

VCOSS
**Victorian Council
of Social Service**

ABN 23 005 014 988

**Financial Report
1 July 2012 – 30 June 2013**

Your directors present this report to the members of the company for the year ended 30 June 2013.

Directors

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

Name	Special Responsibilities	Appointed / Resigned
Micaela Cronin	President Member of the Finance, Audit and Risk Committee	
Kim Koop	Vice President (from 30/11/2012)	
Eric Passaris	Treasurer Chair of the Finance, Audit and Risk Committee	
Stella Avramopoulos		
David Brant		
(Rev) Fredric Holland		Appointed 12 November 2012
Anthony Lang		
John Lawrence	Vice President (until 30/11/2012)	
Paul McDonald		
Barry Pullen		Resigned 12 November 2012
Dale Renner		
Kim Sykes		Appointed 12 November 2012
Jodie Willmer	Member of the Finance, Audit and Risk Committee	

Principal Objectives

VCOSS is the peak body of the social and community services sector in Victoria, we pursue just and fair social outcomes through policy development and public and private advocacy. The principal objectives of the company are:

1. Working towards the reduction and eventual elimination of social and economic disadvantage in Victoria.
2. Promoting co-operation between organisations and individuals involved in the field of social and community services in Victoria; and
3. Working towards a united Australia that respects this land of ours, values the Aboriginal and Torres Strait Islander heritage and provides justice and equity for all.

Principal Objectives (cont'd)

Strategic Plan 2011-2014

The Board of Directors, in consultation with the Chief Executive Officer (CEO), Senior Management Team, key stakeholders and the membership developed a four-year Strategic Plan (2011-2014) to achieve the vision and long-term objectives of the organisation. The Strategic Plan articulates the organisation's five strategic directions to:

1. Advocate for social justice
2. Build a strong community sector
3. Strengthen our public presence
4. Collaborate for greater impact
5. Sustain a healthy organisation

The strategic directions provide the CEO with an effective platform to formulate short-term measurable targets and key performance indicators (KPIs) for the senior management team to guide and achieve the policy, advocacy and business development activities of the organisation.

The short-term policy, advocacy and business development targets and achievements are monitored and reported to the Board of Directors through the monthly CEO report and more broadly to key stakeholders and members in the annual report. The CEO and annual report outlines the operational activities that will contribute to and/or culminate in the achievement of the organisations long-term objectives.

In the 2012/2013 financial year the organisation reported its achievements against the five strategic directions including:

1. Advocate for social justice
 - State Budget Submission 2013/2014
 - Position and response to Victorian Taxi Industry Inquiry
 - Establishment of the Commission for Children and Young People
 - Number of forums held on: constitutional recognition, metropolitan planning strategy, taxi inquiry and emergency management.
2. Build a strong community sector
 - Establishment and funding of VCOSSLink (formerly VCOSS Clearinghouse) that provides practical resources and training opportunities to further develop the capacity of the sector
 - Service Sector Reform Project: independent project partner and delivery of 13 forums were held in 11 locations around Victoria
 - Delivery of four CEO and President's forum to promote effective and sustainable partnerships
 - Continued partnerships to deliver resources to promote the sustainability and capacity of the sector with: Bankmecu, Hesta, Australia Charities and Not-for-Profit Commission (ACNC), PilchConnect and Institution of Public Administration Australia (IPAA Vic).
3. Strengthen our public presence
 - Launched VCOSS *Voice* blog features opinion pieces on issues relevant to the sector
 - Produced three issues *Insight* Magazine including a national collaboration piece on affordable housing in Australia (Issue 6)
 - VCOSS AGM highlighted national and international policy implications of Big Society political reforms
4. Collaborate for greater impact
 - VCOSS key partner in the COSS Collaboration project
 - Peaks and State-wide Forum held bi-monthly ensure collaboration and information sharing across the sector
5. Sustain a healthy organisation
 - Risk management framework reviewed and facilitated by Finance Committee and senior management team
 - Office refurbishments completed to improve staff amenities and accessibility

To further support the CEO in the monitoring and delivery of the organisations business development objectives, the Board of Directors have established the Finance, Audit and Risk Committee.

