ABN 27 167 737 144

Financial Statements

For the year ended
30 June 2020

SYC Ltd

ABN 27 167 737 144

Contents

For the Year Ended 30 June 2020

SYC Ltd

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Company Information

For the Year Ended 30 June 2020

Board of Directors	D. Hallett (Chairperson) P. Edginton (CEO) A. Branson P. Di Iulio P. Tapper C. Schultz L. George (resigned November 2019) L. Apthorpe (appointed November 2019)
Ongoing Board Committees	
• Finance, Audit and Risk Committee	C. Schultz (Chairperson)
• Governance Committee	A. Branson (Chairperson)
Ad hoc Board Committees	
• Growth and Assets Committee	C. Schultz (Chairperson)
• Digital Transformation Committee	P. Tapper (Chairperson)
Registered Office	39-41 Dequetteville Terrace, KENT TOWN SA 5067
Principal Place of Business	39-41 Dequetteville Terrace, KENT TOWN SA 5067
Principal Banker	CBA 96 King William Street, ADELAIDE SA 5000
Auditors	William Buck Level 6, 211 Victoria Square. ADELAIDE SA 5000

Directors' Report
30 June 2020

The directors present their report on SYC Ltd for the financial year ended 30 June 2020.

Directors

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

Mr David Hallett
Mr Paul Edginton
Ms Arabella Branson
Mr Paul Di Iulio
Mr Patrick Tapper
Ms Catherine Schultz
Ms Lisa George (resigned in November 2019)
Ms Lisa Apthorpe (appointed in November 2019)

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

Principal activities

SYC Limited ('the Company") has a relentless belief in people and their potential. The Company provides services that foster weillbeing, independence and opportunity for all.

This is achieved through:

- helping people to gain and sustain employment in all its forms;
- working with people to have a stable home, a sense of home and to feel safe at home;
- enabling people to acquire knowledge, skills and methods that can be retained and applied;
- empower people with disability or mental ill-health to live healthy, fulfilling lives;
- supporting the vulnerable and homeless by providing resources, information, respite and emergency accommodation; and
- providing short term and medium term transitional housing that teaches new living skills that help transition into independent living.

There are no significant changes in the nature of the Company's activity that occurred during the financial year.

Directors' Report
30 June 2020

Short and long term objectives and strategies

The objects of the Company are to promote and foster the welfare and advancement of young people and the community generally. SYC provides a range of professional services relevant to the needs of young people and the community in the fields of information, counselling and therapy, accommodation, vocational services including employment placement and training and/or education.

Performance measures

The Company monitors its performance against budget and a rolling forecast. The budget is approved by the Board annually. Monthly results are presented to the Board by the Executive management of SYC Ltd. The Board applies this information for future planning, tracking progress over time and determining whether agreed objectives or strategies have been met. The Board reviews performance based on divisional segments.

Members' guarantee

In accordance with the Company's constitution, each member is liable to contribute $20 in the event that the Company is wound up. The total amount that members of the Company are liable to contribute if the Company is wound up is $140.

Operating results and review of operations for the year

The surplus of the Company amounted to $ 7,626,833 (2019: $ (956,049) deficit).

Directors' Report
30 June 2020

Information on directors

Mr David Hallett	
Qualifications	B Bus (Marketing), FAICD, FAMI, CPM, CMgr, FIML
Term as Director	January 2006 to present
Mr Paul Edginton	
Qualifications	BA Comms, FAICD
Term as Director	November 2006 to present
Ms Arabella Branson	
Qualifications	LLB, Bcomm, FAICD
Term as Director	May 2007 to present
Mr Paul Di Iulio	
Qualifications	BE Civ (Hons), Grad Dip Mun Eng, Dip Mgmt, MAICD
Term as Director	March 2011 to present
Mr Patrick Tapper	
Qualifications	FAICD
Term as Director	January 2011 to present
Ms Catherine Schultz	
Qualifications	BA Accounting, FCA, MBA, FAICD
Term as Director	March 2012 to present
Ms Lisa George	
Qualifications	MPP
Term as Director	November 2017 to November 2019
Ms Lisa Apthorpe	
Qualifications	Masters in Business Coaching, Grad. Cert. Management, Adv.Dip. Business Management
Term as Director	November 2019 to present

