Marriott Support Services
(A Company Limited by Guarantee)

ACN 094 426 061

Financial Report for the Year Ended 30 June 2020

Marriott Support Services

ACN 094 426 061

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Directors' Report

The Directors present their report on Marriott Support Services ("the Company") for the financial year ended 30 June 2020.

Directors

The names of each person who has been a director during the year and to the date of this report are:

- Graham Ashworth
- Linda Bennett
- Mark Bennetts
- Stephen Creese
- Thomas Hatvani (resigned 22 May 2020)
- Ken Latchford
- Jill Thompson (resigned 18 November 2019)
- Catherine McGovern
- Nicholas Woodlock (appointed 14 June 2019)

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

Principal activities

The principal activity of Marriott Support Services during the financial year was the provision of activities and employment programs to people with disabilities. The programs included personal support, vocational training, and indoors / outdoors income earning employment opportunities, as appropriate to the needs and capabilities of individuals. The company is supported in this work by NDIS funded client's payments, grants from government agencies and other donors.

Marriott Support Services' short-term objectives are to:

- Offer services for the whole of adult life for those with an intellectual disability in the south-east region of Melbourne.
- Ensure the organisation is well managed and financially viable.
- Become renowned for the work we do.
- Implement supports funded through the National Disability Insurance Scheme (NDIS) with services that are flexible, varied, creative, and innovative.

Marriott Support Services' long-term objectives are to:

- Offer people with disabilities choices and opportunities for the whole of their adult life, through the areas of employment, work skills and life skills.
- Expand on both our service offering and business streams.
- Become a leading organisation in the provision of services for people with an intellectual disability.

Marriott Support Services has adopted the following strategies to achieve these objectives:

- Provide pathways for people with an intellectual disability through the provision of services to develop their skills and job opportunities.
- Ensure our businesses are financially viable through pricing for profit, management of costs, maintaining quality of work, safety, and responsiveness to our customers.
- Develop the skills of our workforce through empowerment and training.
- Develop our reputation via networking, social media, and public speaking.
- Working in partnership with government, councils and the corporate sector.

Marriott Support Services' key performance indicators include:

- The number of supported employees within Marriott's business enterprises:
  - 2020: 107 employees / 2019: 107 employees

- The number of participants undertaking programs within Community Services:
  - 2020: 114 participants / 2019: 106 participants

- The performance (financial and non-financial) of Marriott's business enterprises:
  - A number of new contracts were secured by Enviro Management Services and Marriott Industries.

- Ensuring ongoing compliance against federal and state disability standards, ISO 9001 Quality Management Systems (QMS), AS/NZS 4801 Occupational Health & Safety Management Systems (OH&S), and state and federal government service agreements or deeds:
  - Marriott has maintained compliance during 2020 against the abovementioned matters.

Information on Directors

The qualifications, experience, and special responsibilities of each person who has been a Director during the financial year ended 30 June 2020 are listed below.

Stephen Creese	**Chair**
Appointed	23 November 2017
Qualifications	BA, LLB (Hons) Melbourne, Solicitor
Experience	Former inaugural independent Chair National Employment Services Association General Counsel, Company Secretary and executive roles in the resources sector and member of Australian Takeovers Panel. Currently - member of advisory board to the Office of Development Effectiveness in the Department of Foreign Affairs and Trade Chair Archives Advisory Board Melbourne University Senior Fellow Melbourne University and lecturer in International Mineral Law Vice- President, Astra Chamber Music Society Inc.
Special Responsibilities	Member of the following Board Sub-Committees: - Audit, Risk and Quality Committee - Nominations, Remuneration and Succession Committee - Strategy Committee (Chair) Deputy Chair from 16 February 2018, Chair from 1 December 2018
Mark Bennetts	**Deputy Chair**
Appointed	23 November 2017
Qualifications	Bachelor of Engineering (Hons), Mechanical, University of Melbourne Graduate, Australian Institute of Company Directors
Experience	35 years of management experience in a wide variety of industries and disciplines including retail, wholesale, distribution, business systems, property development, risk and governance, corporate services, membership, hospitality and tourism Currently CEO, Mt Buller and Mt Stirling Resort Management Board Currently Director Tourism North East Former member of Policy Committee, Victorian Tourism Former Director, and later Chairman of International Specialised Skills Institute Former Chairman, Cockatoo Montessori Schools
Special Responsibilities	Member of the following Board Sub-Committees: - Audit, Risk and Quality Committee - Strategy Committee Deputy Chair from 14 December 2018
Ken Latchford	**Treasurer**
Appointed	1 July 2016
Qualifications	Bachelor of Commerce and MBA, University of Melbourne
Experience	Finance and Management professional with specialist skills in treasury, accounting, risk management, corporate governance and strategy. Industry experience in retail, wholesale and distribution, rail and logistics, labour services and the NFP sector. Former Director and Treasurer, Kids Under Cover and former Director Harness Racing Victoria. Fellow of CPA Australia.
Special Responsibilities	Member of the following Board Sub-Committees: - Audit, Risk and Quality Committee (Chair) - Strategy Committee Treasurer from 12 December 2018
Graham Ashworth	**Board Member**
Appointed	22 November 2013
Qualifications	Bachelor of Laws (Hons.). Monash University Master of Business Administration, Mt Eliza Business School Grad. Dip. Company Secretarial Practice, Chartered Secretaries Australia
Experience	Barrister and Solicitor of the Supreme Court of Victoria
Special responsibilities	Member of the following Board Sub-Committees: - Audit, Risk and Quality Committee - Governance Committee (Chair) Chair Governance Committee from 14 December 2018

