FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		$	$
Revenue from operating activities	5	27,892,102	27,766,882
Revenue from non-operating activities	5	418,527	337,149
Wages and salaries	7	(15,165,567)	(15,764,493)
Operating and administration costs	7	(4,758,934)	(4,727,929)
Medical supplies	7	(5,066,850)	(4,827,254)
Rental expense	7	(228,672)	(216,702)
Interest expense	7	(60,421)	(41,042)
Net result before capital items and specific items		**3,030,185**	**2,526,611**
Capital purpose income	5	487,350	-
Depreciation and amortisation expense	7	(2,126,140)	(2,682,564)
Loss on sale of non-current assets	7	(21,288)	(10,201)
		(1,660,078)	(2,692,765)
Net result for the year		**1,370,107**	**(166,154)**
Other comprehensive income, net of income tax			
Items that will be reclassified to profit and loss:		-	-
Items that will not be reclassified to profit and loss when specific conditions are met:		-	-
Total comprehensive income for the year		**1,370,107**	**(166,154)**

This statement should be read in conjunction with the accompanying notes.

The Company has not restated comparatives when initially applying AASB 9 *Financial Instruments*, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement.*

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	2019	2018
		$	$
CURRENT ASSETS			
Cash and cash equivalents	8	11,751,929	4,574,482
Trade and other receivables	9	1,639,189	1,979,457
Inventories	10	672,845	550,034
Other financial assets	11	13,724,476	12,138,739
Other assets	12	354,375	447,844
Total current assets		**28,142,814**	**19,690,556**
NON-CURRENT ASSETS			
Plant, property and equipment	13	2,251,448	2,391,160
Intangible assets	14	751,277	1,945,553
Total non-current assets		**3,002,725**	**4,336,713**
Total assets		**31,145,539**	**24,027,269**
CURRENT LIABILITIES			
Trade and other payables	15	2,775,576	1,570,346
Borrowings	16	170,855	157,379
Employee benefits	17	4,525,073	4,406,255
Other liabilities	18	5,775,336	1,026,236
Total current liabilities		**13,246,840**	**7,160,216**
NON-CURRENT LIABILITIES			
Borrowings	16	475,758	646,615
Employee benefits	17	348,086	515,690
Total non-current liabilities		**823,844**	**1,162,305**
Total liabilities		**14,070,684**	**8,322,521**
Net assets		**17,074,855**	**15,704,748**
EQUITY			
Reserves	19	736,919	1,784,930
Retained earnings	20	16,337,936	13,919,818
Total Equity		**17,074,855**	**15,704,748**

This statement should be read in conjunction with the accompanying notes.

The Company has not restated comparatives when initially applying AASB 9 *Financial Instruments*, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Note	Accumulated surplus $	Designated funds reserve $	Total $
2019				
Balance at 1 July 2018	**19,20**	**13,919,818**	**1,784,930**	**15,704,748**
Net result for the year	20	1,370,107	-	1,370,107
Amortisation of database upgrade (Phases 1 and 2)	19,20	1,048,011	(1,048,011)	-
Balance at 30 June 2019	**19,20**	**16,337,936**	**736,919**	**17,074,855**
2018				
Balance at 1 July 2017	**19,20**	**12,896,280**	**2,974,622**	**15,870,902**
Net result for the year	20	(166,154)	-	(166,154)
Amortisation of database upgrade (Phases 1 and 2)	19,20	1,189,692	(1,189,692)	-
Balance at 30 June 2018	**19,20**	**13,919,818**	**1,784,930**	**15,704,748**