Directors' Report
30 June 2020

Meetings of directors

Attendances by each director during the year were as follows:

	Directors' Meetings		Governance		Finance, Audit & Risk		Digital Transformation	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr David Hallett	11	11	3	3	6	6	-	-
Mr Paul Edginton	11	11	3	3	6	6	1	1
Ms Arabella Branson	11	11	3	3	6	6	-	-
Mr Paul Di Iulio	11	10	2	2	-	-	1	1
Mr Patrick Tapper	11	9	-	-	6	5	1	1
Ms Catherine Schultz	11	10	-	-	6	5	1	1
Ms Lisa George	4	3	1	-	-	-	-	-
Ms Lisa Apthorpe (appointed in November 2019)	6	4	2	2	-	-	-	-

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

Director: ....
Mr David Hallett

Director: ....
Ms Catherine Schultz

Dated this 27th day of October 2020

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR PROFITS COMMISSION ACT 2012 TO THE DIRECTORS OF SYC LTD

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

— no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck
ABN 38 280 203 274

M. D. King
Partner

Adelaide, 27th October 2020

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Adelaide SA 5000
GPO Box 11050
Adelaide SA 5001
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SYC Ltd

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
Revenue	4	**72,854,940**	71,352,337
Other income	4	**39,736**	458,641
Employee benefits expense	5	**(39,763,252)**	(39,516,372)
Client related services		**(11,123,915)**	(17,329,353)
Operating lease expense	5	**(725,377)**	(5,677,962)
Other expenses	5	**(3,954,985)**	(4,754,961)
Depreciation expense	5	**(6,283,464)**	(2,282,595)
IT support and equipment costs		**(2,244,577)**	(2,035,847)
Office expenses		**(593,965)**	(1,028,707)
Finance costs	5	**(578,308)**	(141,230)
Surplus / (deficit) before income tax		**7,626,833**	(956,049)
Income tax expense		**-**	-
Surplus / (deficit) for the year		**7,626,833**	(956,049)
Total comprehensive income for the year		**7,626,833**	(956,049)

The accompanying notes form part of these financial statements.

SYC Ltd

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Statement of Financial Position

As At 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**5,827,993**	2,828,875
Trade and other receivables	7	**2,887,921**	1,590,756
Other financial assets	8	**10,453,459**	8,054,353
Other assets	9	**470,716**	1,142,102
TOTAL CURRENT ASSETS		**19,640,089**	13,616,086
NON-CURRENT ASSETS			
Other financial assets	8	**120,000**	120,000
Property, plant and equipment	11	**18,402,659**	12,877,393
Right of use assets	10	**8,312,249**	-
TOTAL NON-CURRENT ASSETS		**26,834,908**	12,997,393
TOTAL ASSETS		**46,474,997**	26,613,479
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	**3,289,189**	2,479,519
Borrowings	13	**473,453**	410,086
Lease liabilities	10	**3,937,817**	-
Provisions	14	**3,430,973**	2,892,451
Grants received in advance	15	**844,723**	834,173
TOTAL CURRENT LIABILITIES		**11,976,155**	6,616,229
NON-CURRENT LIABILITIES			
Borrowings	13	**8,436,376**	5,042,633
Lease liabilities	10	**3,878,328**	-
Provisions	14	**1,863,033**	2,260,345
TOTAL NON-CURRENT LIABILITIES		**14,177,737**	7,302,978
TOTAL LIABILITIES		**26,153,892**	13,919,207
NET ASSETS		**20,321,105**	12,694,272
EQUITY			
Reserves		**20,670**	20,670
Retained earnings		**20,300,435**	12,673,602
TOTAL EQUITY		**20,321,105**	12,694,272

The accompanying notes form part of these financial statements.

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

2020

	Retained Earnings	Asset Revaluation Reserve	Total
	$	$	$
Balance at 1 July 2019	**12,673,602**	**20,670**	**12,694,272**
Operating surplus	**7,626,833**	**-**	**7,626,833**
Balance at 30 June 2020	**20,300,435**	**20,670**	**20,321,105**

2019

	Retained Earnings	Asset Revaluation Reserve	Total
	$	$	$
Balance at 1 July 2018	13,629,651	-	13,629,651
Operating deficit	(956,049)	-	(956,049)
Revaluation increment	-	20,670	20,670
Balance at 30 June 2019	12,673,602	20,670	12,694,272

The accompanying notes form part of these financial statements.