Linda Bennett	**Board Member**
Appointed	16 November 2016
Qualifications	Diploma of Business Management
Experience	Former Deputy State Manager, Medicare Australia, and National Manager in the provision of customer service to health providers at the Department of Human Services. 35 years' experience in Commonwealth Government administration. RMIT Senior Invigilator
Special Responsibilities	Member of the following Board Sub-Committees: - Governance Committee

Thomas Hatvani	**Board Member**
Appointed	16 November 2016
Qualifications	Bachelor of Applied Chemistry RMIT Master of Applied Science, RMIT Master International Business, University of Melbourne
Experience	Over 20 years' experience in the health and community care sectors including roles in disability, aged care, acute care, private health insurance, telehealth, nursing services, the pharmaceutical sector and with the Victorian Government. Currently on the Community Advisory Committee, a sub-committee of the Eastern Health Board
Special Responsibilities	Member of the following Board Sub-Committees: - Audit, Risk and Quality Committee - Nominations, Remuneration and Succession Committee (chair) - Strategy Committee Resigned 22 May 2020

Catherine McGovern	**Board Member**
Appointed	12 November 2018
Qualifications	Bachelor of Economics (Hons.), Monash University, Bachelor of Theology – University of Divinity Graduate, Australian Institute of Company Directors
Experience	Over twenty years' experience in the health sector specialising in government relations, policy and communications. Currently Principal and co-founder of Evaluate, an economics consultancy focused on health and social policy and services Member, Medicines Australia Advisory Council Previous board experience: Melbourne City Mission; and Victoria Legal Aid Other previous experience: Member, Community and Carers Advisory Committee, Eating Disorders Victoria
Special Responsibilities	Member of the following Board Sub-Committees: - Governance Committee

Jill Thompson	**Board Member**
Appointed	4 March 2011
Qualifications	BA Monash University Master of Business Administration, University of Melbourne
Experience	Human resource specialist working in leadership development and executive coaching with a variety of clients from the public and private sectors. Experienced as a human resources and public relations executive in the mining, oil and water industries and in corporate education.
Special Responsibilities	Member of the following Board Sub-Committees - Nominations Committee - Governance Committee Resigned 18 November 2019

Nicholas Woodlock	**Board Member**
Appointed	14 June 2019
Qualifications	Bachelor of Arts (Sociology), La Trobe University Master of Public Administration, Queensland University
Experience	Forty years' experience in the public policy, health and community service governance, leadership and management. Nick has worked in health, aged care and disabilities programs at a national and international levels. Former CEO of Care Connect Currently, he is a consultant in psychosocial health service and system redesign
Special Responsibilities	Member of the following Board Sub-Committees: - Audit, Risk and Quality Committee - Nominations, Remuneration and Succession Committee - Strategy Committee

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Directors' Report

The following table sets out the number of Directors' meetings held during the financial year ended 30 June 2020 and the number of meetings attended by each Director (while they were a Director).

	Board Meetings		**Audit Risk & Quality Committee**		**Governance Committee** *'established April 2019'*		**Nominations, Remuneration and Succession Committee (NRS Committee)**	
	Eligible	**Attended**	**Eligible**	**Attended**	**Eligible**	**Attended**	**Eligible**	**Attended**
Stephen Creese	14	14	5	5	-	-	2	2
Ken Latchford	14	14	5	5	-	-	-	-
Mark Bennetts	14	13	5	4	-	-	-	-
Graham Ashworth	14	11	5	4	-	-	-	-
Linda Bennett	14	11	-	-	-	-	-	-
Jill Thompson	3	3	-	-	-	-	2	2
Thomas Hatvani	11	10	4	4	-	-	4	4
Catherine McGovern	14	13	-	-	-	-	-	-
Nicholas Woodlock	14	11	-	-	-	-	4	4

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Directors' Report

Operating results

Marriott Support Services recorded a total comprehensive surplus for the year ended 30 June 2020 of $532,469 (2019: Deficit of $111,561). In 2020, the entity recorded total comprehensive income of $892,551 (2019: Deficit of $111,561).

