

Eaglehawk
Recycle
Shop Inc

2020
Annual
Report

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Eaglehawk Recycle Shop In Annual General Meeting

Tuesday 20th October 2020 - 5.30pm

Held at Eaglehawk Recycle Shop

189 Upper California Gully Road Eaglehawk

AGENDA

1. Welcome from President Leon Scott
2. Introduction of those who are in attendance
3. Apologies
4. Presentation of Annual Report.
 - President's Report.
 - Manager's Report.
 - Financial Report and Auditor's Report.
5. Election of Board for 2020/2021.
 - President, Vice President, Independent Board Members.
6. General discussion
8. Meeting closes for refreshments.

Board of Management & Staff

BOARD OF MANAGEMENT:

| | |
|---------------|------------------|
| Leon Scott | - President |
| Steve Griffin | - Vice President |
| Jeff Cummins | - Director |
| Rod Hanson | - Director |
| Dean Pearce | - Director |
| Tim Miller | - Director |

STAFF:

| | |
|------------------|------------------------------------|
| Peter Buck | - General Manager / Secretary |
| Annette Wiles | - Assistant to the General Manager |
| Shane Hogan | - Assistant Manager |
| Mal Telford | - Financial Consultant |
| Ray Clark | - Sales & refrigeration program |
| Adam Crowle | - Sales |
| Shaun Goodwin | - Recovery / Recycling |
| Zac Hockley | - Recovery / Recycling |
| Tony Mertz | - Timber project |
| Jean O'Keefe | - ERS Bazaar / Sales |
| Shane Robinson | - Recovery / Recycling |
| James Sutherland | - Recovery / Recycling |
| Dalton Treble | - Recovery / Recycling |
| Jason Whitburn | - Recovery / Recycling |



**Minutes of Annual General Meeting of Eaglehawk Recycle Shop Inc
held 5.30pm 22nd October 2019 At the Eaglehawk Recycle Shop**

Present; Leon Scott, Rod Hanson, Jeff Cummins, Stephen Griffin, Dean Pearce, Cr James Williams, Tim Miller, Peter Buck, Annette Wiles

Apologies; Mal Telford, Mayor Margaret O'Rourke, Cr Andrea Metcalf, Lisa Chester MP, Mr Justin Gordon (Strategem), Brooke Pearce – COGB.

Leon Scott opened the meeting by welcoming all in attendance.

Presentation of Annual Report

President Leon Scott presented his report outlining the achievements of the organisation over the past 12 months with the diversion of 10,062 tonnes of recyclable materials being diverted from landfill. The installation of a large compacting baler which has reduced the labour time of baling cardboard and the successful addition of the ERS Bazaar.

He spoke on the ban of e-waste to landfill which came in on the 1st of July 2019 and the expanded opportunity for ERS with a new 24 x 15 metre storage shed to be constructed onsite for storage of e-waste and the successful negotiations with Sims Metals to accept all e-waste received. The 2018-19 year saw 116 tonnes of e-waste collected, with the expectation of diverting approx. 264 tonnes in the 2019-20 year.

Leon spoke on the excellent rapport that ERS has with the City of Greater Bendigo and the meetings held working towards further strategies to manage the expected rise and diversity of recyclables coming in to the system since the closure of many waste streams going to China.

He spoke on free services offered at ERS, in the collection of paint, oils, batteries, polystyrene, Detox your Home and cardboard. The process required to bale the product with little or no return, with the saving of space to landfill it is expected that the City of Greater Bendigo will assist by subsidising for the collection and processing of these items.

Leon thanked the Board of Directors, Management, Staff, the City of Greater Bendigo staff and loyal customers for their assistance in making Eaglehawk Recycle Shop a better facility in the 2018-2019 year.

General Manager Peter Buck spoke to his report and another successful year of diverting recyclable materials from landfill. Peter said the year has seen over 50,000 paying customers at the sales yard which is roughly about a third of people that come through the gates. The year seeing a diverse range of customers with an increase in those coming from outlying areas. Tours continue to be held for schools, kinders, councils and organisations.

Peter thanked the City of Greater Bendigo's Resource Recovery and Education Department for their assistance over the past year. He also thanked the Board of Management for volunteering their time and expertise which is of great benefit to the running of the Recycle Shop, and he thanked the staff for their continued commitment to ERS also Mal Telford for his professional assistance with the accounting practices.