The aim of the Finance, Audit and Risk Committee is to promote a risk and compliance culture across the organisation. The Committee provides an efficient mechanism for focusing the organisation on verifying and safeguarding the integrity of the organisation's financial and risk reporting and management.

Company Secretary

Carolyn Atkins held the position of Company Secretary at the end of the financial year. Emma King was appointed to the position of Chief Executive Officer on 25 May 2013. Emma King was subsequently appointed to the position of Company Secretary on 8 July 2013.

Information on Directors

Stella Avramopoulos	Board member 2011. Chief Executive Officer of Kildonan UnitingCare. 19 years experience in the welfare, community services and government sectors including: corrections, financial and energy inclusion, youth and families services, corporate and social enterprise partnerships. MBA, BA (Criminology), Dip Com Just Studies.
David Brant	Board member since 2006. David Brant is an Individual Director. He works as a lobbyist and project managers campaigns for community sector organisations. David works at representing the interest of small VCOSS member orgs. Other Boards representation includes: COTA Vic Policy Council, Disability Justice Advocacy, Yarra Disability Advisory Council.
Micaela Cronin	Board member since 2005. Chief Executive Officer of MacKillop Family Services. Over 23 years experience in the community sector including: domestic violence and women's services, drug and alcohol, homelessness, youth, counselling and support services. MBA, Grad Dip CD, BSW.
(Rev) Fredric Holland	Board member since 2012. Chief Executive Officer (CEO) of Melbourne City Mission, he has led the creation and development of an innovative organisation that supports young people at the risk of homelessness into educational or employment pathways. Ric's former positions include CEO of the Lort Smith Animal Hospital, CEO of Parkinson's Victoria, Executive Director of Communication for the UnitingChurch in Australia and CEO of NSW Council of Social Service. BD (Hons), MBA, Ordained Minister of the Uniting Church.
Kim Koop	Board member since 2011. Chief Executive Officer of the Psychiatric Disability Services of Victoria (VICSERV). Over 31 years experience in direct delivery and management of mental health, aged care and disability services. MBL (RMIT), B.App Sc. Occupational Therapy.
John Lawrence	Board member since 2009. Executive Director of UnitingCare Gippsland. John maintains a strong background in community health, children's' and family services, vocational education and aboriginal health; and is a Fellow of the Australian Institute of Company Directors.
Anthony Lang	Board member since 1998. Barrister, long-standing practice advising not-for-profit organisations. Appointed as an inaugural member of the Advisory Board for the Australian Charities and Not-for-profits Commission. BA (Hons), LLB.

Information on Directors (cont'd)

- Paul McDonald Board member since 2010. Extensive experience in the welfare, community and government sectors including: child, youth and families, homelessness, drug and alcohol services. Former Executive Director of Children, Youth and Families Division at the Department of Human Services. MSW, Dip YW.
- Eric Passaris Board member since 2002. Member of the Institute of Chartered Accountants in Australia and of CPA Australia. Registered Company Auditor. B Ec.
- Barry Pullen Board member from 2002 to November 2012. Former Minister for Housing, Education, and Conservation & Environment, Victorian Labor Government.
- Dale Renner Board member since May 2008. Director Iconic Consulting. Strategy and innovation consultant with 14 years international experience. LLB (Hons), B Ec.
- Kim Sykes Board member since 2012. Kim is Chief Executive Officer of Bendigo Community Health Services. Extensive experience within health services and held a number of clinical and senior executive appointments and was a director of the Nurses Board of Victoria as well as a member of numerous state-wide and national committees. MBA, Psychiatric nursing qualifications.
- Jodie Willmer Board member since 2009. Over 15 years experience in the tourism and visitor services industry with expertise in advocacy, legislative reform and governance. Formerly a director of the Victorian Tourism and Hospitality Industry Training Board. In 2006, she was appointed Chief Executive Officer at Travellers Aid Australia, assisting people who experience transport disadvantage. President of Emergency Relief (ER) Victoria, and member of the Victorian Tourism Industry Council - Tourism Services and Hospitality Policy Committee. Cert IV in Governance.

