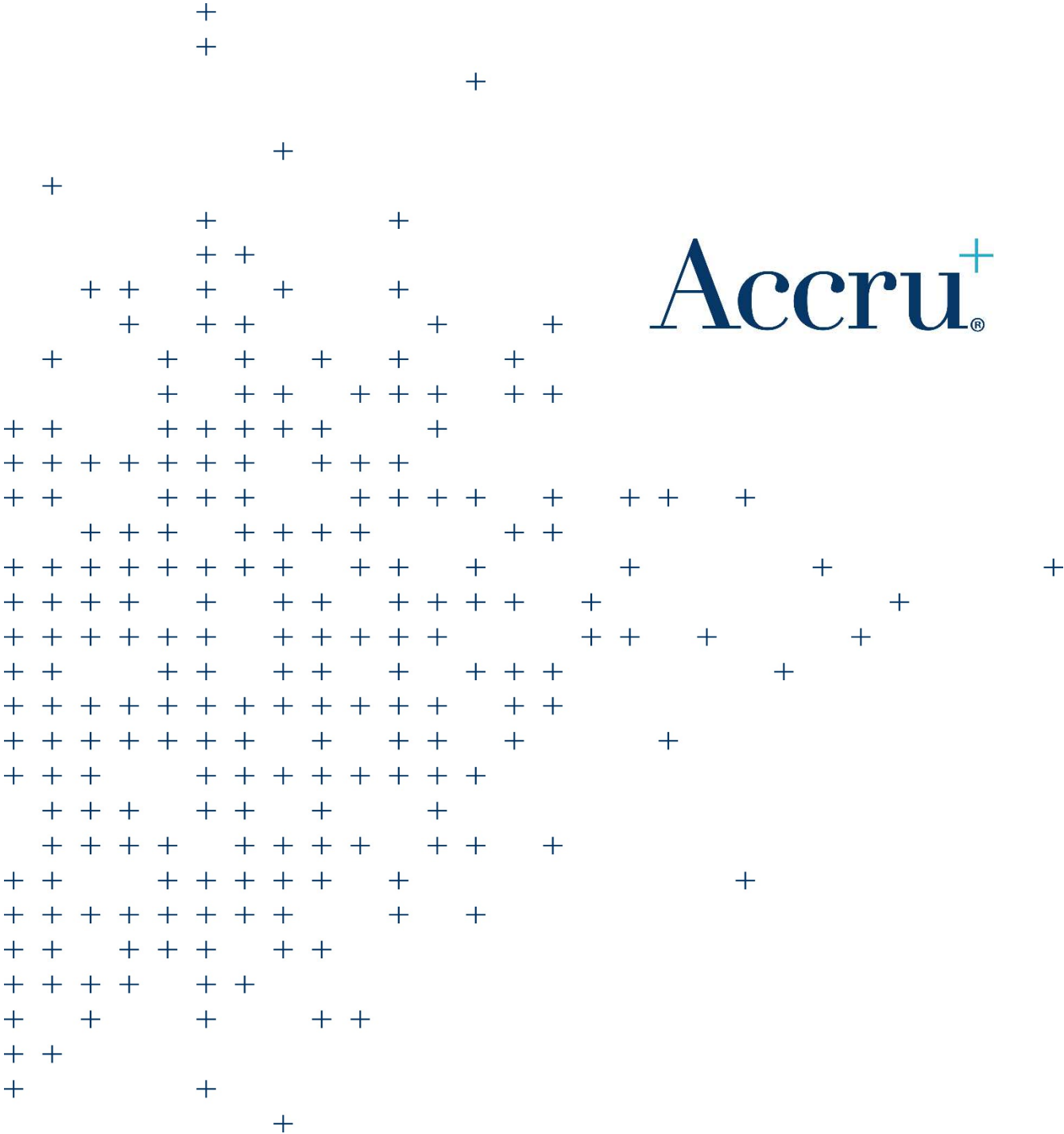


**VICTORIAN COUNCIL OF SOCIAL SERVICE**  
**ABN: 23 005 014 988**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 June 2020**





# **Victorian Council of Social Service**

ABN: 23 005 014 988

## **Contents**

**For the Year Ended 30 June 2020**

	Page
<b>Financial Statements</b>	
Directors' Report	1 - 10
Auditor's Independence Declaration under Section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012	11
Statement of Profit or Loss and Other Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Statement of Cash Flows	15
Notes to the Financial Statements	16 - 26
Responsible Entities' Declaration	27
Independent Audit Report	28 - 29



## **Directors' Report**

**30 June 2020**

The directors present their report on Victorian Council of Social Service for the financial year ended 30 June 2020.