Election of Board for 2019/2020Year

That Peter Buck be nominated as Returning Officer. Griffin/Cummins CARRIED

Election of President - one nomination of Leon Scott.

Nominated by Jeff Cummins Seconded by Dean Pearce. As only one nomination Leon was declared elected.

Election of Vice President - One nomination of Steve Griffin.

Nominated by Dean Pearce Seconded by Jeff Cummins. As only one nomination, Rod was declared elected.

Election of Ordinary Independent Directors.

Nomination of Rodney Hanson Nominated by Leon Scott Seconded by Stephen Griffin.

Nomination of Jeff Cummins Nominated by Rodney Hanson Seconded by Stephen Griffin

Nomination of Dean Pearce Nominated by Rodney Hanson Seconded by Stephen Griffin

Nomination of Tim Miller Nominated by Leon Scott Seconded by Dean Pearce

As there were only four nominations, Stephen, Jeff, Dean and Tim were declared elected.

Peter congratulated the elected Board and thanked them for their ongoing support and participation.

The Chairman asked if there were other contributions or comments from those in attendance.

The chairman again thanked attendees and closed the meeting for some refreshments.

Meeting closed at 6.13pm.

Minutes signed by President.....

Dated

Presidents Report 2019-2020

It is with a sense of achievement that I present this report on the activities of the Eaglehawk Recycle Shop Inc. for the year 2019-20. It has been a very trying time for our organization whilst doing our best to keep our staff safe from the Corona Virus and continuing to serve the residents of the Greater Bendigo environs with their recycling requirements. This has been achieved and the staff must be congratulated for handling the problems that arose and difficulties they have overcome. With so many people out of work or on Government schemes, many took the opportunity to clean out their houses or come and browse through the goods that have been collected at the Recycle Shop, meaning a far greater amount of work for our teams.

This enterprise continues to be a hub for recycling for the Bendigo Subregion with approximately 11,648 tonnes of recyclable material saved from going to landfill during the past year. Approximately 1600 tonne more than 2018-19

Unfortunately the market and prices for metals has dropped slightly, and cardboard has taken a 30% drop also. The saving grace was the extra stock coming into the Recycle Shop. However with sound management, ERS finances continue in the black with long service, annual leave and maintenance reserves all accounted for.

The large paper/cardboard baler required a new ram and configuration of the hydraulics but is now operating near capacity. Small alterations need to be made to the cardboard cages to allow the baler to operate at full capacity. It is wonderful to see this time saving machine in operation.

Another large part of the ERS operation is, collecting and stripping of around 3000 mattresses each year. This operation is becoming problematic as the steel recyclers do not want the spring steel wires and the cost of dumping the wadding and cover at the landfill will almost double in price from October 2020

The sales yard is still the major contributor for the financial security of the enterprise, and the Bazaar which sells good quality clothing, other quality items and nick-nacks has been a winner and drawcard to the site also. This Bazaar continues to be a very successful growing addition to our business

From 1st July 2019 E waste (anything with a cord or battery) was no longer allowed to be dumped at landfill, all must be recycled. This was supposed to be an expanded opportunity for ERS as a new building and equipment was needed to handle the E waste. Negotiations had been successfully achieved with Simms Metals ready to accept all our E waste from 1 July at a rate of \$28.00 per tonne. A new 24 metre x 15 metre storage building has been constructed within our precinct to house the E waste. Forkliftable stillages are being used to hold all product, saving many hours of manual handling. For the 2019-20 year we budgeted to collect 264 tonnes of E waste, but in reality 321 tonnes were collected. Also with the glut of recycling material available and the lack of markets worldwide the \$28.00 was reduced to zero from March 2020. We now collect E waste for no payment. Resulting in another loss maker for our organization

ERS has an excellent rapport with the City of Greater Bendigo (our landlords). Both organizations continually strive to reduce recyclable materials going into landfill. Over the past year there have been many meetings, working towards further strategies to manage the expected rise and diversity of recyclables coming into the system since the closure of many waste streams going to China. There have been several visiting council representatives from the Loddon Mallee region and most of the City of Greater Bendigo Councillors and senior staff have attended the site on fact finding missions. Schools, kindergartens and other organisations are encouraged to tour the facility during the year.

With the proliferation of unprofitable goods expected to be recycled to save landfill space, ERS has had to look very closely at what we can offer with regard to these items. Currently free services are offered for the collection and handling of batteries, polystyrene, Detox your Home items & cardboard/paper and E waste.