Meetings of Directors

During the financial year, 9 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to attend	Attended
Stella Avramopoulos	9	8
David Brant	9	9
Micaela Cronin	9	9
Ric Holland	6	4
Kim Koop	6	5
Anthony Lang	7	6
John Lawrence	9	6
Paul McDonald	8	3
Eric Passaris	9	7
Barry Pullen	3	3
Dale Renner	9	8
Kim Sykes	8	6
Jodie Willmer	9	9

Meetings of Directors (cont'd)

A director may seek leave from the Board to be absent from one or more meetings. During the financial year, the following directors took approved leave of absence:

Kim Koop: 3 meetings

Anthony Lang: 2 meetings

Paul McDonald: 1 meeting

Meetings of Committees

Finance, Audit and Risk Committee

During the financial year, 8 meetings of the Finance, Audit & Risk Committee were held. Attendances by directors whom are members of the Committee during the year were as follows:

	Finance, Audit and Risk Committee Meetings	
	Eligible to attend	Attended
Eric Passaris	8	8
Micaela Cronin	8	7
Jodie Willmer	8	8

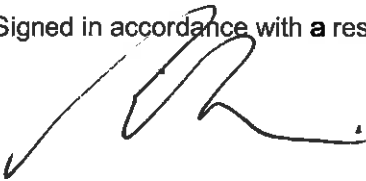
Limitation of Members Liability

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the company. At 30 June 2013, the collective liability of members was \$7,600 (2012: \$7,940).

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

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



Micaela Cronin
President



Eric Passaris
Treasurer

Signed this 27 day of September 2013.

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Sally Ding
Registered Company Auditor

McLean Delmo Bentleys Audit Pty Ltd

Signed in Hawthorn, this 27day of September 2013.

VICTORIAN COUNCIL OF SOCIAL SERVICE

ABN 23 005 014 988

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$	2012 \$
Revenue			
Operating Activities	2	2,821,710	3,690,867
Expenses			
Operational Employment expenses		(925,126)	(1,126,246)
Occupancy expenses		(211,713)	(221,462)
Publications expenses		(20,118)	(24,400)
Investment expenses		(2,836)	(3,047)
Project expenses		(1,328,929)	(1,990,414)
Other operating and administration expenses		(328,091)	(350,437)
Total expenses		<u>(2,816,813)</u>	<u>(3,716,006)</u>
Surplus/ (deficit) from operating activities	3	4,897	(25,139)
Non-operating Activities			
Bequest income - interest	2	<u>15,298</u>	<u>18,455</u>
Surplus/ (deficit) for the year		20,195	(6,684)
Other Comprehensive Income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>20,195</u>	<u>(6,684)</u>

The accompanying notes form part of these financial statements.

VICTORIAN COUNCIL OF SOCIAL SERVICE

ABN 23 005 014 988

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	Note	2013 \$	2012 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,718,165	1,794,123
Trade and other receivables	6	<u>55,466</u>	<u>249,378</u>
Total current assets		<u>1,773,631</u>	<u>2,043,501</u>
NON-CURRENT ASSETS			
Investment property	7	233,905	227,549
Plant and equipment	8	<u>79,329</u>	<u>93,907</u>
Total non-current assets		<u>313,234</u>	<u>321,456</u>
TOTAL ASSETS		2,086,865	2,364,957
CURRENT LIABILITIES			
Trade and other payables	9	215,957	210,597
Provisions	10	396,524	335,668
Income in advance	11	<u>815,030</u>	<u>1,216,504</u>
Total current liabilities		<u>1,427,511</u>	<u>1,762,769</u>
NON-CURRENT LIABILITIES			
Provisions	10	<u>109,967</u>	<u>72,996</u>
Total non-current liabilities		<u>109,967</u>	<u>72,996</u>
TOTAL LIABILITIES		1,537,478	1,835,765
NET ASSETS		549,387	529,192
FUNDS			
Reserves	12	306,569	328,663
Retained earnings		<u>242,818</u>	<u>200,529</u>
TOTAL FUNDS		549,387	529,192

The accompanying notes form part of these financial statements.