### **Directors**

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

<b>Names</b>	<b>Position</b>	<b>Appointed / Resigned</b>
Stella Avramopoulos	President, Member of the Finance, Audit and Risk Committee	
Kim Sykes	Vice President, Member of the Finance, Audit and Risk Committee	
Simon Trivett	Treasurer, Chair of the Finance, Audit and Risk Committee	
David Brant		
Caroline Mulcahy		Resigned 8 September 2019
Vicki Sutton	Member of the Finance, Audit and Risk Committee	
Paul Linossier		Resigned 15 February 2020
Sue Woodward		
Damian Ferrie		
Sheena Watt		Appointed 6 September 2019 Resigned 12 October 2020
Stefan Gruenert		Appointed 22 November 2019

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

### **Principal objectives**

Victorian Council of Social Service (VCOSS) is the peak body for Victoria's social and community sector. It advocates the elimination of poverty and disadvantage and the creation of a society where all people are supported to thrive. VCOSS does this through policy development, advocacy, increasing the state's social service bodies capabilities and giving people experiencing poverty a voice, thereby fostering a greater understanding of the causes and effects of disadvantage.

The principal objectives of VCOSS are to:

1. Work towards the reduction and eventual elimination of social and economic disadvantage in Victoria;
2. Promote co-operation between organisations and individuals involved in the field of social and community services in Victoria; and
3. Work 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.

### **VCOSS Strategic Plan**

The Board of Directors, in consultation with the Chief Executive Officer (CEO) and informed by the Management Team, key stakeholders and the membership developed a four year Strategic Plan (2015/18) to achieve the vision and long term objectives of the organisation. The Strategic Plan was extended to 2020 whilst the Board of Directors, in consultation with Management, staff, key stakeholders and members via a series of interviews and workshops worked on the development of a new Strategic Plan.



## **Directors' Report**

**30 June 2020**

### VCOSS Strategic Plan

The Strategic Plan articulates the organisation's three strategic goals:

1. A fair and just Victorian community
2. A thriving community sector
3. A healthy organisation.

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

Each year, the CEO and the management team implement an annual operational plan to articulate the policy, advocacy and business development strategies and actions. The operational plan is 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 2019/2020 financial year the organisation reported its achievements against the three strategic directions:

1. A fair and just Victorian community

#### Objectives:

VCOSS advances social justice issues and solutions to pursue social change

VCOSS gives voice to the direct experiences of people affected by poverty and inequality

VCOSS works with members to amplify the stories they have to tell

#### Achievements:

- In 2019-2020 VCOSS further extended its media reach through television, radio, print and social media. This has become even more evident during the COVID-19 pandemic with VCOSS being the first port of call for key messaging/addressing issues impacting the sector.
- VCOSS produced in excess of 32 public reports and submissions including; Victoria's Mental Health System, the NDIS Thin markets project, 10 years of emergency management reform, the Essential Services Commission on fairer energy contracts and discounts for Victorians, the Independent Expert Panel report on Final emissions reductions targets for Victoria 2021-2030, Residential Tenancy regulations on minimum rental housing standards, the 2020-21 State Budget Submission - A state of wellbeing, Tackling Climate Change in Victorian Communities, the adequacy of Newstart and related payments, Sustainable Employment and Disadvantaged Jobseekers, the Legislative Assembly Legal and Social Issues Committee Inquiry into Early Childhood Engagement of CALD Communities, the VCOSS Empowered Lives campaign- lived experience insights of Disabled People, A Climate of Fairness, review of the Victorian Energy Upgrade Targets, NDIS reform and workforce development, Strengthening Sector Resilience (SSR): An independent 'Collective Learnings' report and the Victorian Government Review of Vocational and Applied Learning, VCOSS has hosted forums, member consultations, attended round tables and been invited to present evidence to Royal commissions including; the Royal Commission into Victoria's Mental Health System - Community Resilience hearing, the Economy and Infrastructure Standing Committee, the Parliamentary Inquiry into Homelessness, the Parliamentary Inquiry into the Early Childhood Engagement of Culturally and Linguistically Diverse Communities, Parliamentary Inquiry into



## **Directors' Report**

**30 June 2020**

### VCOSS Strategic Plan

Tackling Climate Change in Victorian communities, the Royal Commission into Aged Care and PAEC Inquiry into the COVID-19 Response.