Polystyrene is still a large problem as it is light, takes a lot of space and normally has sticky tape on it which must be removed before processing. The return on this product is only around 8% of its handling and production cost, but the saving on landfill space is enormous.

Even though 2019-20 has been a very trying year financially, for the 2020-21 year due to the Covid 19 pandemic where finances have been really strained for all, we are hoping to not ask The City of Greater Bendigo to assist with any financial assistance.

Our staff, led by General Manager Peter Buck with assistance from Annette Wiles Administration Manager and Shane Hogan Assistant Manager, continue to service our customers with polite and friendly service with a focus towards educating the clientele on how they can save their money by pre sorting their loads and making most use of ERS facilities. As new management procedures and opportunities take place they are quickly endorsed as we strive towards best practice in the industry.

Management is continually seeking customers for our products, and as there has been a glut in recycled goods, there is a continuing effort to find new outlets. As part of our advertising strategy, schools and clubs are invited to group visit the centre, our new web site is working well and pamphlet giveaways are produced. The back of a Bendigo Transit Bus has been sign written with ERS information. The decision to continue with this form of advertising will be decided each year.

The Board of Voluntary Directors has a charter of being responsible to:

- The Community and to do no harm to the environment.
- Work closely with Statutory authorities
- Offer all staff the appropriate training and facilities to do their job safely
- Have all equipment in good running order
- Have a safe and secure workplace for staff and customers
- Have the appropriate systems in place should a problem arise
- Keep all staff entitlements safe through reserves and available if needed

I thank our Board of Directors, which include new Director Tim Miller, Management, Staff, City of Greater Bendigo staff, and our loyal customers for their assistance in making Eaglehawk Recycle Shop a better facility during the 2019-20 year.

Leon M. Scott, OAM

PRESIDENT

General Managers Report 2019-2020

What a year this has been. The Management Team of the Eaglehawk Recycle Shop are pleased to report on another successful year of operation.

The first half of the year saw a lot of new customers from throughout Victoria, but, with the onset of COVID 19 people from other regions no longer allowed to travel, local Bendigo people included, what does one do? have a clean up and revamp of house and garden, in doing this many people have discovered that there is a place like this in Bendigo where can take their unwanted goods and also purchase items for their home and garden. It is surprising how many Bendigo people have not known that this facility exists.

The year has again seen in excess of 50,000 paying customers, this does not include the people that come through the sales area without purchasing, nor does it include customers dropping off recyclable / resaleable items through the drop off area. The drop off area would see a minimum of 100 cars through there each day.

As mentioned in the Presidents report our diversion from landfill continues to increase, but our income from the sales of some commodities has decreased. The President of the ERS Board of Management has given a very thorough report on the year of operation.

We would like to acknowledge the City of Greater Bendigo's Resource Recovery and Education Department for the assistance they have given ERS throughout the year.

The Management Team and staff would like to thank our Board of Directors for volunteering their time and expertise in the overall management of this enterprise, their knowledge in their fields of expertise is a great benefit to the running of the Eaglehawk Recycle Shop.

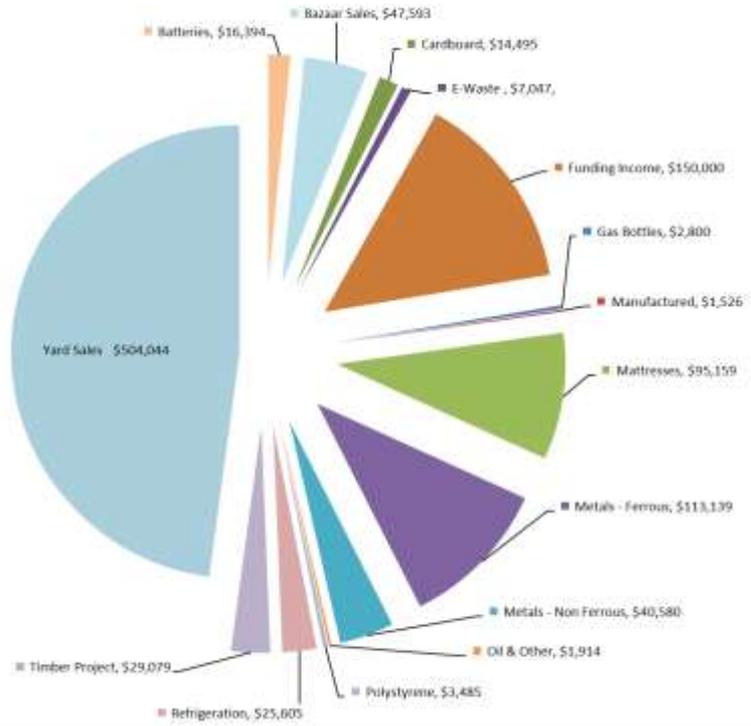
The Management Team would also like to thank the staff for their continued commitment to the Eaglehawk Recycle Shop in 2019-20 and thank Mr Mal Telford for his professional assistance with our accounting practises.