VICTORIAN COUNCIL OF SOCIAL SERVICE

ABN 23 005 014 988

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013**

	Reserves	Retained Earnings	Total
	\$	\$	\$
Balance as at 1 July 2011	322,208	213,668	535,876
Total comprehensive income for the year	-	(6,684)	(6,684)
Transfer of bequest reserve to retained profits (Note 12(b))	(12,000)	12,000	-
Transfer of bequest income to reserve	18,455	(18,455)	-
Balance as at 30 June 2012	328,663	200,529	529,192
Total comprehensive income for the year	-	20,195	20,195
Transfer of bequest reserve to retained profits (Note 12(b))	(37,392)	37,392	-
Transfer of bequest income to reserve	15,298	(15,298)	-
Balance as at 30 June 2013	306,569	242,818	549,387

The accompanying notes form part of these financial statements.

VICTORIAN COUNCIL OF SOCIAL SERVICE

ABN 23 005 014 988

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$	2012 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from government grants and community services		3,091,016	3,898,889
Payments to employees and suppliers		(3,187,549)	(4,944,560)
Interest received		59,057	113,976
Interest received related to bequest reserve		15,298	18,455
Net cash provided by/ (used in) operating activities		<u>(22,178)</u>	<u>(913,240)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		<u>(53,780)</u>	<u>(55,816)</u>
Net cash used in investing activities		<u>(53,780)</u>	<u>(55,816)</u>
Net increase/ (decrease) in cash held		(75,958)	(969,056)
Cash at the beginning of financial year		<u>1,794,123</u>	<u>2,763,179</u>
Cash at the end of financial year	5	<u>1,718,165</u>	<u>1,794,123</u>

The accompanying notes form part of these financial statements.

VICTORIAN COUNCIL OF SOCIAL SERVICE

ABN 23 005 014 988

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The financial statement is for Victorian Council of Social Service ('the company') as an individual entity, incorporated and domiciled in Australia. Victorian Council of Social Service is a company limited by guarantee,

The financial statements were authorised for issue on 27 September 2013 by the directors.

Note 1: Summary of Significant Accounting Policies

Victorian Council of Social Service has elected to adopt the Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements. Accordingly, the entity has also early adopted AASB 2011-2: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Projects – Reduced Disclosure Requirements and AASB 2012-7: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements in respect of AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets and AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income.

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 Corporations Act 2001. The company is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

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

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

a. Financial Instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

An allowance for doubtful debts is based on a review of outstanding balances at financial year end date and is accounted for in a separate account. Indicators of impairment include where there is objective evidence of significant financial difficulties, debtor bankruptcy, financial reorganisation or default in payment (more than 90 days overdue). Bad debts which have previously been provided for are eliminated against the allowance for doubtful debts. In all other cases, bad debts have been written off as an expense directly in the statement of comprehensive income.

Trade and other payables

Trade and other payables other than financial guarantees are subsequently measured at amortised cost. Trade and other payables are non-interest bearing.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Note 1: Summary of Significant Accounting Policies (Cont'd)

b. Income Tax

The company is exempt from income tax in accordance with endorsement by the Australian Taxation Office under Subdivision 50-B of the Income tax Assessment Act 1997.

c. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short term highly-liquid investments with original maturities of three months or less, and bank overdrafts.

d. Property, Plant and Equipment

Property is measured on the cost basis. The carrying amount of property is reviewed annually by directors to ensure that it is not in excess of the recoverable amount from that property. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the property's employment and subsequent disposal.

The cost of plant and equipment purchased for special projects is expensed in the year of purchase.

Other plant and equipment are measured on the cost basis.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their estimated useful lives to the company commencing from the time the asset is held ready for use. The depreciation rates used for each class of assets are:

<u>Class of fixed asset</u>	<u>Depreciation rate</u>
Plant and equipment	10% - 33%
Investment property	2% - 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end date.

An asset's carrying amount is written down immediately to its recoverable amount and impairment loss is recognised in the profit and loss statement if the asset's carrying amount is greater than its estimated recoverable amount.

e. Provisions

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at financial year end date.

f. Unexpended project funds

Grants and specific purpose donations received for special projects are recognised as a liability until expenditure is incurred. This is because an obligation to either provide services or return funds usually exists when grants are received. Where expenditure on projects is in advance of the receipt and there is virtual certainty that a grant will be received, the deficit is carried forward as amounts receivable.

g. Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Note 1: Summary of Significant Accounting Policies (Cont'd)

h. Employee entitlements

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year, together with benefits arising from wages and salaries, annual leave and maternity leave, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Employee benefits payable later than one year 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 not satisfy vesting requirements.