- VCOSS participated in an invitation-only stakeholder roundtable on the NDIS legislation review and the Participant Service Guarantee.
- The VCOSS and DELWP climate change forum was held October 2019 which brought together 80 people from the community sector and government to discuss the climate change agenda in Victoria.
- Work commenced on the NDIS research project examining the impact of the NDIS on the disability advocacy and self-advocacy sector.
- VCOSS continued to play a key influencing role in the DET-convened Education State Guiding Coalition that provides input and advice to the Department on the implementation of the Education State policy reform agenda.
- Commenced work on the Working for Victoria project, established by the Victorian Government as part of its response to the social and economic dislocation caused by COVID-19. VCOSS, along with Victorian Trades Hall Council (VTHC), was engaged to assist the Department of Jobs, Precincts and Regions (DJPR) with the design, implementation, and evaluation of the job creation Fund.
- VCOSS partnered with DHHS to deliver a series of community sector forums, to help organisations plan, prepare and respond to the COVID-19 (coronavirus) outbreak.
- Commenced work on the Emergency management and resilience project to support community organisations in their recovery from bushfires.
- VCOSS informed the development of the State Coronavirus Relief Plan and a survey to food relief providers to understand demand and emerging issues in the emergency relief sector.
- The HSHPIC COVID-19 Response Group was established, and membership extended to include additional sector peak bodies as well as additional government departments.

### 2. A thriving community sector

#### Objectives:

VCOSS facilitates collaboration, knowledge, resources and information exchange to support organisations' capability and development

VCOSS works with the community sector to foster community building approaches and solutions that can tackle and prevent disadvantage in the community

VCOSS pursues a regulatory, funding, and workforce environment that sustains a strong, innovative and independent community sector

#### Achievements:

- VCOSS CEO presented at the G21 Health and Wellbeing Pillar round table.
- Completed the Feasibility Study - Disability Advocacy Sector Intake Model.



## **Directors' Report**

**30 June 2020**

### VCOSS Strategic Plan

- DARU held a highly successful Strengthening Disability Advocacy Conference 2019 (September 2019).
- DARU completed a series of online training/sector capacity building projects.
- Launched the Community Traineeships Pilot Program (CTPP) with a target to provide 120 trainees an opportunity to obtain a qualification and enter the workforce. The programs achievements have been highlighted by the greater than national retention rates achieved with the youth workers support..
- The first group of trainees through the CTPP program completed their Cert IV Community Services in May 2020 with 80% of the group achieving completion, as compared to circa 51% traineeship completion rate nationally.
- Commencement of the Innovative Traineeships – Investing in the Community Services Workforce of the Future, a two-year program covering the regions of Western Melbourne and Gippsland, with up to 25 traineeships in each location.
- The Community Services Industry Plan - Rolling Implementation Plan 2019-2020 was finalised.
- Supported the Family Violence Workforce Census 2.
- Established and implemented the Indexation campaign.
- Third year of the Capacity building project – Enhanced Pathways to Family Violence Work project.
- Completed deliverables of Family Violence Multi-Agency Risk Assessment and Management (MARAM) Framework and Family Violence and Child Information Sharing Schemes.
- Progressed on implementing the Community Services Industry Plan: Rolling Implementation Plan 2019-2020.
- A revised Service Agreement was finalised in late December 2019 following extensive negotiations between the community sector and the Victorian Government, many of the changes suggested by VCOSS were included in the final issues table submitted.

### 3. A healthy organisation:

#### Objectives:

VCOSS has strong governance structures

VCOSS remains financially sustainable and has the necessary resources available to operate as a peak body now and into the future

VCOSS' organisational culture emphasises inclusion, participation and environmental responsibility

#### Achievements:

- FARC met regularly throughout the year.
- A governance sub-committee of the Board was established. This group has developed priorities and continues its work.



## **Directors' Report**

**30 June 2020**

### VCOSS Strategic Plan

- The Strategic Planning Working Group was formed as a sub-committee of the Board. This group is working towards the next 3-year VCOSS Strategic Plan.
- External consultant engaged to implement the Individual Work Plan & Performance Review process for the Professional Development of staff.
- Developed a Workplace Emergency Management evacuation plan for the office taking into account people with a disability who either work or visit the premises.
- VCOSS submitted its response to the 2018-19 RAP Impact Measurement Questionnaire which contributes to Reconciliation Australia's RAP Impact Measurement Report.
- 'Voice at the Table' inclusive meeting practices training completed by all staff.
- Emergency Management - COVID 19 and OH & S Working from Home - COVID 19 Policies established.
- Remote working environment resulting from COVID-19, assessed via regular check ins, activities, and staff survey on wellbeing.
- OH & S committee met regularly throughout the year.
- Staff equipped with equipment, ergonomic chairs, software, and IT support to facilitate remote working and remove any barriers to engagement.
- Staff regularly kept up to date and encouraged to participate in events and forums run by VCOSS which address key issues of the day. The digital forums have addressed topics such as: Response to COVID-19 for the Community Services Sector, Emergency Management, Issues the pandemic is raising for the treatment of people facing poverty and disadvantage.

### Members' guarantee

Victorian Council of Social Service is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$20 subject to the provisions of the company's constitution.

At 30 June 2020 the collective liability of members was \$ 6,340 (2019: \$ 6,500).

### Company secretary

Emma King held the position of Company Secretary at the end of the financial year.