This statement should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts:			
Receipts from trading activities		5,787,618	1,828,718
Interest received		392,285	328,736
Receipts from grants		27,611,500	27,375,519
Payments:			
Payments for wages and salaries		(14,675,652)	(17,042,187)
Payments to suppliers		(9,337,393)	(11,863,269)
Interest Paid		(60,421)	(41,042)
Net cash provided by/(used in) operating activities	**21**	**9,717,937**	**586,475**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		16,068	23,236
Purchase of property, plant and equipment		(813,440)	(816,532)
(Payments for)/redemption of term deposits		(1,585,737)	1,361,556
Net cash provided by/(used in) investing activities		**(2,383,109)**	**568,260**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of interest bearing liabilities		(157,381)	(86,006)
Net cash provided by/(used in) financing activities		**(157,381)**	**(86,006)**
Net increase/(decrease) in cash and cash equivalents held		7,177,447	1,068,729
Cash and cash equivalents at beginning of year		4,574,482	3,505,754
Cash and cash equivalents at end of the financial year	**8a**	**11,751,929**	**4,574,483**

This statement should be read in conjunction with the accompanying notes.

The financial report covers VCS Foundation Limited, a Company registered on 3 December 2015 in Victoria under the *Corporations Act 2001* (previously registered as Victorian Cytology Service Inc., an Association incorporated on 3 September 1991 in Victoria under the *Associations Incorporation Reform Act, 2012 (Vic)).* In accordance with section 601BM of the Corporations Act 2001, this change does not create a new legal entity.

The Company is registered with the Australian Charities and Not-for-profit Commission (ACNC) and is therefore also required to comply with the *Australian Charities and Not-for-profits Commission Act 2012.*

The functional and presentation currency of VCS Foundation Limited is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1 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*.

The Company is a not-for-profit entity and therefore applies the additional paragraphs applicable to "not-for-profit" organisations under the AASs.

The financial statements, except for the cash flow information, have been prepared on an accruals 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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 CHANGE IN ACCOUNTING POLICY

Financial Instruments - Adoption of AASB 9

The Company has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 July 2018.

As part of the adoption of AASB 9, the Company adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year.

The Company performed an impact assessment regarding the application of AASB 9. The assessment identified that the application of this standard had no material impact on the Company.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Company has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 July 2018.

Classification of financial assets

The financial assets of the Company have been reclassified into the following category on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

- measured at amortised cost.

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has resulted in the earlier recognition of credit loss (bad debt provisions).

Classification of financial assets and financial liabilities

The table opposite illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at the date of initial application.

Classification of financial assets and financial liabilities

	Note	Classification under AASB 139	Classification under AASB 9	Carrying amount under AASB 139 $	Re-classification $	Carrying amount under AASB 9 $
FINANCIAL ASSETS						
Trade and other receivables	9	Loans and receivables	Amortised cost	1,979,457	-	1,979,457
Cash and cash equivalents	8	Loans and receivables	Amortised cost	4,574,482	-	4,574,482
Term deposits (i)	11	Held to maturity	Amortised cost	12,138,739	-	12,138,739
Total financial assets				**18,692,678**	**-**	**18,692,678**
FINANCIAL LIABILITIES						
Finance lease liabilities	16	Other financial liabilities	Other financial liabilities	803,994	-	803,994
Trade and other payables	15	Other financial liabilities	Other financial liabilities	1,481,535	-	1,481,535
Total financial liabilities				**2,285,529**	**-**	**2,285,529**

Notes to the table:

(i) Reclassification from Held to Maturity to Amortised Cost

Term deposits that would previously have been classified as held to maturity are now classified at amortised cost. The Company intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of these assets.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) REVENUE AND OTHER INCOME

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

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the Company obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

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

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

Rendering of services

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

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

Interest income

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets, using the effect interest rate method.

Other income

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

(B) LEASES

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

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

(C) BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

(D) INCOME TAX

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

(E) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, deposits held at-call with banks and other short-term highly liquid investments with original maturities of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

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

(F) FINANCIAL INSTRUMENTS

For comparative year

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

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

Financial assets

The Company's financial assets are divided into the following categories which are described in detail below:

- loans and receivables; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of Financial Assets

At the end of the reporting period, the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

For current year

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

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

Financial assets

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

Classification

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

- amortised cost.

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

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Impairment of financial assets

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

- financial assets measured at amortised cost.

