settle the obligation.

#### h. Restructuring provision

The Board of Directors and executive leadership team approved a plan to streamline management structures to enhance efficiencies and to reduce costs in response to the NDIA reducing participant funding for shared independent living support. As a result, approximately 100 roles were identified as redundant. The total estimated staff restructuring cost to be incurred is \$2,198,000. These costs were fully provided for in the

current reporting period. The provision is expected to be fully utilised over the next 12 months.

#### i. Make good provision

The 2020 is required to restore leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the lease term and the useful life of the assets.

#### j. Movement of provisions

Movements in each class of provision during the financial year are set out below:

	Employee benefits \$'000	Defined pension benefits \$'000	Provision for workers compensation \$'000	Contingent liability \$'000	Restructuring costs \$'000	Make good provision \$'000	Total \$'000
Carrying amount at start of year	46,059	4,470	18,219	2,176	-	498	71,422
Charged/ (credited) to profit or loss	-	-	-	-	-	-	-
Additional provisions recognised	32,662	-	9,407	-	2,198	22	44,289
Unused amounts reversed	-	-	(1,238)	-	-	-	(1,238)
Amounts used during the year	(6,377)	(893)	(8,686)	-	-	-	(15,956)
<b>Carrying amount at end of year</b>	<b>72,344</b>	<b>3,577</b>	<b>17,702</b>	<b>2,176</b>	<b>2,198</b>	<b>520</b>	<b>98,517</b>

Included in additional provision recognised of \$32,662,000 for employee benefits during the year is an amount of \$18,105,000 of employee leave liabilities that was transferred from the Victorian State Department of Families,

Fairness and Housing, which has not been recognised in the consolidated statement of profit or loss and other comprehensive income.

## 18. Contract liabilities

	2021 \$'000	2020 \$'000
<b>Current</b>		
Unexpended government funding	<b>8,696</b>	9,819

Unexpended government funding represents government funds that have been received where the delivery of services in accordance

with the funding agreements have not been delivered or are not scheduled to be delivered until the next financial year.

## 19. Other reserves and retained surplus

#### a. Other reserves

The following table shows a breakdown of the consolidated statement of financial position line item other reserves and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	2021 \$'000	2020 \$'000
Revaluation surplus - property, plant and equipment	<b>5,810</b>	5,880
Defined benefit liability fair value reserve	<b>2,222</b>	1,204
FVOCI reserve	<b>690</b>	(348)
<b>Total</b>	<b>8,722</b>	6,736

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

The financial assets at FVOCI reserve is used to record movements in fair values of financial assets classified as FVOCI.

The defined benefit liability fair value reserve is used to record movements in fair values of defined benefits liability.

#### b. Retained surplus

Movements in retained surplus were as follows:

	2021 \$'000	2020 \$'000
Balance 1 July	<b>107,595</b>	62,367
Net (loss)/profit for the year	<b>(4,561)</b>	42,796
Transfer from asset revaluation reserves	<b>281</b>	2,432
<b>Balance 30 June</b>	<b>103,315</b>	107,595

The transfer from asset revaluation reserves of \$281,000 (2020: \$2,432,000) during the financial year relates to historical asset balances.

## 20. Cash flow information

### a. Reconciliation of cash

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

	2021 \$'000	2020 \$'000
Cash on hand	17	13
Cash at bank	31,227	32,465
At call deposits with financial institutions	78,535	65,989
<b>Total</b>	<b>109,779</b>	<b>98,467</b>

### b. Reconciliation of profit after income tax to net cash inflow from operating activities

	Notes	2021 \$'000	2020 \$'000
<b>(Loss)/profit for the year</b>		<b>(4,561)</b>	<b>42,796</b>
<b>Adjustments for:</b>			
Amortisation	5	558	735
Depreciation - property, plant and equipment	5	5,229	5,632
Depreciation - right-of-use assets	5	8,541	8,246
Transfer of Crown Land assets	4	-	(16,600)
Net (gain)/loss on disposal of property, plant and equipment		(141)	536
Impairment loss on property, plant and equipment	5	-	1,454
Dividends received and classified as investing activities	4	(233)	(340)
Discount on acquisition	4	-	(2,410)
Profit on sale of shares	4	(25)	(30)
(Gain)/loss on right-of-use assets	4	(90)	216
Net loss allowance on receivables		93	2,873
<b>Change in operating assets and liabilities:</b>			
Decrease/(increase) in receivables		11,887	(33,169)
Increase in other assets		(4,443)	(896)
Increase in inventories		(83)	(141)
Increase in payables		5,204	4,081
Decrease in other liabilities		(1,123)	(10,185)
Increase in provisions		28,113	18,243
<b>Net cash inflow from operating activities</b>		<b>48,926</b>	<b>22,561</b>

### c. Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- Acquisition of right-of-use assets (Note 14(a))

	2021 \$'000	2020 \$'000
Overdraft facility	4,000	4,000
Unused credit facility	4,000	4,000
Corporate card facility	400	400
Amount utilised	(139)	(118)
Unused credit facility	261	282

The bank facilities are secured by a first registered mortgage over certain freehold land and buildings of the Group and by a first registered equitable mortgage over all the parent entity assets and undertakings.