To all above a big thank you from The Management Team of Eaglehawk Recycle Shop Incorporated.

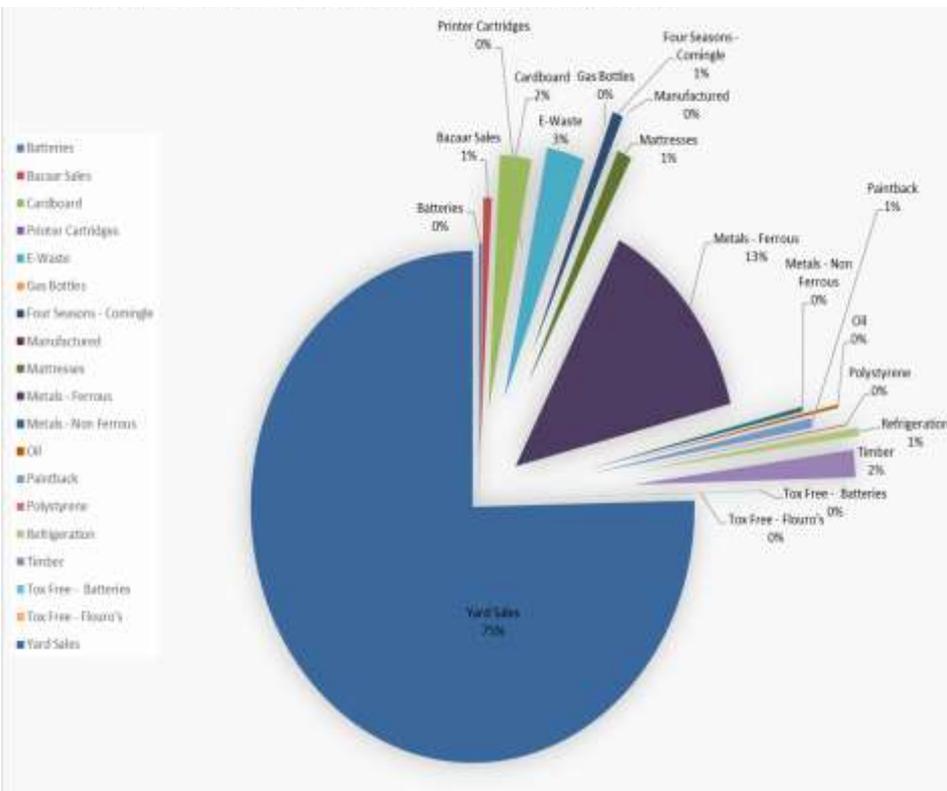
Peter Buck
Annette Wiles
Shane Hogan

Income Stream

| | |
|----------------------|----------------|
| Batteries | 1.56% |
| Bazaar Sales | 4.52% |
| Cardboard | 1.38% |
| E-Waste Tv's Etc | 0.67% |
| Funding Income | 14.25% |
| Gas Bottles | 0.27% |
| Manufactured | 0.14% |
| Mattresses | 9.04% |
| Metals - Ferrous | 10.75% |
| Metals - Non Ferrous | 3.85% |
| Oil & Other | 0.18% |
| Polystyrene | 0.33% |
| Refrigeration | 2.43% |
| Timber Project | 2.76% |
| Yard Sales | 47.87% |
| | 100.00% |