## Directors' Report

**30 June 2020**

### Meetings of directors

During the financial year, 16 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Finance, Audit and Risk Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Stella Avramopoulos	8	8	8	6
Kim Sykes	8	7	8	6
Simon Trivett	8	8	8	8
David Brant	8	7	-	-
Vicki Sutton	8	8	8	6
Sue Woodward	8	8	-	-
Damian Ferrie	8	7	-	-
Caroline Mulcahy	1	1	-	-
Paul Linossier	5	5	-	-
Sheena Watt	7	6	-	-
Stefan Gruenert	5	5	-	-

### Information on directors

Stella Avramopoulos

Qualifications

MBA, BA (Criminology), Dip Com Just Studies.

Experience

Board member since 2011. Stella is the current President and is an individual member.

Stella is the current VCROSS President and Chief Executive Officer of Good Shepherd Australia New Zealand.

Previously, Stella was the Chief Executive Officer of Kildonan Uniting Care. 22 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.

Special Responsibilities

President, Member of the Finance, Audit and Risk Committee



## Directors' Report

30 June 2020

### Information on directors

Kim Sykes

Qualifications

Experience

MBA, Psychiatric nursing qualifications.

Board member since 2012 (re-elected in 2018). Kim is the current Deputy President and an independent member.

Education Manager, Australian Nursing and Midwifery Federation.

Former Chief Executive Officer of Bendigo Community Health Services. Extensive experience within health and community services and government and policy positions.

Kim has served on a number of Ministerial appointments, including the Victorian Ministerial Advisory Committees on Nursing and Midwifery, the Nurses Board of Victoria, as well as being invited to the Victorian Expert Advisory Committee (EAC) for Mental Illness Research Fund (MIRF).

Special Responsibilities

Vice President, Member of the Finance, Audit and Risk Committee

Simon Trivett

Qualifications

Experience

MBA (Exec), BEc, CA

Board member since 2013. Simon is the current Treasurer and an independent member.

Partner - Audit & Assurance and Victorian Head of Consumer Products & Retail at Grant Thornton. Simon has over 25 years advising business and organisations on financial reporting and risk management processes.

Simon is a registered company auditor and member of Chartered Accountants Australia and New Zealand.

Special Responsibilities

Treasurer, Chair of the Finance, Audit and Risk Committee

David Brant

Experience

Board member since 2006.

David Brant is an Individual Director.

David works at representing the interest of small VCOS member orgs and project manages campaigns for community sector organisations. Other Boards representation includes: COTA Vic Policy Council, Yarra Disability Advisory Council.

Caroline Mulcahy

Experience

Board member from 2016 to September 2019. Caroline is the Chief Executive Officer at the Skin Health Institute. From 2017 – 2019, Caroline was the General Manager, Transformation, Strategy and Insights at the National Heart Foundation. With a health background, she has worked in hospitals, and for purpose and commercial organisations in the UK, Hong Kong and Australia. She is a Graduate of the AICD and has a Masters degree in Health Sciences (majoring in Research Methods), and is passionate about social enquiry and evidence based practices that make a difference and an impact. In recent years, Caroline has concentrated on reviewing, designing and planning governance and service systems, and has led organisations through substantial change.



## Directors' Report

30 June 2020

### Information on directors

Vicki Sutton

Qualifications

Masters in Applied Finance; BA Accounting; CPA and a Graduate of the Australian Institute of Company Directors

Experience

Board member since 2017.

Chief Executive Officer of Melbourne City Mission MCM provides a broad range of community services including disability, homelessness, family services, justice, education, early years and community palliative care.

Over 30 years, Vicki's career has spanned the commercial and not-for-profit sectors. For over a decade, Vicki has been in senior executive roles in NFP supporting transformational change in complex, challenging environments. This has included navigating significant funding reforms in aged care and the introduction of the marketised NDIS.

Vicki is an experienced board director (community health, environment and superannuation).

Paul Linossier

Qualifications

Bachelor of Arts, Bachelor of Social Work (Hons), Executive Masters in Public Administration

Experience

Board member from 2018 to February 2020.

Experienced public sector and community services professional Paul Linossier was the Chief Executive Officer of Uniting (VIC.TAS). Paul, previously the CEO of Wesley Mission Victoria, has a strong personal commitment to the marginalised and vulnerable in our community and over three decades experience in leading organisational change and system reform.

Sue Woodward

Qualifications

LLB (Hons) Melb

Experience

Board member since 2018.

Director, Not-for-profit Law, Justice Connect.

Sue is the joint Head of Justice Connect's specialist Not-for-profit Law service and the driving force behind its establishment in 2008. Sue has worked with VCOS for more than a decade on policy and law reform issues of importance to the Victorian and Australian not-for-profit sector.