SYC Ltd

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Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**66,003,643**	71,744,821
Receipt from grants		**9,185,521**	9,621,703
Receipt from JobKeeper		**3,003,000**	-
Payments to suppliers and employees		**(63,620,493)**	(80,048,051)
Interest received		**52,588**	26,400
Finance costs		**(578,138)**	(141,050)
Donations received		**177,821**	236,732
Dividends received		**9,474**	16,299
Net cash provided by operating activities	24(b)	**14,233,416**	1,456,854
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(7,284,634)**	(753,853)
Proceeds from sale of property, plant and equipment		**-**	220,246
Payments for investments		**(5,711,404)**	(3,800,000)
Proceeds from investments		**3,324,830**	-
Net cash (used in) investing activities		**(9,671,208)**	(4,333,607)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		**3,702,139**	3,207,680
Payment of principal on leased assets		**(5,020,200)**	-
Net cash provided by / (used in) financing activities		**(1,318,061)**	3,207,680
Net increase in cash and cash equivalents held		**3,244,147**	330,927
Cash and cash equivalents at beginning of year		**2,583,846**	2,252,919
Cash and cash equivalents at end of financial year	24(a)	**5,827,993**	2,583,846

The accompanying notes form part of these financial statements.

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

The financial report covers SYC Ltd as an individual entity. SYC Ltd is a not-for-for profit Company, registered and domiciled in Australia.

The functional and presentation currency of SYC Ltd is Australian dollars.

The financial report was authorised for issue by the Directors on 27 October 2020.

Comparatives are consistent with prior years, unless otherwise stated. When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1 Basis of Preparation

SYC Ltd applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

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

2 Summary of Significant Accounting Policies

(a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

2 Summary of Significant Accounting Policies (continued)

(b) Leases

The Company as lessee

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

2 Summary of Significant Accounting Policies (continued)

(c) Revenue and other income

Revenue from contracts with customers

The Company has applied AASB 15 : Revenue from Contracts with Customers (AASB 15) and AASB 1058 : Income of Not-for-Profit Entities (AASB 1058) using the modified retrospective effective method. Therefore, the comparative information has not been restated and continues to be presented under AASB 118 : Revenue and AASB 1004 : Contributions.

When the Company receives operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance to AASB 1058.

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

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Grant revenue

When the Company receives operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance to AASB 15.

When both these conditions are satisfied, the Company:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

2 Summary of Significant Accounting Policies (continued)

(c) Revenue and other income (continued)

Grant revenue (continued)

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Company:

- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Company recognises income in profit or loss when or as it satisfies its obligations under the contract.

Interest revenue

Interest income is recognised using the effective interest method.

Rendering of services

The Company provides professional services to communities and recognises the associated fees over time as the services are rendered.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(d) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

2 Summary of Significant Accounting Policies (continued)

(e) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) 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 impairment.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at their acquisition date fair values.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Land and buildings

Land and buildings are measured using the revaluation model and independently valued each four year period. The current carrying amount is the result of a revaluation as at 30 June 2019. All other classes of property, plant & equipment are held at historical cost.

Land and buildings are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Plant and equipment

Plant and equipment are measured using the cost model.

2 Summary of Significant Accounting Policies (continued)

(f) Property, plant and equipment (continued)

Depreciation

Property, plant and equipment, excluding freehold land and buildings, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

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

Fixed asset class	Useful life
Freehold Land	Held at fair value
Buildings	Held at fair value
Plant and Equipment	1.5-10 years
Motor Vehicles	6 years
Capital Works in Progress	Nil

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Financial instruments

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

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

Financial assets

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

Classification

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

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

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

2 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

Financial assets (continued)

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

Fair value through profit ot loss

Equity instruments

The Company has a number of strategic investments in listed and unlisted entities over which are they do not have significant influence nor control. The Company has not made an irrevocable election to classify these equity investments as fair value through other comprehensive income.