Landfill Diversion



| ITEM | Tonnage | % |
|-------------------------|------------------|----------------|
| Batteries | 26.759 | 0.23% |
| Bazaar Sales | 69.893 | 0.60% |
| Cardboard | 265.138 | 2.28% |
| Printer Cartridges | 0.300 | 0.00% |
| E-Waste | 321.061 | 2.76% |
| Gas Bottles | 2.800 | 0.02% |
| Four Seasons - Comingle | 91.470 | 0.79% |
| Manufactured | 1.069 | 0.01% |
| Mattresses | 124.240 | 1.07% |
| Metals - Ferrous | 1551.239 | 13.32% |
| Metals - Non Ferrous | 35.493 | 0.30% |
| Oil | 22.500 | 0.19% |
| Paintback | 70.624 | 0.61% |
| Polystyrene | 13.364 | 0.11% |
| Refrigeration | 61.392 | 0.53% |
| Timber | 201.590 | 1.73% |
| Tox Free - Batteries | 5.548 | 0.05% |
| Tox Free - Flour's | 1.497 | 0.01% |
| Yard Sales | 8782.302 | 75.40% |
| | 11648.279 | 100.00% |



Financial Report

2019-2020

Eaglehawk Recycle Shop Inc.

ABN: 94 230 087 248

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2020

| | | 2020 | 2019 |
|---|------|----------------|-----------------|
| | Note | \$ | \$ |
| Revenue | 5 | 1,052,860 | 899,188 |
| Other income | 5 | 54,017 | 9,091 |
| Employee benefits expense | | (798,820) | (758,012) |
| Depreciation and amortisation expense | | (22,108) | (25,049) |
| Administration | | (32,281) | (28,442) |
| Baler Expenses | | (18,574) | (5,871) |
| Fuel Expenses | | (7,266) | (10,827) |
| Landfill Fees | | (32,868) | (15,301) |
| Mattresses Expenses | | (7,772) | (112,790) |
| Minor Equipment | | (6,338) | (3,432) |
| Provision for Maintenance | | (40,299) | - |
| Vehicle Expenses | | (32,036) | (15,611) |
| Other expenses | | (4,352) | (6,606) |
| Profit before income tax | | 104,163 | (73,662) |
| Income tax expense | | - | - |
| Profit from continuing operations | | 104,163 | (73,662) |
| Profit for the year | | 104,163 | (73,662) |
| Other comprehensive income, net of income tax | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Items that will be reclassified to profit or loss when specific conditions are met | | | |
| Total comprehensive income for the year | | 104,163 | (73,662) |

The Association has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Association has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements.

Eaglehawk Recycle Shop Inc.

ABN: 94 230 087 248

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|----------------------------------|------|----------------|----------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 7 | 215,617 | 42,681 |
| Trade and other receivables | 8 | 16,133 | 16,069 |
| TOTAL CURRENT ASSETS | | 231,750 | 58,750 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 9 | 96,016 | 94,379 |
| TOTAL NON-CURRENT ASSETS | | 96,016 | 94,379 |
| TOTAL ASSETS | | 327,766 | 153,129 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 10 | 59,148 | 39,599 |
| Employee benefits | 11 | 64,274 | 53,648 |
| TOTAL CURRENT LIABILITIES | | 123,422 | 93,247 |
| NON-CURRENT LIABILITIES | | | |
| TOTAL LIABILITIES | | 123,422 | 93,247 |
| NET ASSETS | | 204,344 | 59,882 |
| EQUITY | | | |
| Reserves | 12 | 40,299 | - |
| Retained earnings | 13 | 164,045 | 59,882 |
| TOTAL EQUITY | | 204,344 | 59,882 |

The Association has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Association has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements.

Eaglehawk Recycle Shop Inc.

ABN: 94 230 087 248

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

2020

| | Retained Earnings | General Reserve | Total |
|---|-------------------|-----------------|----------------|
| Note | \$ | \$ | \$ |
| Balance at 1 July 2019 | 59,882 | - | 59,882 |
| Profit/(Loss) attributable to members of the association | 104,163 | - | 104,163 |
| Contribution to reserve | - | 40,299 | 40,299 |
| Transactions with owners in their capacity as owners | | | |
| Balance at 30 June 2020 | 164,045 | 40,299 | 204,344 |

2019

| | Retained Earnings | General Reserve | Total |
|---|-------------------|-----------------|----------------|
| Note | \$ | \$ | \$ |
| Balance at 1 July 2018 | 133,544 | - | 133,544 |
| Profit/(Loss) attributable to members of the association | (73,662) | - | (73,662) |
| Transactions with owners in their capacity as owners | | | |
| Balance at 30 June 2019 | 59,882 | - | 59,882 |

The Association has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Association has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements.

Eaglehawk Recycle Shop Inc.