### d. Credit standby arrangements with banks

The corporate card facility is secured by a term deposit.

### e. Contingent liability arrangements with banks

	2021 \$'000	2020 \$'000
Contingent liability facility	500	500
Amount utilised	(387)	(466)
Unused liability facility	113	34

## 21. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, Aruma Services, its related practices and non-related audit firms:

	2021 \$	2020 \$
<b>PricewaterhouseCoopers Australia</b>		
<b>Audit and other assurance services</b>		
Audit and review of financial statements	245,000	244,700
Audit of grant acquittal	-	9,000
<b>Other services</b>		
Consulting services	355,477	66,181
Other services	14,500	14,500
<b>Total remuneration for PricewaterhouseCoopers Australia</b>	<b>614,977</b>	334,381

## 22. Related party transactions

### a. Subsidiaries

Interests in subsidiaries are set out in Note 23(a).

	2021 \$	2020 \$
<b>Compensation received by key management personnel of the Group</b>		
Short-term employee benefits	2,793,186	2,608,032
Post-employment benefits	206,146	199,762
Other long-term benefits	24,465	43,358
Termination benefits	239,936	-
<b>Total</b>	<b>3,263,733</b>	2,851,152

### b. Transactions with key management personnel of the entity or its parent and their personally related entities

Compensation received by key management personnel of the Group.

The non-executive Directors of the Company are all unpaid volunteers. The remuneration figures above reflect the benefits applicable to the senior executive team which consists of the most senior management roles, of which there were 8 senior management roles during the year, and 6 as at 30 June 2021 (2020: 8), including the CEO.

Other than remuneration disclosed above, there were no transactions with key management personnel (including directors, close family members of key management personnel or entities controlled by key management personnel or close family

members) during the year ended 30 June 2021 (2020: \$nil).

There were no loans to key management personnel (including directors, close family members of key management personnel or entities controlled by key management personnel or close family members) during the year ended 30 June 2021 (2020: \$nil).

### c. Transactions with other related parties

There were no transactions with related parties during the year.

## 23. Interests in other entities

### a. Material subsidiaries

The Group's principal subsidiaries at 30 June 2021 are set out below. Unless otherwise stated,

they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Principal activities	Place of business/ country of incorporation	Ownership interest held by the Group	
			2021 %	2020 %
Aruma Services NSW Limited	Provision of disability services	Australia	100	100
Victorian Person Centred Services Limited	Provision of disability services	Australia	100	100
Aruma Foundation Limited	Provision of disability services	Australia	100	100
Aruma Services Victoria Limited	Provision of disability services	Australia	100	100

## 24. Contingent liabilities

The Group voluntarily elected to participate in the National Redress Scheme for Survivors of Institutional Child Sexual Abuse. As at the balance sheet date, the Group was unable to determine a sufficiently reliable estimate of potential liability arising from any future claims

that may be made against the Group under the Scheme. The Group is not aware of any claims that have been made against it under the Scheme as at the date of this report.

Other than the matters noted in Notes 17(g) and 20(e), the Group has no other material contingent liabilities.

## 25. Fundraising appeals conducted during the year

The Group has authority to raise funds under the provisions of section 16 of the NSW Charitable Fundraising Act 1991. That authority (CFN 13051) remains in force until 11 November 2025.

The Group also has authority to raise funds under the provisions of the Victorian Fundraising Act 1998. That authority FR0015060 remains in force until 28 November 2021.

The Charitable Fundraising Act 1991 and associated regulations prescribe the manner in which fundraising appeals are conducted and reported in NSW. The disclosures below are in accordance with Authority Condition 7, which is issued to the Group under section 19 of the Act.

Fundraising appeals conducted during the financial year included email appeals (Spring and Autumn), and community fundraising activities (including The Bold Move, miscellaneous community fundraisers and corporate volunteering activities). The Group also operates regular giving and a gift-in-wills program.

	2021 \$'000	2020 \$'000
<b>Results of Fundraising Appeals - Net Profit</b>		
Gross proceeds from fundraising appeals	1,624	3,546
Less: Direct costs of fundraising appeals	(763)	(1,789)
<b>Total</b>	<b>861</b>	1,757

	2021	2020
<b>Comparative Percentages</b>		
Direct costs of fundraising appeals / Gross proceeds from fundraising appeals (%)	47.0%	50.4%
Net profit obtained from fundraising appeals / Gross proceeds from fundraising appeals (%)	53.0%	49.6%

### Cost of fundraising

Only direct costs of fundraising, as required under the Act and associated guidance, have been deducted from gross proceeds to determine the net profit from fundraising appeals.