These investments are carried at fair value with changes in fair value recognised through profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Impairment of financial assets

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

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

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

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

2 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

Financial assets (continued)

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

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

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

Trade receivables

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

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

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

Other financial assets measured at amortised cost

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

Financial liabilities

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

The financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

2 Summary of Significant Accounting Policies (continued)

(h) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is any evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(j) Employee benefits

Short-term employee benefits

Provision is made for the Company’s obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company’s obligations for short-term employee benefits such as wages and salaries are recognised as part of current trade and other payables in the statement of financial position.

2 Summary of Significant Accounting Policies (continued)

(j) Employee benefits (continued)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(k) Provisions

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

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2020. Refer below for details of the changes due to standards adopted.

Initial application of AASB 15 and AASB 1058

The Company has applied AASB 15 : Revenue from Contracts with Customers and AASB 1058 : Income of Not-For-Profits Entities using the modified retrospective effective method. Therefore, the comparative information has not been restated and continues to be presented under AASB 118 : Revenue and AASB 1004 : Contributions.

The adoption of AASB 15 and AASB 1058 have not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

2 Summary of Significant Accounting Policies (continued)

(l) Adoption of new and revised accounting standards (continued)

Initial application of AASB 16

The Company has adopted AASB 16: *Leases* modified retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16, the comparatives for the 2019 reporting period have not been restated.

The Company has recognised a lease liability of $12,318,051 and right-of-use asset of $12,836,345 for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: *Leases* where the Company is the lessee.

The lease liabilities are measured at the present value of the remaining lease payments. The Company's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets were measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognised in the statement of financial position at 1 July 2019.

The following practical expedients have been used by the Company in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied;
- leases that have remaining lease term of less than 12 months as at 1 January 2019 have been accounted for in the same way as short-term leases;
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate;
- applying AASB 16 to leases previously identified as leases under AASB 117 and Interpretation 4: *Determining whether an arrangement contains a lease* without reassessing whether they are, or contain, a lease at the date of initial application; and
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

3 Critical Accounting Estimates and Judgements

The Directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

3 Critical Accounting Estimates and Judgements (continued)

Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - revenue recognition

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

Key estimates - provisions

As described in the accounting policies, provisions are measured at management’s best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. A provision for expected credit losses is included for any receivable where the entire balance is not considered collectible. The provision for expected credit losses is based on the best information at the reporting date.

Key judgments - Lease term and option to extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the entity will make. The Company determines the likeliness to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the Company.

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

4 Revenue and Other Income

	2020	2019
	$	$
Sales revenue		
- Revenue from funded activities	**59,216,633**	56,972,789
- Employment funds	**8,692,760**	13,944,499
- Rent	**275,226**	198,317
- Donations	**177,821**	236,732
- Other government grant	**4,492,500**	-
	72,854,940	71,352,337
Other income		
- Interest	**17,730**	80,107
- Dividends	**9,474**	16,299
- Gain on sale of fixed assets	**-**	166,923
- Fair value gains on financial assets through profit and loss	**12,532**	195,312
	39,736	458,641
Total Revenue	**72,894,676**	71,810,978

Revenue from funded activities comprises revenue from the company's employment services contract, Registered Training Organisation and government contracts to deliver a range of youth programmes and services.

5 Result for the Year

The result for the year was derived after charging the following items:

Finance Costs		
- Interest on finance leases	**495,512**	-
- Interest on bank loans	**34,438**	114,358
- Bank fees and charges	**48,358**	26,872
	578,308	141,230

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

5 Result for the Year (continued)

The result for the year includes the following specific expenses:

	2020 $	2019 $
Other expenses:		
Printing and stationery	**504,764**	576,219
Motor vehicle running costs	**427,034**	497,819
Professional fees (including audit fees)	**431,780**	732,800
Telephone costs	**167,001**	557,962
Travel and accommodation	**166,273**	379,610
Electricity and gas	**366,595**	425,878
Insurance	**181,358**	158,140
Marketing	**119,311**	211,225
IT licence fees	**997,584**	508,902
Make good expense / (write-back) on property leases	**(180,117)**	(38,879)
Other operating expenses	**773,402**	745,285
	3,954,985	4,754,961
Operating lease expenses:		
- Leased properties	**723,377**	5,233,641
- Leased motor vehicles	**1,901**	441,379
- Leased plant and equipment	**99**	2,942
	725,377	5,677,962
Employee benefits expense:		
- Salaries and wages	**35,986,952**	35,862,046
- Workers compensation	**482,330**	384,851
- Superannuation contributions	**3,293,970**	3,269,475
	39,763,252	39,516,372
Depreciation and amortisation expenses:		
- Depreciation expenses on property, plant and equipment	**1,759,368**	2,282,595
- Depreciation expenses on right of use assets	**4,524,096**	-
	6,283,464	2,282,595

6 Cash and Cash Equivalents

	2020	2019
Cash at bank and in hand	**5,827,993**	2,828,875

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

7 Trade and Other Receivables

	2020	2019
	$	$
CURRENT		
Trade receivables	**356,764**	729,847
Provision for expected credit losses	**(50,000)**	(50,000)
	306,764	679,847
Accrued income	**2,361,840**	704,078
Other receivables	**219,317**	206,831
	2,887,921	1,590,756

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

8 Other Financial Assets

	2020	2019
CURRENT		
Equity investments at fair value through profit or loss	**982,055**	3,794,353
Term deposits at amortised cost	**9,471,404**	4,260,000
	10,453,459	8,054,353
NON-CURRENT		
Social impact bond at amortised cost	**120,000**	120,000
	120,000	120,000
	10,573,459	8,174,353

9 Other Assets

	2020	2019
CURRENT		
Prepayments	**454,110**	1,135,695
Minor floats	**16,606**	6,407
	470,716	1,142,102

10 Leases

(a) Right-of-use assets

The Company's lease portfolio includes motor vehicles and buildings, whereby the Company is a lessee under the finance lease:

	2020 $	2019 $
Leased Buildings		
Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)	**12,048,860**	-
Accumulated depreciation	**(4,141,879)**	-
	7,906,981	-
Leased Motor Vehicles		
Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)	**787,485**	-
Accumulated depreciation	**(382,217)**	-
	405,268	-
Total Right of Use Assets	**8,312,249**	-

(b) Lease liabilities

	2020 $	2019 $
Leased Buildings		
Leased liability recognised on adoption of AASB 16	**11,533,588**	-
Less: repayment (net of interest expense)	**(4,133,896)**	-
	7,399,692	-
Leased Motor Vehicles		
Leased liability recognised on adoption of AASB 16	**787,282**	-
Less: repayment (net of interest expense)	**(370,829)**	-
	416,453	-
Total Lease Liabilities	**7,816,145**	-
- Current liability	**3,937,817**	-
- Non-current liability	**3,878,328**	-
Total lease liabilities	**7,816,145**	-

11 Property, plant and equipment

	2020	2019
	$	$
LAND AND BUILDINGS		
Land and Buildings		
At fair value	**9,411,000**	9,411,000
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	**6,227,654**	213,003
Plant and equipment		
At cost	**9,388,224**	12,281,404
Accumulated depreciation	**(6,624,219)**	(9,028,130)
Total plant and equipment	**2,764,005**	3,253,274
Motor vehicles		
At cost	**143,267**	143,267
Accumulated depreciation	**(143,267)**	(143,151)
Total motor vehicles	**-**	116
Total property, plant and equipment	**18,402,659**	12,877,393

(a) Movements in Carrying Amounts

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

	Land and buildings	Capital Works in Progress	Plant and Equipment	Motor Vehicles	Total
	$	$	$	$	$
Year ended 30 June 2020					
Balance at the beginning of year	9,411,000	213,003	3,253,274	116	12,877,393
Additions	-	7,036,962	247,672	-	7,284,634
Disposals - written down value	-	-	-	-	-
Depreciation expense	-	-	(1,759,252)	(116)	(1,759,368)
Transfers	-	(1,022,311)	1,022,311	-	-
Balance at the end of the year	9,411,000	6,227,654	2,764,005	-	18,402,659