The total comprehensive income of $892,551 includes a $360,082 gain on the revaluation of land and buildings (2019: $0).

Surpluses are reinvested in furthering Marriott Support Services' work in providing services to people with a disability. The constitution prohibits the distribution of surpluses to the members and requires any surpluses remaining on winding up to be distributed to entities that have a similar purpose as the company and whose constitution has a similar restriction on the distribution of surpluses.

Events subsequent to the end of the reporting period

There are no events of a material nature to report subsequent to the end of the reporting period other than the impact of COVID-19 as described below in the Director's report.

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or by a State or Territory.

Indemnification and insurance of Directors and officers

It is the policy of Marriott Support Services to enter into Directors' deeds with each of its Directors giving these people right of access to specific documents in the event of legal actions relating to their respective periods of service with the company. The deeds also indemnify the Directors in respect of the costs of such actions (except where it would be unlawful to do so). No payments of this kind were made, nor liabilities incurred during the year (2019 - $NIL).

Marriott Support Services, its Directors and officers are insured by the Victorian Managed Insurance Authority for liabilities incurred (other than liabilities specifically excluded by law) in the performance of their duties as Directors or officers of the company.

Members guarantee

Marriott Support Services is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. The Entity is registered with the Australian Securities and Investments Commission as well as the Australian Charities and Not-for-profits Commission, and is a company limited by guarantee. If the entity is wound up, the constitution states that members are required to contribute a maximum $20 each towards meeting any outstanding obligations of the entity. As at 30 June 2020 the number of members was 32. The total amount to be contributed would therefore be $640 (30 June 2019: 31 members with a total contribution of $620).

Impact of COVID-19

During the second half of the year Marriott's operations and activities were significantly impacted by the COVID-19 pandemic. The Communities division closed at the end of March and re-opened at the end May within COVID-safe requirements, while the Enviro and Industries divisions continued to operate throughout but at reduced levels, with COVID-safe guidelines strongly implemented to protect employees and customers. Marriott received strong support from the government, particularly Job Keeper which provided a net benefit of $620,000 (direct benefit of $1.39m), which allowed the company to keep most staff gainfully employed and underpinned our essential services in disability support and social enterprise.

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Directors' Report

Auditor's independence declaration
The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 9 of the financial report.

This Directors' report is signed in accordance with a resolution of the Board of Directors.

Stephen Creese	K. A. Latchford
Director:	Director: ....
Stephen Ernest Nigel Creese	Ken Latchford

Dated this day **25th of September 2020**

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001.

In accordance with Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Marriott Support Services Limited. As the lead audit partner for the audit of the financial report of Marriott Support Services Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor's independence requirements as set out in the *Corporations Act 2001* and the *Australian Charities and Not for Profits Commission Act 2012* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Name of Firm:	E. F. McPhail and Partners
Name of Partner:	Wayne C. Durdin
Date:	25 September 2020
Address:	Suite 12, 602 Whitehorse Road, Mitcham, VIC 3132

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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Note	2020	2019
		$	$
Revenue	2	10,025,220	8,386,236
Other income	2	209,091	268,945
Employee benefits expense		(7,305,853)	(6,285,882)
Depreciation and amortisation expense	3	(505,838)	(425,459)
Interest expense	3	(41,046)	(59,303)
Bad and doubtful debts expense	3	-	-
Repairs and replacement of plant and equipment		(284,224)	(222,283)
Utilities and occupancy expenses		(249,928)	(453,038)
Motor vehicle expenses	3	(289,640)	(271,875)
Audit, legal, and consultancy fees		(198,714)	(209,306)
Production expenses		(431,133)	(303,262)
Marketing and communication expenses		(223,821)	(252,622)
Program and client support services expenses		(57,901)	(113,732)
Administration expenses		(113,744)	(169,980)
Profit/(Deficit) before income tax		**532,469**	**(111,561)**
Income tax expense		**-**	**-**
Net Surplus/(Deficit)		**532,469**	**(111,561)**
Items that will not be reclassified subsequently to Profit or Loss			
Net gain on revaluation of freehold land and buildings		360,082	-
Other Comprehensive Income for the year		**360,082**	**-**
Total Comprehensive income/(loss) for the year		**892,551**	**(111,561)**