The long service leave probability factors were reviewed during the year and amended to better reflect the tenure of staff. The effect of this change as at 30 June 2013 was to increase the provision for long service leave by \$17,117.

Long Service Leave has been calculated on a probability basis as follows:

	2013	2012
Less than 1 year	30%	5%
1 year and less than 2 years:	60%	10%
2 years and less than 3 years:	100%	30%
3 years and less than 4 years:	100%	60%
4 years and less than 5 years:	100%	80%
5 years plus:	100%	100%

i. Revenue

Revenue from the rendering of services, including government operating grants, is recognised upon the delivery of the service.

Project revenue has been recognised on the basis of actual expenditure incurred together with a percentage of any salary and overhead recoveries using the percentage of completion.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

j. 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 Tax Office.

Receivables and payables are stated inclusive of the amount 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 suppliers.

k. Comparative figures

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

l. Economic Dependence

The continuing operation of the company is dependent upon periodic renewal of a three-year service agreement with the Department of Human Services of the State Government of Victoria. The relevant agreement commenced on 1 July 2012 and expires on 30 June 2015.

VICTORIAN COUNCIL OF SOCIAL SERVICE

ABN 23 005 014 988

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
Note 2: Revenue		
Operating Activities		
Government operational funding	604,609	586,941
Membership and publications	306,011	297,182
Rent received	86,181	123,938
Interest income	57,610	109,511
Project revenue	1,737,472	2,496,791
Donations received	185	300
Other revenue from services	29,642	76,204
Total operating activities revenue	<u>2,821,710</u>	<u>3,690,867</u>
Non-operating Activities		
Interest income	<u>15,298</u>	<u>18,455</u>
Note 3: Expenses		
The following significant expense items are relevant in explaining the financial performance:		
Depreciation of property, plant and equipment		
- Investment property	3,671	3,667
- Plant and equipment	58,331	68,851
Total depreciation	<u>62,002</u>	<u>72,518</u>
Employment Expenses		
Core operational expenses	925,126	1,126,246
Project employment expenses	679,545	929,413
Total employment expenses	<u>1,604,671</u>	<u>2,055,659</u>
Auditor's Remuneration		
Remuneration of auditor for auditing the financial report	<u>11,200</u>	<u>9,900</u>

Note 4: Key Management Personnel Compensation

The names of the company directors who have held office during the financial year are reported in the directors' report. The directors are not remunerated by the company.

The totals of remuneration paid to key management personnel of the company during the year are:

Key management personnel compensation	<u>360,891</u>	<u>580,638</u>
---------------------------------------	----------------	----------------

The Chief Executive Officer shares the authority and responsibility for planning, directing and controlling the activities of the company with senior management team.

VICTORIAN COUNCIL OF SOCIAL SERVICE

ABN 23 005 014 988

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
Note 5: Cash and Cash Equivalents		
Cash on hand	487	400
Cash at bank	268,206	210,987
Short term bank deposits	1,449,472	1,582,736
Total cash and cash equivalents	<u>1,718,165</u>	<u>1,794,123</u>

Reconciliation of Cash

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

Cash and cash equivalents	<u>1,718,165</u>	<u>1,794,123</u>
Total cash and cash equivalents	<u>1,718,165</u>	<u>1,794,123</u>

Note 6: Trade and Other Receivables**Current**

Trade receivables	47,092	230,204
Prepayments	4,582	10,329
Other receivables	-	3,606
Interest receivable	3,792	5,239
Total trade and other receivables	<u>55,466</u>	<u>249,378</u>

The carrying amounts of all current receivables are equal to their fair values as they are of short-term nature.

The company has no exposure to interest rate risk on receivables as all are non-interest bearing.

Note 7: Investment Property

Freehold land - at cost	<u>110,000</u>	<u>110,000</u>
Buildings - at cost	193,492	183,465
Less accumulated depreciation	<u>(69,587)</u>	<u>(65,916)</u>
Total buildings	<u>123,905</u>	<u>117,549</u>
Total investment property	<u>233,905</u>	<u>227,549</u>

The investment property is subject to an undischarged mortgage to National Australia Bank. There is no loan attached to this mortgage.