From 2012-2015 she was the inaugural Director, Policy & Education at the Australian Charities and Not-for-profits Commission. She is a qualified lawyer and a former academic with the Melbourne Law School. Sue is a board member of the Human Rights Law Centre and has held other charity board positions in mental health and social enterprise. In 2020 Sue was invited to join the Charities Crisis Cabinet (in response to COVID19 crisis) and has been appointed as a member of the Victorian Government's Volunteer Strategy Taskforce.



## Victorian Council of Social Service

ABN: 23 005 014 988

### Directors' Report

30 June 2020

#### Information on directors

Damian Ferrie

##### Qualifications

Masters of Applied Science (Social Ecology), Post Graduate Diploma in Conflict Resolution, Bachelor of Theology, ANZSOG Executive Fellows Program, Judge Business School Cambridge Advanced Leadership Program.

##### Experience

Board member since 2018.

Chief Executive Officer, Star Health Group Limited  
Damian is the CEO of Star Health and during the year also acted in the role of CEO of North Richmond Community Health. He has had leadership roles in the health, housing, community development in New South Wales and Victoria. His work has been focused on tackling social, economic, health inequity.

Damian has developed and implemented many programs to narrow the gap between disadvantaged communities and the rest of the state, including as the first Director of Neighbourhood Renewal with DHHS. He has initiated many place-based interventions to build community capacity through partnerships with community, businesses and the philanthropic sectors.

Sheena Watt

##### Qualifications

Graduate AICD

##### Experience

Board member since 2019

Sheena Watt is the Executive Manager for Aboriginal and Torres Strait Islander Policy & Programs at AFL SportsReady, a national not for profit that delivers employment and education for young people. Sheena is a public health advocate, an Aboriginal engagement advisor and an experienced Board Director. She currently serves on the boards of VicHealth - The Victorian Health Promotion Foundation, Merri Health, Women's Health Victoria, Progressive Public Health Australia and the Living Future Institute of Australia. Sheena is a member of the Family Matters Campaign Leadership Group and Governor of the Australian Youth Climate Coalition. Sheena is a Yorta Yorta woman.

Stefan Gruenert

##### Qualifications

Doctorate in Psychology (Counselling); Strategic Perspectives in Non-Profit Management (Harvard Business School); Diploma in Community Services (Drug & Alcohol); BA (Hons).

##### Experience

CEO of Odyssey House Victoria, the immediate past President of the Victorian Alcohol and other Drug Association, and former Board Director of the Alcohol and other Drugs Council of Australia.

Registered psychologist with more than 20 years of experience in the drug and alcohol sector as a clinician, researcher, and manager. Regularly provides advice to government, and has contributed to International Drug Policy (United Nations in Vienna, 2008), and to several resources and books for workers around parenting, family violence and addictions.



## Directors' Report

30 June 2020

### Covid-19

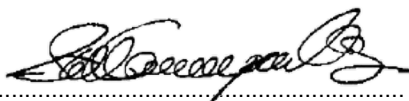
In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which has continued to spread throughout Australia. The spread of COVID-19 has caused significant volatility in Australian and International markets. There is significant uncertainty around the breadth and duration of business and social disruptions related to COVID-19, as well as its impact on the Australian and International economies and people affected by poverty and inequality. COVID-19 has not had a material impact to VCOSS's operations.

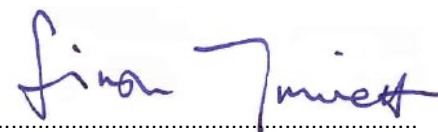
VCOSS continues to closely monitor the impact of COVID-19. From the date of this reporting, the Directors are unaware of any additional factors suggesting a substantial financial impact.

### Auditor's independence declaration

The auditor's independence declaration in accordance with section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, for the year ended 30 June 2020 has been received and can be found on page 11 of the financial report.

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

President:   
Stella Avramopoulos

Treasurer:   
Simon Trivett

Dated 30 October 2020



## Victorian Council of Social Service

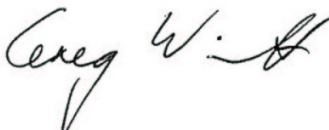
ABN: 23 005 014 988

### **Auditor's Independence Declaration under Section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 to the Directors of Victorian Council of Social Service**

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

- (i) no contraventions of the auditor independence requirements as set out in the 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