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

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Statement of Financial Position

As at 30 June 2020

	Note	2020 $	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	4	1,758,790	1,162,628
Accounts receivable and other debtors	5	884,329	753,302
Other current assets	6	82,659	39,225
Total current assets		**2,725,778**	**1,955,155**
Non-current assets			
Property, plant and equipment	7	10,296,540	10,199,150
Right of Use Asset	11	92,035	-
Total non-current assets		**10,388,575**	10,199,150
Total assets		**13,114,353**	**12,154,305**
LIABILITIES			
Current liabilities			
Accounts payable and other payables	8	733,162	486,914
Lease liabilities – Right of Use Asset	11	77,572	-
Borrowings	9	231,875	336,652
Provision for employee benefits	10	557,252	554,616
Total current liabilities		**1,599,861**	**1,378,182**
Non-current liabilities			
Lease liabilities – Right of Use Asset	11	15,552	-
Borrowings	9	514,453	684,941
Provision for employee benefits	10	382,821	382,067
Total non-current liabilities		**912,826**	**1,067,008**
Total liabilities		**2,512,687**	**2,445,190**
Net assets		**10,601,666**	**9,709,115**
EQUITY			
Retained earnings		6,178,335	5,645,866
Revaluation reserve	15	4,423,331	4,063,249
Total equity		**10,601,666**	**9,709,115**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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Statement of Changes in Equity

For the year ended 30 June 2020

	Note	Retained earnings $	Revaluation reserve $	Total equity $
Balance at 1 July 2018		**5,757,427**	**4,063,249**	**9,820,676**
Deficit for the year		(111,561)	-	(111,561)
Total Comprehensive Income/(Deficit) for the year		**(111,561)**	**-**	**(111,561)**
Balance at 30 June 2019		**5,645,866**	**4,063,249**	**9,709,115**
Surplus for the year		532,469	-	532,469
Other Comprehensive Income Increase in fair value of land and buildings	7	-	360,082	360,082
Total Comprehensive Income for the year		**532,469**	**360,082**	**892,551**
Balance at 30 June 2020		**6,178,335**	**4,423,331**	**10,601,666**

For a description of each reserve, refer to Note 15

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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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		10,122,875	8,327,885
Payments to suppliers and employees		(9,176,826)	(8,124,738)
Interest received		8,187	13,280
Interest paid		(41,045)	(59,303)
Net cash provided by operating activities		**913,191**	**157,124**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		8,978	53,138
Payment for property, plant and equipment		(50,741)	(459,869)
Payment for intangibles			-
Net cash used in investing activities		**(41,763)**	**(406,731)**
Cash flows from financing activities			
Loan repayments (net)			-
Repayment of finance lease liabilities		(275,266)	(16,992)
Net cash used in financing activities		**(275,266)**	**(16,992)**
Net increase / (decrease) in cash and cash equivalents		596,162	(266,599)
Cash and cash equivalents at the beginning of the financial year		1,162,628	1,429,227
Cash and cash equivalents at the end of the financial year	4	**1,758,790**	**1,162,628**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

The financial statements cover Marriott Support Services as an individual entity, incorporated and domiciled in Australia. Marriott Support Services is a company limited by guarantee.

Note 1 Summary of significant accounting policies

Basis of preparation

Marriott Support Services 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 entity 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.

The financial statements were authorised for issue on 25th of September 2020 by the Directors of the company.

Accounting Policies

(a) Revenue

Operating Grants, Donations and Bequests

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

When both these conditions are satisfied, the Entity:

- 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.

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

- 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 entity recognises income in profit or loss when or as it satisfies its obligations under the contract.

Note 1 Summary of significant accounting policies (cont'd)

Capital Grant

When the entity receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

The entity recognises income in profit or loss when or as the Entity satisfies its obligations under terms of the grant.

Interest Income

Interest income is recognised using the effective interest method.

Dividend Income

The entity recognises dividends in profit or loss only when the Entity's right to receive payment of the dividend is established.

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

In the comparative period

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before the entity is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the state of financial position as a liability until the service has been delivered to the contributor; otherwise the grant is recognised as income on receipt.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant leases.

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

(b) Freehold property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the Directors conduct Directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in carrying amounts arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of asset shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are charged to the profit or loss.

Note 1 Summary of significant accounting policies (cont'd)

Any accumulated depreciation at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost or for nominal cost are recognised at the fair value of the asset at the date it is acquired.