ABN: 94 230 087 248

Statement of Cash Flows
For the Year Ended 30 June 2020

| | 2020 | 2019 |
|---|-------------------|-----------------|
| Note | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts from customers | 1,127,508 | 944,518 |
| Payments to suppliers and employees | (930,827) | (956,494) |
| Net cash provided by/(used in) operating activities | 19 <u>196,681</u> | <u>(11,976)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property, plant and equipment | (23,745) | - |
| Net cash provided by/(used in) investing activities | <u>(23,745)</u> | <u>-</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Net increase/(decrease) in cash and cash equivalents held | 172,936 | (11,976) |
| Cash and cash equivalents at beginning of year | 42,681 | 54,657 |
| Cash and cash equivalents at end of financial year | 7 <u>215,617</u> | <u>42,681</u> |

The Association has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Association has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements.

Eaglehawk Recycle Shop Inc.

ABN: 94 230 087 248

Notes to the Financial Statements

For the Year Ended 30 June 2020

The financial statements cover Eaglehawk Recycle Shop Inc. as an individual entity. Eaglehawk Recycle Shop Inc. is a not-for-profit Association incorporated in Victoria under the *Associations Incorporation Reform Act 2012* ('the Act').

The principal activities of the Association for the year ended 30 June 2020 were to operate a not for profit enterprise with the aim of diverting reusable items and recyclable waste from landfill and creating local jobs for people previously unemployed.

The functional and presentation currency of Eaglehawk Recycle Shop Inc. is Australian dollars.

The financial report was authorised for issue by the Committee of Management on 09 October 2020.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the Act.

2 Change in Accounting Policy

Revenue from Contracts with Customers - Adoption of AASB 15

The Association has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The Association has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

There has been minimal changes to the Association's accounting policies and the impact on these financial statements from applying AASB 15 and AASB 1058.

Leases - Adoption of AASB 16

The Association has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

Association as a lessee

Under AASB 117, the Association assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Association or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

Eaglehawk Recycle Shop Inc.

ABN: 94 230 087 248

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Change in Accounting Policy

Leases - Adoption of AASB 16

The Association has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Association has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Association's incremental borrowing rate at 1 July 2019;
- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- the right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset;
- excluded leases with an expiry date prior to 30 June 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 30 June 2019.

3 Summary of Significant Accounting Policies

(a) Income Tax

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

(b) Revenue and other income

For comparative year

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Association and specific criteria relating to the type of revenue as noted below, has been satisfied.

Eaglehawk Recycle Shop Inc.

ABN: 94 230 087 248

Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(b) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the Association obtains control of the grant, 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.

When grant revenue is received whereby the Association 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 statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Eaglehawk Recycle Shop Inc. receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

Donations

Donations and bequests are recognised as revenue when received.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Other income

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

(c) 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.

Eaglehawk Recycle Shop Inc.

ABN: 94 230 087 248

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

3 Summary of Significant Accounting Policies

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a reducing balance basis over the assets useful life to the Association, commencing when the asset is ready for use.

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

| Fixed asset class | Depreciation rate |
|---------------------|-------------------|
| Plant and Equipment | 10% to 20% |
| Motor Vehicles | 25% |

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.

(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.

(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 payable are stated inclusive of GST.

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) Financial Instruments

Financial instruments are recognised initially on the date that the Association 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.

Eaglehawk Recycle Shop Inc.

ABN: 94 230 087 248

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

3 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

Classification

On initial recognition, the Association 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 Association changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

The Association'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.

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

Fair value through other comprehensive income

Equity instruments

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

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Eaglehawk Recycle Shop Inc.

ABN: 94 230 087 248

Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss (refer to hedging accounting policy for derivatives designated as hedging instruments.)

The Association holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Impairment of financial assets

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

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

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Association 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 Association's historical experience and informed credit assessment and including forward looking information.

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

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

- the other party is unlikely to pay its credit obligations to the Association in full, without recourse to the Association 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 Association in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Eaglehawk Recycle Shop Inc.

ABN: 94 230 087 248

Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

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 Association 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 Association 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 increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Association 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 Association comprise trade payables, bank and other loans and lease liabilities.

(g) 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.

(h) Leases

For comparative year

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Eaglehawk Recycle Shop Inc.

ABN: 94 230 087 248

Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(i) Employee benefits

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

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(j) Adoption of new and revised accounting standards

The Association has adopted all standards which became effective for the first time at 30 June 2020, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Association or refer to Note 2 for details of the changes due to standards adopted.