VICTORIAN COUNCIL OF SOCIAL SERVICE

ABN 23 005 014 988

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013****Note 7: Investment Property (cont'd)****Movements in Carrying Amounts**

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

	Freehold Land \$	Buildings \$	Total \$
Carrying amount at 1 July 2011	110,000	121,216	231,216
Depreciation expense	-	(3,667)	(3,667)
Carrying amount at 30 June 2012	110,000	117,549	227,549
Additions	-	10,027	10,027
Depreciation expense	-	(3,671)	(3,671)
Carrying amount at 30 June 2012	110,000	123,905	233,905

An independent valuation of freehold land and buildings was undertaken on 22nd January 2013. The valuation was based on an evaluation of the property's current market value and was assessed at \$1,400,000.

	2013 \$	2012 \$
(a) Net Income from Investment Property		
Rental income	59,170	58,449
Operating expenses	(14,121)	(6,750)
Net income for the year	45,049	51,699

(b) Restrictions on the Realisability of the Investment Property

The company has granted a non-cancellable operating lease over the investment property. The current lease agreement expires on 30 June 2018. However, the company can terminate the lease at any time after 1 July 2015 by giving no less than 6 months notice of its intention to do so.

Note 8: Plant and Equipment

Plant and equipment - at cost	546,087	502,334
Less accumulated depreciation	(466,758)	(408,427)
Total plant and equipment	79,329	93,907

Movements in Carrying Amounts

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

Carrying amount at the beginning of the financial year	93,907	106,942
Additions	43,753	55,816
Depreciation expense	(58,331)	(68,851)
Carrying amount at the end of the financial year	79,329	93,907

Note 9: Trade and Other Payables**Current**

Trade payables	123,783	125,330
Other payables and accruals	92,174	85,267
Total current trade and other payables	215,957	210,597

VICTORIAN COUNCIL OF SOCIAL SERVICE

ABN 23 005 014 988

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
Note 10: Provisions		
Current		
Employee entitlements	365,684	325,490
Inclusive participant provision	10,036	9,059
Lease Incentive – rent free period	14,849	1,119
Capital Incentive	5,955	-
Total current provisions	<u>396,524</u>	<u>335,668</u>
Non-current		
Employee entitlements	38,136	57,834
Provision for restoration costs	-	15,162
Lease Incentive – rent free period	51,970	-
Capital Incentive	19,861	-
Total non-current provisions	<u>109,967</u>	<u>72,996</u>
Total provisions	<u>506,491</u>	<u>408,664</u>
Note 11: Income in Advance		
Unexpended project funds	678,947	1,091,279
Subscriptions received in advance	92,206	70,824
Sector sustainability campaign funds	42,910	53,575
Other subscriptions in advance	967	826
Total income in advance	<u>815,030</u>	<u>1,216,504</u>

Note 12: Reserves**(a) Building Maintenance Reserve**

The company owns an investment property as disclosed in note 9. The building maintenance reserve has been established in order to provide for the cost of substantial repairs to the property as needed from time to time.

During the financial year the reserve was increased by \$Nil (2012: \$Nil).

(b) Bequest Reserve

The company had received a bequest of \$245,329 from the estate of a deceased member. As stipulated in the donor's will, the bequest is to be used for research purposes.

It is therefore not available for general use by the company and accordingly a reserve has been established. The funds received under the bequest have been invested and the interest earned has also been allocated to the reserve account.

During the year, \$37,392 (2012: \$12,000) of the reserve was utilised for research purposes.

VICTORIAN COUNCIL OF SOCIAL SERVICE

ABN 23 005 014 988

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013****Note 12: Reserves (cont'd)**

The movements in the reserve accounts are:

	Building Maintenance Reserve	Bequest Reserve	Total
	\$	\$	\$
Balance as at 1 July 2011	10,768	311,440	322,208
Transfer of bequest income	-	18,455	18,455
Transfer from bequest reserve to retained earnings	-	(12,000)	(12,000)
Balance as at 30 June 2012	10,768	317,895	328,663
Transfer of bequest income	-	15,298	15,298
Transfer from bequest reserve to retained earnings	-	(37,392)	(37,392)
Balance as at 30 June 2013	10,768	295,801	306,569

Note 13: Financial Risk Management

The company's activities expose it to the financial risks of liquidity risk, credit risk and interest rate risk. The company's overall risk management approach is to identify the risks and implement safeguards which seek to minimise potential adverse effects on its financial performance.