(c) Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Plant and equipment that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

(d) Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Land is not depreciated. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Fixed asset class	2020 Depreciation rates	Method
Buildings	2.5%	Straight Line
Furniture and fittings	10% - 20%	Straight Line
Office Equipment	2.5% - 50%	Straight Line
Plant and Equipment	5% - 50%	Straight Line
Motor Vehicles	20% - 25%	Straight Line

There has been no change in the application of the depreciation rates specified above for the 2020 financial year as compared to the 2019 financial year.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These

gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Leases

The Entity as lessee

At inception of a contract, the Entity 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 Entity where the Entity is a lessee. However, all contracts that are classified as short-term leases (lease with 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 Entity uses the incremental borrowing rate.

Note 1 Summary of significant accounting policies (cont'd)

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 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 Entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(f) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments (except for trade receivables) are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15: *Revenue from Contracts with Customers*.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value (refer to Note 1(q)) through profit or loss or, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any

cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

A financial liability is measured at fair value through profit or loss if the financial liability is initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

Note 1 Summary of significant accounting policies (cont'd)

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability cannot be reclassified.

Financial assets
Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

Impairment
At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Note 1 Summary of significant accounting policies (cont'd)

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires).

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (i.e. has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(g) Impairment of assets
At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(h) 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 within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. 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, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits
The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are 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. Provision is made for the company's obligation for other long-term employee benefits, which 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 high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes

Note 1 Summary of significant accounting policies (cont'd)

in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current liabilities 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 liabilities.

(i) Cash and cash equivalents

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

(j) Trade and other debtors

Trade and other debtors include amounts due from participants and members as well as amounts receivable from customers for goods sold or services rendered in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assts.

Accounts receivable are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Refer to Note 1(f) for further discussion on the determination of impairment losses.

(k) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to supplies.

(l) Income tax

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

(m) Provisions

Provisions are recognised when the entity 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.

(n) Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(o) Trade and Other Payables

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

Note 1 Summary of significant accounting policies (cont'd)

(p) Critical Accounting Estimates and Judgements

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

i) Key judgements

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the entity expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows (despite an informal internal policy that requires annual leave to be used within 18 months), the Directors believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

Performance obligations under AASB 15

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.

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 entity 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 entity.

ii) Key estimates

Valuation of freehold land and buildings

The freehold land and buildings were independently valued at 30 June 2020 by CBRE Valuations Pty Limited. The valuation was based on the fair value less costs of disposal. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a revaluation increment of $360,082 being recognised for the year ended 30 June 2020.

(q) Fair value of Assets and Liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

"Fair value" is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded

Note 1 Summary of significant accounting policies (cont'd)

in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

(r) Economic dependence

Marriott Support Services is dependent on revenue received via the National Disability Insurance Scheme (NDIS), which is administered by the National Disability Insurance Agency (NDIA). At the date of this report the Board of Directors has no reason to believe the NDIA will not continue to support Marriott Support Services.

(s) New and revised standards that are effective for these financial statements

In the current year Marriott Support Services has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period.

New and Amended Accounting Standards Adopted by the Entity

Initial application of AASB 16

The Entity has adopted AASB 16 Leases 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 Entity has recognised a lease liability and right-of-use asset for all leases (with the exception of short term and low value leases) recognised as operating leases under AASB 117 Leases where the Entity is the lessee.

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

The right of use assets for equipment was measured at its carrying amount as if AASB 16: Leases had been applied since the commencement date but discounted using the Entity's average incremental borrowing rate on 1 July 2019.

The right of use assets for the remaining leases were measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability, prepaid and accrued lease payments previously recognised at 1 July 2019 (that are related to the lease).

The following practical expedients have been used by the Entity 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 July 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;

Note 1 Summary of significant accounting policies (cont'd)

– applying AASB 16 to leases previously identified as leases under AASB 117: Leases 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.