ACCRU MELBOURNE (AUDIT) PTY LTD



G D WINNETT  
Director

30 October 2020



## Statement of Profit or Loss and Other Comprehensive Income

### For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue - operating activities	2	5,783,942	5,682,632
Employee benefits expense		(1,455,842)	(1,501,750)
Occupancy expenses		(31,437)	(240,438)
Publication expenses		(7,582)	(14,387)
Investment expenses		(31,579)	(2,774)
Other operating and administration expenses		(643,141)	(473,489)
Project expenses		(3,167,336)	(3,214,918)
Finance costs		(26,605)	-
<b>Surplus from operating activities</b>		<b>420,420</b>	<b>234,876</b>
Interest - investment	2	6,422	8,983
<b>Surplus for the year</b>		<b>426,842</b>	<b>243,859</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Net fair value movements for financial assets		(26,494)	-
Realised gains/(losses) on disposal of financial assets		26,817	-
Other comprehensive income for the year		323	-
<b>Total comprehensive income for the year</b>		<b>427,165</b>	<b>243,859</b>



## Statement of Financial Position

As At 30 June 2020

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	4	5,799,899	9,432,856
Trade and other receivables	5	216,512	48,064
<b>TOTAL CURRENT ASSETS</b>		<b>6,016,411</b>	<b>9,480,920</b>
NON-CURRENT ASSETS			
Right-of-use assets	9	553,117	-
Financial assets	6	3,049,126	-
Property, plant and equipment	7	79,815	39,265
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,682,058</b>	<b>39,265</b>
<b>TOTAL ASSETS</b>		<b>9,698,469</b>	<b>9,520,185</b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	10	530,082	1,138,881
Employee benefits	13	275,254	207,905
Other liabilities	12	3,059,028	3,336,464
Lease liabilities	9	217,560	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,081,924</b>	<b>4,683,250</b>
NON-CURRENT LIABILITIES			
Employee benefits	13	31,446	36,192
Long-term provisions	11	82,367	81,391
Lease liabilities	9	356,215	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>470,028</b>	<b>117,583</b>
<b>TOTAL LIABILITIES</b>		<b>4,551,952</b>	<b>4,800,833</b>
<b>NET ASSETS</b>		<b>5,146,517</b>	<b>4,719,352</b>
<b>EQUITY</b>			
Reserves	14	344,720	364,792
Retained earnings		4,801,797	4,354,560
<b>TOTAL EQUITY</b>		<b>5,146,517</b>	<b>4,719,352</b>



## Statement of Changes in Equity

### For the Year Ended 30 June 2020

#### 2020

	Retained Earnings	Bequest Reserve	Financial Asset Reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	<b>4,354,560</b>	<b>364,792</b>	-	<b>4,719,352</b>
Surplus for the year	426,842	-	-	426,842
Transfer of bequest income to reserve	(6,422)	6,422	-	-
Net fair value movements for financial assets	-	-	(26,494)	(26,494)
Realised gains/(losses) on disposal of financial assets	26,817	-	-	26,817
<b>Balance at 30 June 2020</b>	<b>4,801,797</b>	<b>371,214</b>	<b>(26,494)</b>	<b>5,146,517</b>

#### 2019

	Retained Earnings	Reserves	Financial Asset Reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	<b>4,122,471</b>	<b>355,809</b>	-	<b>4,478,280</b>
Surplus for the year	241,072	-	-	241,072
Transfer of bequest income to reserve	(8,983)	8,983	-	-
<b>Balance at 30 June 2019</b>	<b>4,354,560</b>	<b>364,792</b>	-	<b>4,719,352</b>



## Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from government grants and community services		5,697,240	7,038,275
Payments to suppliers and employees		(6,139,002)	(5,312,057)
Dividends received		79,348	-
Interest received		57,549	122,798
Interest received related to bequest reserve		6,422	8,963
Interest paid on lease liabilities		(26,605)	-
Net cash provided by/(used in) operating activities		<u>(325,048)</u>	<u>1,857,979</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Payments for property, plant and equipment		(58,517)	(27,046)
Net purchase of financial assets		<u>(3,048,803)</u>	<u>-</u>
Net cash used by investing activities		<u>(3,107,320)</u>	<u>(27,046)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Payment of lease liabilities		<u>(200,589)</u>	<u>-</u>
Net cash used by financing activities		<u>(200,589)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held		(3,632,957)	1,830,933
Cash and cash equivalents at beginning of year		<u>9,432,856</u>	<u>7,601,923</u>
Cash and cash equivalents at end of financial year	4	<u><u>5,799,899</u></u>	<u><u>9,432,856</u></u>



## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

The financial report covers Victorian Council of Social Service as an individual entity. Victorian Council of Social Service is a not-for-profit Company, registered and domiciled in Australia.

Comparatives are consistent with prior years, unless otherwise stated.

#### **Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

### **1 Summary of Significant Accounting Policies**

#### **(a) Revenue**

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 Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

#### **Revenue from contracts with customers**

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

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

#### **Specific revenue streams**

The revenue recognition policies for the principal revenue streams of the Company are:

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



## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 1 Summary of Significant Accounting Policies

##### (a) Revenue

###### Specific revenue streams

Grant revenue (including grants related to projects) is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably. If performance obligations are attached to grant which must be fulfilled, the recognition of the grant revenue as revenue will be deferred until the fulfillment of those performance obligations.