Risk Management

The company's board of directors are responsible for monitoring and managing the company's financial risks at regular board meetings where monthly management accounts are presented and analysed.

(a) Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

The company has a combination of on-call and fixed-term facilities which enable sufficient cash to be available to settle obligations as they fall due. The Finance staff members monitor the company's cash position on at least a weekly basis. To the extent possible, the company ensures that grants and specific purpose donations received for special projects are received in advance of any financial obligations being incurred.

(b) Credit Risk

Credit risk is the risk of financial loss to the company if the counterparty to a financial instrument fails to meet its contractual obligations. The company has exposure to credit risk through its deposits with financial institutions and its receivables.

(c) Market RiskInterest rate risk

The company's interest rate risk arises from deposits held at call, and other short term investments, which are at floating rates.

Note 14: Contingent Liabilities

Office accommodation is leased from Salvest Capital Advisors Limited and the lease expires on 31 December 2017. If the company does not comply with any of its obligations under these leases, Colliers International may call on bank guarantees established in relation to the leases, without notice to the company.

As at 30 June 2013, the bank guarantees aggregate to \$77,500 (2012: \$77,500).

VICTORIAN COUNCIL OF SOCIAL SERVICE

ABN 23 005 014 988

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
Note 15: Commitments		
Capital commitment as at 30 June 2013 amounted to \$Nil (2012: \$Nil)		
Operating Lease Commitments		
Receivable		
Investment property		
Not later than 12 months	63,000	29,604
Later than 12 months but not later than five years	252,000	-
	<u>315,000</u>	<u>29,604</u>

The company leases its investment property. The current lease is from 1 July 2013 to 30 June 2018.

Sub-leased office accommodation

Not later than 12 months	-	26,611
	<u>-</u>	<u>26,611</u>

The company had entered into two sub-leases for portions of the office accommodation. The sub-leases expired on 31 December 2012 and were not renewed.

Payable**Photocopier**

Not later than 12 months	5,597	5,597
Later than 12 months but not later than five years	13,526	19,122
	<u>19,122</u>	<u>24,719</u>

The photocopier is leased from Konica Minolta for a period of 5 years commencing 12 December 2011 and expires on 11 December 2016. Rent is paid monthly in advance.

Office accommodation

Not later than 12 months	170,174	117,648
Later than 12 months but not later than five years	650,022	-
	<u>820,196</u>	<u>117,648</u>

Office accommodation is leased from Salvest Capital Advisors Limited and the lease expires on 31 December 2017. Rent is paid monthly in advance.

Note 16: Company Details

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

Victorian Council of Social Service
Level 8, 128 Exhibition Street
Melbourne Vic 3000

VICTORIAN COUNCIL OF SOCIAL SERVICE

ABN 23 005 014 988

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Victorian Council of Social Service, the directors of the company declare that:

1. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
2. The financial statements and notes, as set out on pages 7 to 19, are in accordance with the Corporations Act 2001 including:
 - (a) Section 296 (comply with Australian Accounting Standards Reduced Disclosure Requirements); and
 - (b) Section 297 (give a true and fair view of the financial position as at 30 June 2013 and of its performance for the year ended on that date)



Micaela Cronin
President



Eric Passaris
Treasurer

Signed on this 27 day of September 2013.

Independent Auditor's Report to the members of Victorian Council of Social Service

We have audited the accompanying financial report of Victorian Council of Social Service, which comprises the statement of financial position as at 30 June 2013, 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.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

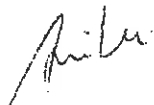
Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion, the financial report of Victorian Council of Social Service is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards Reduced Disclosure Requirements and the Corporations Regulations 2001;



Sally Ding
Registered Company Auditor

McLean Delmo Bentleys Audit Pty Ltd
McLean Delmo Bentleys Audit Pty Ltd

Signed in Hawthorn, this 27th day of September 2013.