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

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

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

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

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

Trade receivables

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

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

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

Other financial assets measured at amortised cost

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

Financial liabilities

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

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

(G) INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(H) PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment. Assets are capitalised when in excess of $1,000.

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.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

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

Fixed asset class	Depreciation rate
Plant and Equipment	5 - 50%
Leased Equipment	20%
Motor Vehicles	25%
Leasehold improvements	10%

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.

(I) INTANGIBLES

Intangible assets represent identifiable non-monetary assets without physical substance such as patents, trademarks, and computer software and development costs (where applicable). Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that future economic benefits will flow to the Company.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Software and licenses

Software and licenses have a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of three years.

(J) IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

(K) TRADE AND OTHER PAYABLES

These amounts consist predominantly of liabilities for goods and services. Payables are initially recognised at fair value and then subsequently carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid, and arise when the Company becomes obliged to make future payments in respect of purchase of these goods and services.

The normal credit terms are usually Net 30 days.

(L) EMPLOYEE BENEFITS

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Superannuation

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

The Company has minimal exposure to liability arising from defined benefit plan liability as highlighted in Note 27. In view of this, the amount is not recognised on the basis that it is immaterial.

(M) GOODS AND SERVICES TAX (GST)

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

Receivables and payables are stated inclusive of GST.

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 are classified as operating cash flows.

(N) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Company has adopted all standards which became effective for the first time at 30 June 2019. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company or refer to Note 2 for details of the changes due to standards adopted.

(O) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 15 Revenue from contracts with customers	1 July 2019	AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element. AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.	The changes in revenue recognition requirements in AASB 15 are not expected to have a material impact on the financial statements.
AASB 16 Leases	1 July 2019	AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.	The Company currently has operating leases which will be brought onto the statement of financial position. The estimated impact of this is an increase in assets of $1,208,533 on recognition of a right-of-use asset, and increase in liabilities on recognition of lease liability of $1,208,533. Interest and amortisation expense will increase and rental expense will decrease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

(O) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT.)

Standard Name	Effective date for entity	Requirements	Impact
AASB 1058 Income of NFP Entities	1 July 2019	AASB 1058 supersedes all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contribution. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. AASB 1058 applies when a NFP entity receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity recognises and measures the asset at fair value in accordance with the applicable Australian Accounting Standard (eg AASB 116 Property, Plant and Equipment). Upon initial recognition of the asset, this Standard requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised in accordance with the applicable Accounting Standard, such as: (a) contributions by owners; (b) revenue, or a contract liability arising from a contract with a customer; (c) a lease liability; (d) a financial instrument; or (e) a provision. If the transaction is a transfer of a financial asset to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity (i.e. an in-substance acquisition of a non-financial asset), the entity recognises a liability for the excess of the fair value of the transfer over any related amounts recognised. The entity recognises income as it satisfies its obligations under the transfer similarly to income recognition in relation to performance obligations under AASB 15. If the transaction does not enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income.	Each revenue stream, including grant agreements are currently being reviewed to determine the impact of AASB 1058. We anticipate that some grant agreements which were previously recognised immediately on receipt may be able to be deferred until the performance obligation is satisfied.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

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

Key estimates - receivables

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

Key judgement - Recognition of ImPS Project funding from the Victorian Government Department of Health and Human Services

During the year, the Company received funding from the Victorian Government Department of Health and Human Services ("DHHS") for the development and implementation of a new state-wide immunisation program software system for Victorian local government authorities ("the ImPS Project"). Work on the ImPS Project has not been scheduled to commence until the subsequent reporting period. As the Company's control of the ImPS system will not be transferred to DHHS, the transfer is deemed to be non-reciprocal.

Whilst the transfer of the funds was non-reciprocal, it is management's view that the Company does not have control of these funds. The requirements under the ImPS funding agreement are stringent enough that the ability to deny or regulate the use of funds remains with the DHHS. These requirements include the following:

- Funds to be held in a separate bank account until specific milestones stipulated in the agreement have been successfully completed; and
- DHHS has *absolute discretion* to seek a part or whole repayment of the funding if the milestones are not satisfactorily met.