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

Donations and bequests are recognised as revenue when received unless they require fulfilment of performance obligations, where they are carried forward as income in advance in the statement of financial position and recognised as revenue upon fulfilment of the performance obligations either at a point in time or over a period of time.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

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

##### (b) Income Tax

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

##### (c) 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.

##### (d) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.



## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 1 Summary of Significant Accounting Policies

##### (d) Leases

###### **Lessee accounting**

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

###### *Exceptions to lease accounting*

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

##### (e) Property, plant and equipment

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

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

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



## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 1 Summary of Significant Accounting Policies

##### (e) Property, plant and equipment

###### Plant and equipment

Plant and equipment are measured using the cost model.

###### Depreciation

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

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

<b>Fixed asset class</b>	<b>Depreciation rate</b>
Plant and Equipment	10% - 33%

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.

##### (f) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets. Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

##### (g) Provisions

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

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

##### (h) Employee benefits

###### Short-term employee benefits

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



## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 1 Summary of Significant Accounting Policies

##### (h) Employee benefits

Other Long-term employee benefits

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

##### (i) 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.

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

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

##### (j) Adoption of new and revised accounting standards

During the current year, the Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. Other than AASB 16, the adoption of these Standards has not had a significant impact on the recognition, measurement and disclosure of transactions.

##### **AASB 16 Leases (Annual reporting periods beginning on or after 1/1/2019)**

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

The Company has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: Leases where the Company is the lessee. The lease liabilities are measured at the present value of the remaining lease payments. An average borrowing rate as at 1 July 2019 of 4% was used to discount the lease payments.



## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 1 Summary of Significant Accounting Policies

##### (j) Adoption of new and revised accounting standards

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

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

The adoption of AASB 16 led to recognition of right-of-use assets and lease liabilities of \$774,364 as at 1 July 2019.

##### **AASB 15: Revenue from Contracts with Customers and AASB 1058: Income of Not-for-Profit Entities (Annual reporting periods beginning on or after 1/1/2019)**

The Company has applied AASB 15: Revenue from Contracts with Customers and AASB 1058: Income of Not-for-Profit Entities using the cumulative method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 1004: Contributions.

The adoption of AASB 15 and AASB 1058 did not have any significant effect on the reported financial position or performance of the Company.



## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 2 Revenue

	2020 \$	2019 \$
Operating revenue		
- Member subscriptions	457,065	437,248
- Interest income	57,549	122,798
- Dividend income	79,348	-
- Government operational funding	1,157,482	1,108,754
- Project revenue	3,934,962	3,979,159
- Other revenue from services	97,536	34,673
<b>Total operating revenue</b>	<b>5,783,942</b>	<b>5,682,632</b>
Bequest revenue		
- Interest income	6,422	8,983

#### 3 Result for the Year

The result for the year includes the following specific expenses:

Employment expenses		
Core operational management	1,455,842	1,501,750
Project employment expenses	1,542,905	1,116,956
<b>Total employment expenses</b>	<b>2,998,747</b>	<b>2,618,706</b>
Depreciation expenses		
Depreciation - right of use assets	221,247	-
Depreciation - plant & equipment	17,967	20,502
<b>Total depreciation</b>	<b>239,214</b>	<b>20,502</b>

#### 4 Cash and Cash Equivalents

Cash at bank and on hand	2,219,107	2,911,436
Deposits at call	3,580,792	6,521,420
	<b>5,799,899</b>	<b>9,432,856</b>



## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 5 Trade and Other Receivables

	2020	2019
	\$	\$
CURRENT		
Trade receivables	37,426	266
Prepayments	30,851	33,452
Accrued income	148,235	14,346
	<u>216,512</u>	<u>48,064</u>

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

#### 6 Financial assets

##### Equity securities designated as at FVOCI

##### NON-CURRENT

Equity investments portfolio	3,049,126	-
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#### 7 Property, plant and equipment

Plant and equipment		
At cost	135,711	341,626
Accumulated depreciation	(55,896)	(302,361)
Total plant and equipment	<u>79,815</u>	<u>39,265</u>

##### Movements in Carrying Amounts

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

	Plant and Equipment	Total
	\$	\$
<b>Year ended 30 June 2020</b>		
Balance at the beginning of year	39,265	39,265
Additions	58,517	58,517
Depreciation expense	(17,967)	(17,967)
<b>Balance at the end of the year</b>	<u>79,815</u>	<u>79,815</u>



## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 8 Other Assets

	2020	2019
	\$	\$
CURRENT		
Restoration costs	80,346	80,346
Less accumulated amortisation	(80,346)	(80,346)
	<u>-</u>	<u>-</u>