(k) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Association has decided not to early adopt these Standards.

4 Critical Accounting Estimates and Judgments

The board of management 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.

Eaglehawk Recycle Shop Inc.

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

5 Revenue and Other Income

Revenue from continuing operations

| | 2020 | 2019 |
|---|------------------|----------------|
| | \$ | \$ |
| Revenue from contracts with customers (AASB 15) | - | - |
| Revenue recognised on receipt (not enforceable or no sufficiently specific performance obligations - AASB 1058) | | |
| - sale of goods | 1,052,860 | 899,188 |
| Total Revenue | 1,052,860 | 899,188 |

| | 2020 | 2019 |
|-------------------------|---------------|--------------|
| | \$ | \$ |
| Other Income | | |
| - ATO Cashflow Stimulus | 46,824 | - |
| - Wages Subsidy | 7,193 | 9,091 |
| | 54,017 | 9,091 |

6 Result for the Year

The result for the year includes the following specific expenses:

| | 2020 | 2019 |
|---------------------------|---------|---------|
| | \$ | \$ |
| Other expenses: | | |
| Employee benefits expense | 798,820 | 758,012 |
| Depreciation expense | 22,108 | 25,049 |

7 Cash and Cash Equivalents

| | 2020 | 2019 |
|--------------------------|----------------|---------------|
| | \$ | \$ |
| Cash at bank and in hand | 215,617 | 42,681 |
| | 215,617 | 42,681 |

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

| | 2020 | 2019 |
|---------------------------|---------|--------|
| | \$ | \$ |
| Cash and cash equivalents | 215,617 | 42,681 |

Eaglehawk Recycle Shop Inc.

ABN: 94 230 087 248

**Notes to the Financial Statements
For the Year Ended 30 June 2020****8 Trade and Other Receivables**

| | 2020 | 2019 |
|--|---------------|---------------|
| | \$ | \$ |
| CURRENT | | |
| Trade receivables | 16,133 | 16,069 |
| Total current trade and other receivables | 16,133 | 16,069 |

9 Property, plant and equipment

| | | |
|--|---------------|---------------|
| Buildings | | |
| At cost | - | 5,256 |
| Accumulated depreciation | - | (315) |
| Total buildings | - | 4,941 |
| Plant and equipment | | |
| At cost | 103,264 | 83,762 |
| Accumulated depreciation | (48,173) | (37,899) |
| Total plant and equipment | 55,091 | 45,863 |
| Motor vehicles | | |
| At cost | 83,833 | 74,333 |
| Accumulated depreciation | (42,908) | (30,758) |
| Total motor vehicles | 40,925 | 43,575 |
| Total property, plant and equipment | 96,016 | 94,379 |

(a) Movements in carrying amounts of property, plant and equipment

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

| | Buildings | Plant and Equipment | Motor Vehicles | Total |
|---------------------------------------|-----------|------------------------|-------------------|---------------|
| | \$ | \$ | \$ | \$ |
| Year ended 30 June 2020 | | | | |
| Balance at the beginning of year | 4,941 | 45,863 | 43,575 | 94,379 |
| Additions | - | 14,245 | 9,500 | 23,745 |
| Transfers | (4,941) | 4,941 | - | - |
| Depreciation expense | - | (9,958) | (12,150) | (22,108) |
| Balance at the end of the year | - | 55,091 | 40,925 | 96,016 |

Eaglehawk Recycle Shop Inc.

ABN: 94 230 087 248

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

9 Property, plant and equipment

9 Property, plant and equipment continued

(a) Movements in carrying amounts of property, plant and equipment

| | Buildings | Plant and Equipment | Motor Vehicles | Total |
|---------------------------------------|--------------|---------------------|----------------|---------------|
| | \$ | \$ | \$ | \$ |
| Year ended 30 June 2019 | | | | |
| Balance at the beginning of year | 5,072 | 56,256 | 58,100 | 119,428 |
| Depreciation expense | (131) | (10,393) | (14,525) | (25,049) |
| Balance at the end of the year | 4,941 | 45,863 | 43,575 | 94,379 |

10 Trade and Other Payables

| | Note | 2020 | 2019 |
|--------------------|------|---------------|---------------|
| | | \$ | \$ |
| CURRENT | | | |
| Trade payables | | 53,928 | 38,676 |
| GST payable | | 2,857 | 541 |
| Mattresses on hand | | 2,363 | 382 |
| | | 59,148 | 39,599 |

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

11 Employee Benefits

| | 2020 | 2019 |
|----------------------------|---------------|---------------|
| | \$ | \$ |
| Current liabilities | | |
| Long service leave | 33,048 | 25,953 |
| Annual leave | 31,226 | 27,695 |
| | 64,274 | 53,648 |

12 Reserves

| | 2020 | 2019 |
|----------------------------|---------------|----------|
| | \$ | \$ |
| Maintenance Reserve | | |
| Transfers in | 40,299 | - |
| Total | 40,299 | - |

Eaglehawk Recycle Shop Inc.