Note 2 Revenue and Other income

	2020 $	2019 $
Revenue from government operating grants		
Government grants & NDIS Income	5,222,775	3,943,458
Revenue from business operations		
Enviro Management Services	3,371,402	2,969,613
Marriott Industries	1,240,234	1,224,077
	4,611,636	4,193,690
Other Revenue		
Participant fees and charges	182,622	235,808
Interest received on investments and fixed interest securities	8,187	13,280
	190,809	249,088
Total Revenue	**10,025,220**	**8,386,236**
Other income		
Gain on disposal of property, plant and equipment	8,978	47,230
Other	170,621	204,755
	179,599	251,985
Donations and other fundraising income		
Donations and other fundraising income	29,492	16,960
	29,492	16,960
Total Other income	**209,091**	**268,945**
Total Revenue and Other income	**10,234,311**	**8,655,181**

Note 3 Various operating expenses

	2020 $	2019 $
Depreciation and amortisation		
Right of use asset	103,713	-
Land and buildings	36,693	36,693
Motor vehicles	113,191	111,822
Plant and equipment	199,506	218,990
Office equipment	52,735	57,954
Total depreciation and amortisation	**505,838**	**425,459**
Interest expense on financial liabilities		
Bank facility interest	14,483	17,531
Hire purchase/finance lease interest	26,563	41,772
Total interest expense on financial liabilities	**41,046**	**59,303**

	2020 $	2019 $
Bad and doubtful debts expense	-	-
Motor vehicle expenses	289,640	271,875

Audit remuneration		
Fees for the financial statement audit	17,850	12,144
Other services	-	-
Total audit remuneration incurred	**17,850**	**12,144**

Note 4 Cash and cash equivalents

Cash at bank – unrestricted	1,630,901	960,828
Cash float	1,800	1,800
Cash on deposit	126,089	200,000
Total cash and cash equivalents	**1,758,790**	**1,162,628**

The bank overdraft facility limit as at 30 June 2020 is $200,000 and remains undrawn at balance date.

Note 5 Accounts receivable and other debtors

Accounts receivable	432,852	759,643
Provision for doubtful debts	(24,148)	(27,837)
	408,704	731,806
Other debtors	475,625	21,496
Total accounts receivable and other debtors	**884,329**	**753,302**

Provision for doubtful debts

Trade receivables are generally on 30-day terms. When the company is satisfied that no recovery of the amount owing is possible, the amount is written off against the provision directly.

Movement in the provision for doubtful debts is as follows:

Provision for doubtful debts opening balance	27,837	30,000
Charge for year		-
Written off	(3,689)	(2,163)
Provision for doubtful debts closing balance	**24,148**	**27,837**

Note 6 Other current assets

	2019	**2020**
	$	**$**
Prepayments	82,659	39,225
Total other current assets	**82,659**	**39,225**

Note 7 Property, plant, and equipment

	2020	2019
	$	$
Land and buildings		
Freehold land at fair value:		
- Independent valuation in 2020	7,732,258	7,482,258
Total land	**7,732,258**	**7,482,258**
Buildings at fair value:		
- Independent valuation in 2020	1,577,824	1,467,742
Less accumulated depreciation	(110,082)	(73,388)
Total buildings	**1,467,742**	**1,394,354**
Total land and buildings	**9,200,000**	**8,876,612**
Plant and equipment		
Plant and equipment at cost	1,707,621	1,690,354
Less accumulated depreciation	(1,112,998)	(913,492)
	594,623	776,862
Motor vehicles at cost	984,858	995,906
Less accumulated depreciation	(843,338)	(749,822)
	141,520	246,084
Office furniture, fittings and equipment	1,078,146	1,053,300
Less accumulated depreciation	(810,131)	(757,398)
Property Improvements – Work in Progress	92,382	3,690
	360,397	299,592
Total plant and equipment	**1,096,540**	**1,322,538**
Total property, plant and equipment	**10,296,540**	**10,199,150**

Note 7 Property, plant and equipment (continued)

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

2019	**Land and buildings $**	**Motor vehicles $**	**Plant & equipment $**	**Office furniture, fittings and equipment $**	**Total $**
Balance at the beginning of year	8,913,307	286,039	659,359	319,340	10,178,045
Additions at cost	-	75,640	371,350	34,514	481,504
Property Improvements – WIP	-	-	-	3,690	3,690
Balance Transfer	-	(3,773)	(34,857)	-	(38,630)
Revaluation increment	-	-	-	-	-
Depreciation expense	(36,695)	(111,822)	(218,990)	(57,952)	(425,459)
Carrying amount at end of year	**8,876,612**	**246,084**	**776,862**	**299,592**	**10,199,150**
2020					
Balance at the beginning of year	8,876,612	246,084	776,862	299,592	10,199,150
Additions at cost	-	8,627	17,267	24,847	50,741
Property Improvements – WIP	-	-	-	(3,690)	(3,690)
Disposals	-	-	-	-	-
Revaluation increment	360,082	-	-	-	360,082
Depreciation expense	(36,694)	(113,191)	(199,506)	(52,735)	(402,126)
Carrying amount at end of year	**9,200,000**	**141,520**	**594,623**	**268,014**	**10,204,157**

Asset revaluations

The freehold land and building at 15A, 56 Keys Road, Cheltenham, VIC, 3192, and the freehold land at 92 – 100 Wheatley Road, McKinnon, VIC, 3204 were independently valued at 30 June 2020 by CBRE Valuation Pty Ltd.