#### 9 Leases

##### Right-of-use assets

	Buildings	Total
	\$	\$
<b>Year ended 30 June 2020</b>		
Impact of initial adoption of AASB 16 Leases	774,364	774,364
Depreciation charge	(221,247)	(221,247)
<b>Balance at end of year</b>	<u>553,117</u>	<u>553,117</u>

##### Lease liabilities

	2020	2019
	\$	\$
Lease liabilities - current	217,560	-
Lease liabilities - non current	356,215	-
	<u>573,775</u>	<u>-</u>

#### Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

Interest expense on lease liabilities	(26,605)	-
Depreciation of right-of-use assets	(221,247)	-
Rent expense	-	(230,043)
	<u>(247,852)</u>	<u>(230,043)</u>

#### 10 Trade and Other Payables

Current		
Trade payables	238,517	104,636
GST payable	141,540	156,801
Sundry payables and accrued expenses	150,025	877,444
	<u>530,082</u>	<u>1,138,881</u>



## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 11 Provisions

	2020 \$	2019 \$
NON-CURRENT		
Lease related provisions	82,367	81,391

#### 12 Other Liabilities

CURRENT		
Contract obligations	2,924,930	3,170,526
Subscriptions received in advance	134,098	165,938
	<b>3,059,028</b>	<b>3,336,464</b>

#### 13 Employee Benefits

Current liabilities		
Long service leave	59,756	69,743
Annual leave	215,498	138,162
	<b>275,254</b>	<b>207,905</b>
Non-current liabilities		
Long service leave	31,446	36,192

#### 14 Reserves

##### Bequest Reserve

During the 2006-2007 financial year, 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, none (2019: \$Nil) of the reserve was utilised for research purposes.

#### 15 Leasing Commitments

##### Operating leases

Minimum lease payments under non-cancellable operating leases:

- not later than one year	-	236,856
- between one year and five years	-	633,114
	<b>-</b>	<b>869,970</b>

Operating leases were in place for office accommodation and photocopier. Upon adoption of AASB16 - Leases, the operating leases have been recognised as right of use assets and lease liabilities.



## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2020**

#### **16 Key Management Personnel Remuneration**

The total remuneration paid to key management personnel of the Company was \$ 373,558 (2019: \$ 459,802).

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

#### **17 Contingencies**

Office accommodation is leased from 128 Exhibition Street Pty Ltd and the lease expires on 31 December 2022. If the company does not comply with any of its obligations under these leases, the property owner may call on bank guarantees established in relation to the leases, without notice to the company.

As at 30 June 2020, the bank guarantees aggregate to \$50,000 (2019: \$ 50,000).

#### **18 Events after the end of the Reporting Period**

The financial report was authorised for issue on 30 October 2020 by the Board.

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which has continued to spread throughout Australia. The spread of COVID-19 has caused significant volatility in Australian and International markets. There is significant uncertainty around the breadth and duration of business and social disruptions related to COVID-19, as well as its impact on the Australian and International economies and people affected by poverty and inequality. COVID-19 has not had a material impact to VCROSS's operations.

VCROSS continues to closely monitor the impact of COVID-19. From the date of this reporting, the Directors are unaware of any additional factors suggesting a substantial financial impact.

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

#### **19 Statutory Information**

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

VCROSS

Level 8, 128 Exhibition Street

Melbourne Vic 3000

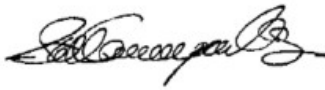


## **Responsible Entities' Declaration**

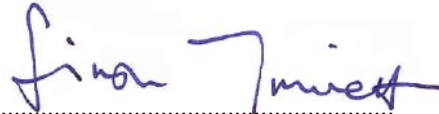
The directors of the entity are the responsible persons and the responsible persons declare that:

1. The financial statements and notes, as set out on pages 12 - 26, are in accordance with the *Australian Charities and Not-for profits Commission Act 2012* and:
  - (a) comply with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
  - (b) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the entity.
2. In the responsible persons' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



President .....  
Stella Avramopoulos



Treasurer .....  
Simon Trivett

Dated 30 October 2020



## Independent Audit Report to the members of Victorian Council of Social Service

### Report on the Audit of the Financial Report

#### Opinion

We have audited the accompanying financial report of Victorian Council of Social Service (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Responsible Persons' Declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013* and the Australian Accounting Standards - Reduced Disclosure Requirements.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the Directors' report for the year ended 30 June 2020.

Our opinion on the financial report comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible entities' declaration. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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



## Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Report

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

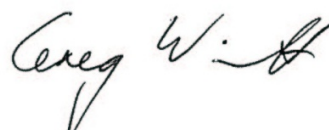
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



ACCRU MELBOURNE (AUDIT) PTY LTD



G D WINNETT  
Director

30 October 2020