The Group operates in accordance with the Australian Charities and Not for profits Commission (ACNC) Governance Standards, the Fundraising Institute of Australia (FIA) Code of Practice, and the Charitable Fundraising Act 1991.

## 26. Impact of COVID-19

Subsequent to the date of this report, strict lockdown measures have continued in NSW and Victoria in an effort to contain the spread of the Delta variant of COVID-19. These measures have resulted in the Group having to shut operations of its respite and community hubs in order to comply with the government measures. The Group's social enterprises operations have also been negatively impacted. The impact of these lockdown measures on the Group's financial performance is currently not known given the degree of uncertainty in the current economic climate.

## 27. Events occurring after the reporting period

Except as disclosed in note 26, no other matter or circumstance has occurred subsequent to year-end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

## 28. Parent entity financial information

### a. Summary financial information

Summarised presentation of the parent entity, Aruma Services, financial statements:

	2021 \$'000	2020 \$'000
<b>Assets</b>		
Current assets	113,643	106,288
Non-current assets	99,651	100,832
<b>Total assets</b>	<b>213,294</b>	207,120
<b>Liabilities</b>		
Current liabilities	85,076	88,091
Non-current liabilities	25,079	29,653
<b>Total liabilities</b>	<b>110,155</b>	117,744
<b>Net assets</b>	<b>103,139</b>	89,376
<b>Shareholders' equity</b>		
Retained earnings	96,639	83,844
Reserves	6,500	5,532
<b>Total equity</b>	<b>103,139</b>	89,376
<b>Profit for the year</b>	<b>12,514</b>	36,240
<b>Total comprehensive income</b>	<b>13,484</b>	35,474

### b. Contingent liabilities of the parent entity

Please refer to Note 20(e) for contingent liabilities relating to the parent entity.

### c. Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2021, the parent entity had no contractual commitments for the acquisition of property, plant or equipment (2020: \$nil).

## Directors' declaration

### In the directors' opinion:

- a. The financial statements and notes set out on pages 16 to 59 are in accordance with the Australian Charities and Not-For-Profits Commission Act 2012, including:
  - i. Complying with Accounting Standards
    - General Purpose Financial Statements
    - Simplified Disclosures and other mandatory professional reporting requirements, and
  - ii. Giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date, and
- b. There are reasonable grounds to believe that the Group 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 profits Commission Regulation 2013.



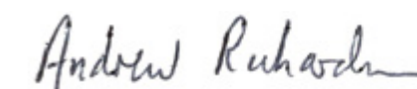
21 October 2021

**Candice Charles** - Chair  
Director

## Declaration by CEO in respect of Fundraising Appeals

### I, Andrew Richardson CEO of Aruma Services (the "Company"), declare in my opinion:

- a. The consolidated statement of profit or loss and other comprehensive income and accompanying notes gives a true and fair view of all income and expenditure of the group with respect to fundraising appeal activities for the financial year ended 30 June 2021;
- b. The consolidated statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 June 2021;
- c. The provisions of the Charitable Fundraising Act 1991 and the regulations under that Act and the conditions attached to the Company's authority have been complied with during the year ended 30 June 2021; and
- d. The internal controls exercised by the group are appropriate and effective in accounting for all income received.



21 October 2021

**Andrew Richardson** - CEO



Candice, Chair of the Board and Andrew, Aruma's CEO.





## Independent auditor's report

To the members of Aruma Services

### Report on the audit of the financial report

#### Our opinion

In our opinion:

The accompanying financial report of Aruma Services (the Company) and its controlled entities (together the Group) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards - Simplified Disclosure Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

#### What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2021
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

#### Independence

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

#### Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosure Standards and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and for such internal control as the directors determine is 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 directors are responsible for assessing the ability of the Group 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 Group 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.

*Report on the Requirements of the Charitable Fundraising Act 1991 and the Charitable Fundraising Regulation 2015*

We have audited the financial report of Aruma Services as required by Section 24 of the Charitable Fundraising Act 1991. The directors of the Company are responsible for the preparation and presentation of the financial report in accordance with the Charitable Fundraising Act 1991 and the Charitable Fundraising Regulation 2015. Our responsibility is to express an opinion on the financial report based on our audit.

In our opinion:

- a. The financial report and associated records have been properly kept, during the financial year ended 30 June 2021, in accordance with Sections 20 (1) and 22 (1-2) of the Charitable Fundraising Act 1991 and sections 10 (6) and 11 of the Charitable Fundraising Regulation 2015.
- b. Money received as a result of fundraising appeals conducted during the financial year ended 30 June 2021 has been properly accounted for and applied in accordance with the above-mentioned Act and Regulation.

PricewaterhouseCoopers

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'EPenny', written over a light blue horizontal line.

Eliza Penny  
Partner

Sydney  
21 October 2021

here's to  
another  
year,  
with you.

arUma.