The 2020 valuation was based on AASB 13 'Fair value' which takes into consideration a property's highest and best use, and AASB 136 'Impairment of Assets' which takes into consideration a property's depreciated replacement cost.

As at 30 June 2020 the valuations have been adopted (excluding building allowance):

- 15A 56 Keys Road Cheltenham, VIC, 3192: **$4,200,000** (2019: $4,120,000)
- 92 – 100 Wheatley Road, McKinnon, VIC, 3204: **$5,000,000** (2019: $4,830,000)

Note 8 Accounts payable and other payables

	2020 $	2019 $
Accounts payable	179,230	158,761
Deferred income	54,928	18,172
Other current payables	392,145	220,803
Employee benefits	106,859	89,178
Total accounts payable and other payables	**733,162**	**486,914**

Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables:			
– total current		733,162	486,914
– total non-current			-
Less deferred income		(54,928)	(18,172)
Less other payables			
Financial liabilities as trade and other payables	Note 16	678,234	468,742

Note 9 Borrowings

	2020 $	2019 $
Current – secured		
Hire purchase liabilities	231,874	336,652
	231,874	336,652
Non-current – secured		
Hire purchase liabilities	264,453	434,941
Bank loans	250,000	250,000
	514,453	684,941
Total borrowings	**746,327**	**1,021,593**

Hire purchase and lease liabilities are secured against the underlying financed assets. Bank loans are secured against Factory 15A, 56 Keys Road, Cheltenham, VIC 3192.

The business market loan facility limit as at 30 June 2020 is $500,000 and $250,000 remains undrawn at balance date.

Note 10 Provision for employee benefits

	2020 $	2019 $
Current		
Annual leave and Long service leave		
Opening balance at 1 July 2019	554,616	514,073
Net Additional provisions raised during year	2,636	40,543
Current provision as at 30 June 2020	**557,252**	**554,616**
Non-current		
Long service leave		
Opening balance at 1 July 2019	382,067	366,403
Additional provisions raised during year	754	15,664
Non-current provision as at 30 June 2020	**382,821**	**382,067**

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

Note 11 Capital and Leasing commitments

	2020	2019
(a) Finance lease commitments	**$**	**$**
Payable – minimum hire purchase payments		
not later than 12 months	246,701	365,366
later than 12 months but not later than 5 years	273,258	458,747
Minimum hire purchase payments	519,959	824,113
Less future finance charges	(23,631)	(52,520)
Present value of minimum hire purchase payments	**496,328**	**771,593**

Finance leases on motor vehicles (included in the above hire purchase commitments) of which there are none that commenced between 1 July 2019 and 30 June 2020 (2019: 3) range between four to five years with the title being transferred to the company at the settlement of the last repayment of the lease term. No debt covenants or other such arrangements are in place.

(b) Operating lease commitments
Non-cancellable operating leases contracted for but not recognised in the financial statements

	2020	2019
Payable – minimum lease payments		
not later than 12 months	-	42,392
later than 12 months but not later than 5 years		-
	-	**42,392**

The property lease commitments are non-cancellable operating leases contracted for and have been recognised in the financial statements under AASB 116. Increases in lease commitments may occur in line with CPI or market rent reviews in accordance with the agreements.

There is one major non-cancellable contract during the 2019/2020 financial year as follows:

Unit 10, 56 Keys Road, Cheltenham, VIC 3192

The initial lease term was for 3 years, commencing February 2014. An option to extend the lease for one further term of 3 years was executed in February 2017. A lease extension was executed in February 2020 for a further year, with the option of signing a further lease for a longer term in February 2021.

(c) Leases – AASB 16: Right of Use Assets

The Entity's lease portfolio includes equipment and buildings. These leases have an average of 3 years as their lease term.

The Entity has adopted AASB 16 Leases 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 Entity has recognised a lease liability and right-of-use asset for all leases (with the exception of short term and low value leases) recognised as operating leases under AASB 117 Leases where the Entity is the lessee.

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

The right of use assets for equipment was measured at its carrying amount as if AASB 16: Leases had been applied since the commencement date, but discounted using the Entity's weighted average incremental borrowing rate on 1 July 2019.