12 Trade and Other Payables

	2020	2019
	$	$
CURRENT		
Trade payables	**505,287**	332,085
GST payable	**296,681**	51,812
Sundry payables	**382,431**	373,621
Accrued expenses	**2,104,790**	1,722,001
	3,289,189	2,479,519

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

13 Borrowings

	2020	2019
CURRENT		
Secured liabilities:		
Bank overdraft	**-**	245,029
Bank loans	**473,453**	165,057
Total current borrowings	**473,453**	410,086
NON-CURRENT		
Unsecured liabilities:		
Social impact bond	**5,000,000**	5,000,000
Secured liabilities:		
Bank loans	**3,436,376**	42,633
Total non-current borrowings	**8,436,376**	5,042,633
Total borrowings	**8,909,829**	5,452,719

(a) Bank debts

The bank loan is secured by a registered first mortgage over certain freehold properties of the Company. There are no covenants imposed by the bank.

(b) Social impact bond

The terms of the Social Impact bond in relation to the funding of the Sticking Together Project have been renegotiated subsequent to year end. Refer to Note 25 for further details.

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

14 Provisions

	2020	2019
	$	$
CURRENT		
Provision for long service leave	**1,435,567**	1,461,881
Provision for annual leave	**1,694,169**	1,421,759
Other employee benefits	**5,777**	8,811
Make good provision on property leases	**295,460**	-
	3,430,973	2,892,451
NON-CURRENT		
Provision for long service leave	**639,125**	559,576
Make good provision on property leases	**1,223,908**	1,700,769
	1,863,033	2,260,345

15 Grants Received in Advance

	2020	2019
CURRENT		
Grant funding for client programmes	**844,723**	834,173

16 Contracted Commitments

Contracted commitments for:

	2020	2019
TechnologyOne		
Service fees due next 12 months	**-**	116,886
Service fees due next 24 to 60 months	**116,886**	116,886
	116,886	233,772
Datacom		
Desktop Migration Project	**-**	215,810
Hardware costs	**-**	451,673
	-	667,483
	116,886	901,255

17 Leasing Commitments

Operating leases

	2020	2019
	$	$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	-	4,765,622
- between one year and five years	-	622,813
	-	5,388,435

Accounting standard AASB 16 : Leases became effective for the financial year commencing 1 July 2019. All lease contracts, unless exemptions apply, are required to be presented on the statement of financial position as a finance lease. As a result of transitioning to AASB 16, there are no operating lease commitments as at 30 June 2020.

18 Financial Risk Management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and interest rate risk.

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank overdraft and leases.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these financial statements, are as follows:

Financial assets			
Financial assets at amortised cost			
Cash and cash equivalents	6	**5,827,993**	2,828,875
Trade and other receivables	7	**2,887,921**	1,590,756
Other financial assets	8	**9,591,404**	4,380,000
Financial assets at fair value through profit or loss	8	**982,055**	3,794,353
Total financial assets		**19,289,373**	12,593,984
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	12	**3,289,189**	2,479,519
Borrowings	13	**8,909,829**	5,452,719
Lease liabilities	10	**7,816,145**	-
Total financial liabilities		**20,015,163**	7,932,238

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

19 Key Management Personnel Remuneration

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, is considered key management personnel. The key management personnel for the Company are:

- Board of Directors
- Chief Executive Officer
- Executive Director (two)
- Chief Financial Officer

The totals of remuneration paid to the key management personnel of SYC Ltd during the year are as follows:

	2020	2019
	$	$
Short-term employee benefits	**1,620,246**	1,772,512
Post-employment benefits	**269,261**	329,943
	1,889,507	2,102,455

Executive remuneration is set by the Board of Directors and is in accordance with the SYC Total Targeted Reward Rules which outline the structure and philosophy of executive remuneration and is reviewed annually. Directors' remuneration is also reviewed annually.

20 Fair Value Measurement

The Company has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after initial recognition. The company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

Financial assets		
Financial assets at fair value through profit or loss:		
Australian listed shares (i)	**982,055**	3,794,353
Non-financial assets		
Land and buildings (ii)	**9,411,000**	9,411,000

(i) For investments with a market price listed in an active and liquid market, the listed market price at reporting date is used.