ABN: 94 230 087 248

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

13 Retained Earnings

| | 2020 | 2019 |
|---|----------------|---------------|
| | \$ | \$ |
| Retained earnings (accumulated losses) at the beginning of the financial year | 59,882 | 133,544 |
| Net profit attributable to members of the association | 104,163 | (73,662) |
| Retained earnings at end of the financial year | 164,045 | 59,882 |

14 Financial Risk Management

The Association is exposed to a variety of financial risks through its use of financial instruments.

The Association's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Association is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the Association are:

- Trade receivables
- Cash at bank
- Trade and other payables

Liquidity risk

Liquidity risk arises from the Association's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Association will encounter difficulty in meeting its financial obligations as they fall due.

The Association's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Association maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

Eaglehawk Recycle Shop Inc.

ABN: 94 230 087 248

Notes to the Financial Statements

For the Year Ended 30 June 2020

14 Financial Risk Management

Liquidity risk

The Association manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Association expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Financial guarantee liabilities are treated as payable on demand since Eaglehawk Recycle Shop Inc. has no control over the timing of any potential settlement of the liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Association.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Association has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Association's standard payment and delivery terms and conditions are offered. The Association review includes external ratings, if they are available, financial statements, credit agency information and industry information. Credit limits are established for each customer and the utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

The Committee of Management receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Association's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

Eaglehawk Recycle Shop Inc.

ABN: 94 230 087 248

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

14 Financial Risk Management

Credit risk

The Association's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Association has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

15 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Eaglehawk Recycle Shop Inc. during the year are as follows:

| | 2020 | 2019 |
|------------------------------|---------|---------|
| | \$ | \$ |
| Short-term employee benefits | 150,229 | 149,963 |

16 Auditors' Remuneration

| | 2020 | 2019 |
|--|-------|-------|
| | \$ | \$ |
| Remuneration of the auditor (Strategem, for:) | | |
| - auditing or reviewing the financial statements | 2,900 | 2,750 |

17 Contingencies

In the opinion of the Committee of Management, the Association did not have any contingencies at 30 June 2020 (30 June 2019: None).

18 Related Parties

Transactions with related parties

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

Eaglehawk Recycle Shop Inc.

ABN: 94 230 087 248

Notes to the Financial Statements

For the Year Ended 30 June 2020

19 Cash Flow Information

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

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

| | 2020 | 2019 |
|---|----------------|-----------------|
| | \$ | \$ |
| Profit for the year | 104,163 | (73,662) |
| Cash flows excluded from profit attributable to operating activities: | | |
| Non-cash flows in profit: | | |
| - depreciation | 22,108 | 25,049 |
| - provision for maintenance reserve | 40,299 | - |
| Changes in assets and liabilities: | | |
| - (increase)/decrease in trade and other receivables | (64) | 9,083 |
| - increase/(decrease) in trade and other payables | 19,549 | 14,129 |
| - increase/(decrease) in provisions | 10,626 | 13,425 |
| Cashflows from operations | <u>196,681</u> | <u>(11,976)</u> |

20 Events after the end of the Reporting Period

The financial report was authorised for issue on 09 October 2020 by the Committee of Management.

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

21 Statutory Information

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

Eaglehawk Recycle Shop Inc.
189 Upper California Gully Road
Eaglehawk, Vic, 3556

Eaglehawk Recycle Shop Inc.

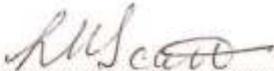
ABN: 94 230 087 248

Statement by Members of the Committee

In the opinion of the committee the financial report as set out on pages 1 to 19:

1. Present fairly the financial position of Eaglehawk Recycle Shop Inc. as at 30 June 2020 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that Eaglehawk Recycle Shop Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:



.....
Committee member: Leon Scott



.....
Committee member: Dean Pearce

Dated 09 October 2020

Partners



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