The right of use assets for the remaining leases were measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability, prepaid- and accrued lease payments previously recognised at 1 July 2019 (that are related to the lease).

i) Right of Use Asset Summary:

Leased Building	$159,215
Accumulated Depreciation	($85,446)
Leased Equipment	$36,533
Accumulated Depreciation	($18,267)
Right of Use Asset	**$92,035**
Lease Liability (Current)	**$77,572**
Lease Liability (Non-Current)	**$15,551**

ii) AASB 16 related amounts recognised in the statement of profit or loss

	2020
	$
Depreciation charge related to right-of-use assets	103,713
Interest expense on lease liabilities	220

Note 12 Contingent liabilities and contingent assets

Marriott Support Services has a bank guarantee provided by the National Australia Bank totalling $110,494 (2019: $110,494) for the provision of services with the Department of Health and Human Services.

Note 13 Events after the reporting period

There are no events of a material nature to report subsequent to the end of the reporting period other than the impact of COVID-19 as described in the Director’s report.

Note 14 Related party transactions

(a) Key management personnel compensation

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

The number of KMP in the 2020 financial year has remained at 2. However, there was movement in KMP where a KMP resigned with another hired during the year, but their tenure did not overlap.

The total of remuneration paid to KMP of the company during the year are as follows:

	2020	**2019**
	$	**$**
- short term employee benefits	194,648	286,686
- post-employment benefits	-	-
- other long-term benefits	-	-
Key management personnel compensation	**194,648**	**286,686**

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the 2019/2020 year, there were no transactions with related parties:

Plumbing services procured from a relative of an Executive	-	$4,395

Note 15 Revaluation Surplus

The revaluation reserve records the revaluations of non-current assets. The balance at year end comprises of the following asset classes. There is an adjustment to the 2020 property valuations, the Directors have adopted the 30 June 2020 property valuations as the 30 June 2020 values (per Note 7).

Land & Buildings	4,423,331	4,063,249
Total	**4,423,331**	**4,063,249**

Note 16 Financial risk management

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

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

	Note	2020 $	2019 $
Financial Assets at amortised costs			
Cash and cash equivalents	4	1,758,790	1,162,628
Loans and receivables	5	884,329	753,302
Total financial assets		**2,643,119**	**1,915,930**
Financial Liabilities			
Trade and other payables	8(a)	678,234	468,742
Borrowings	9	746,327	1,021,593
Total financial liabilities at amortised cost		**1,424,561**	**1,490,335**

Note 17 Fair Value Measurements

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.

Valuation techniques

The entity selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the entity are consistent with one or more of the following valuation approaches:

- the market approach, which uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Recurring fair value measurements

Non-financial assets			
- freehold land (i)	7	7,732,258	7,482,258
- buildings (i)	7	1,467,742	1,394,354
		9,200,000	**8,876,612**

(i) For freehold land and buildings, the fair values for the 2020 financial year are based on the 30 June 2020 valuations (per Note 7).

Note 18 Entity details

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

Marriott Support Services
Factory 15a / 56 Keys Road
Cheltenham VIC 3192

Note 19 Members guarantee

Marriott Support Services is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states that members are required to contribute a maximum $20 each towards meeting any outstanding obligations of the entity. As at 30 June 2020 the number of members was 32. The total amount to be contributed would therefore be $640 (30 June 2019: 31 members with a total contribution of $620).

Marriott Support Services

ACN 094 426 061

Directors' Declaration

In accordance with a resolution of the Directors of Marriott Support Services, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 32, are in accordance with the *Corporations Act 2001* and 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 company as at 30 June 2020 and of its performance for the year ended on that date.

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the Australian Charities and *Not-for-profits Commission Regulation 2013.*

Stephen Creese | K. A. Latchford

Director:…………………………………………… Director:…………………………………………….

Stephen Ernest Nigel Creese (Chair) | Ken Latchford (Treasurer)

Dated this 25th of September 2020

Marriott Support Services

ACN 094 426 061

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARRIOTT SUPPORT SERVICES LIMITED

Opinion

We have audited the financial report of Marriott Support Services Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Marriott Support Services Limited is in accordance with the *Corporations Act 2001*, and with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the ACNC Act), including:

(i) 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

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001* 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 *Corporations Act 2001*, the 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Marriott Support Services Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of 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 Requirements, the *Corporations Act 2001*, the *Australian Charities and Not-for-profits Commission 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 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 have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Wayne Durdin

Name of firm:	E. F. McPHAIL AND PARTNERS
Partner:	WAYNE C. DURDIN
Address:	Suite 12, 602 Whitehorse Road, Mitcham, VIC 3132
Dated this	25th day of September 2020