(ii) For freehold land and buildings, the fair values are based on a directors' valuation taking into account an external independent valuation performed at 30 June 2019, which used comparable market data for similar properties.

21 Contingencies

Contingent Liabilities

SYC Ltd has a bank guarantee of $1,000,000 with the Commonwealth Bank of Australia.

22 Auditors' Remuneration

	2020 $	2019 $
Remuneration of the auditor, William Buck, for:		
- auditing or reviewing the financial statements	**23,600**	22,700
- auditing or reviewing grant acquittals	**950**	3,995
- other services	**14,740**	11,844
Total	**39,290**	38,539

23 Related Parties

(a) The Company's main related parties are as follows:

Key management personnel - refer to Note 19.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

There were no transactions between related parties other than those already disclosed in Note 19.

24 Cash Flow Information

(a) Reconciliation of cash

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

	2020	2019
Cash and cash equivalents	**5,827,993**	2,828,875
Bank overdrafts	**-**	(245,029)
	5,827,993	2,583,846

24 Cash Flow Information (continued)

(b) Reconciliation of result for the year to cashflows from operating activities

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

	2020	2019
	$	$
Surplus/(deficit) for the year	**7,626,833**	(956,049)
Non-cash flows in surplus/(deficit):		
- depreciation	**6,283,464**	2,282,595
- net (gain) on sale of property, plant and equipment	**-**	(166,923)
- fair value movements on investments	**(12,532)**	(195,314)
Changes in assets and liabilities:		
- (increase) / decrease in trade and other receivables	**(1,297,165)**	2,249,192
- (increase) / decrease in prepayments and other assets	**671,386**	(26,651)
- increase / (decrease) in trade and other payables	**809,670**	(2,058,329)
- increase in funds received in advance	**10,550**	366,387
- (decrease) in make good provision	**(181,401)**	(39,379)
- increase in employee benefits	**322,611**	1,325
Cashflows from operations	**14,233,416**	1,456,854

25 Events after the end of the Reporting Period

The financial report was authorised for issue on 27 October 2020 by the Directors.

Subsequent to year end, the Company has re-located its head office from Currie Street, Adelaide to Dequetteville Terrace, Kent Town. The purchase of the Kent Town office was funded through a loan from the Company's banker for $3.45 million. This loan was repaid in full on 1 September 2020.

On 15th September 2020, the Company signed a Deed of Variation with SVA Nominees Pty Ltd as trustee of the Sticking Together SIB Trust ('investors"). The Company has been discussing the delivery and structure of the Sticking Together Project with the investors and the NSW State Government. As a consequence of signing the Deed of Variation, the Company's liability in relation to the social impact bond has reduced to $4.6 million. The carrying amount of the social impact bond as at 30 June 2020 is $5 million. Refer to Note 13 for further details. It is expected that the NSW State Government will contribute $700,000 towards the repayment with the Company paying the balance of $3.9 million.

On 30th September 2020, the Company purchased a property at 42-46 Carrington Street, Adelaide. The purchase price was $2.4 million (exclusive GST), which was paid for in cash.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

26 Statutory Information

The registered office of and principal place of business of the company is:

SYC Ltd
39-41 Dequetteville Terrace
KENT TOWN SA 5067

SYC Ltd

ABN 27 167 737 144

Directors' Declaration

The directors of the Company declare that, in the directors' opinion

1. The financial statements and notes, as set out on pages 7 to 33 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
   (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
   (b) give a true and fair view of the financial position of the registered entity as at 30 June 2020 and of its performance for the year ended on that date.

2. There are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.

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

Director: ....

Mr David Hallett

Director: ....

Ms Catherine Schultz

Dated this 27th day of October 2020

SYC Ltd

Independent auditor's report to members

Report on the Audit of the Financial Statements

Opinion

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

In our opinion the financial report of SYC Ltd has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards – Reduced Disclosure Regime and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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Adelaide SA 5001
Telephone: +61 8 8409 4333
williambuck.com

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 – Reduced Disclosure Regime and the ACNC Act 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our independent auditor's report

William Buck

William Buck
ABN 38 280 203 274

M.D. King
Partner

Adelaide, 27th October 2020