On the above basis, the funding received from DHHS with respect to the ImPS Project as at 30 June 2019, has been recognised as a deferred revenue liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

5 REVENUE	Note	VCS 2019 $	VCS 2018 $	VCCR 2019 $	VCCR 2018 $
REVENUE FROM OPERATING ACTIVITIES					
Government grants					
Department of Health & Human Services		**21,959,483**	15,288,633	**2,353,975**	2,734,147
SA Health		**-**	-	**521,171**	985,839
Department of Health		**-**	1,437,372	**-**	-
Indirect contributions by Department of Health & Human Services	6	**-**	21,349	**-**	-
Patient fees		**3,795,422**	2,511,228	**-**	-
Other revenue from operating activities		**303,057**	751,373	**51,898**	10,000
		26,057,962	**20,009,955**	**2,927,044**	**3,729,986**
TRANSFER UNEXPENDED GRANTS					
Operating funding transferred from prior year		**136,082**	309,362	**890,154**	156,259
Operating funding transferred to following year		**(5,652,278)**	(136,082)	**-**	(890,154)
Total revenue from operating activities		20,541,766	20,183,235	3,817,198	2,996,091
REVENUE FROM NON-OPERATING ACTIVITIES					
Bank interest		**398,348**	318,055	**2,161**	8,739
Profit on sale of non-current assets		**16,068**	8,413	**-**	-
Total revenue from non-operating activities		414,416	326,468	2,161	8,739
REVENUE FROM CAPITAL PURPOSE INCOME					
Department of Health & Human Services		**487,350**	-	**-**	-
Total revenue from capital purpose income		**487,350**	**-**	**-**	**-**
Total Revenue		21,443,532	20,509,703	3,819,359	3,004,830

	Note	NHVPR		Total	
		2019	2018	2019	2018
		$	$	$	$
REVENUE FROM OPERATING ACTIVITIES					
Government grants					
Department of Health & Human Services		492,809	-	24,806,267	18,022,780
SA Health		-	-	521,171	985,839
Department of Health		2,784,974	4,504,802	2,784,974	5,942,174
Indirect contributions by Department of Health & Human Services	6	-	-	-	21,349
Patient fees		-	-	3,795,422	2,511,228
Other revenue from operating activities		255,355	82,753	610,310	844,126
		3,533,138	4,587,555	32,518,144	28,327,496
TRANSFER UNEXPENDED GRANTS					
Operating funding transferred from prior year		-	-	1,026,236	465,621
Operating funding transferred to following year		-	-	(5,652,278)	(1,026,236)
		3,533,138	4,587,555	27,892,102	27,766,881
REVENUE FROM NON-OPERATING ACTIVITIES					
Bank interest		1,950	1,942	402,459	328,736
Profit on sale of non-current assets		-	-	16,068	8,413
		1,950	1,942	418,527	337,149
REVENUE FROM CAPITAL PURPOSE INCOME					
Department of Health & Human Services		-	-	487,350	-
Total revenue from capital purpose income		-	-	487,350	-
Total Revenue		3,535,088	4,589,497	28,797,979	28,104,030

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

6 INDIRECT CONTRIBUTIONS BY DEPARTMENT OF HEALTH & HUMAN SERVICES

The Department of Health and Human Services makes certain payments on behalf of the Company.

These amounts have been brought to account in determining the operating results for the year by recording them as revenue and expenses.

7 EXPENSES

	VCS		VCCR		NHVPR		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	$	$	$	$	$	$	$	$
Wages and salaries	**12,037,177**	12,781,743	**2,010,522**	1,628,347	**1,117,868**	1,354,403	**15,165,567**	15,764,493
Operating and administration costs	**2,496,141**	2,758,068	**1,132,423**	775,404	**1,130,370**	1,194,457	**4,758,934**	4,727,929
Medical supplies	**5,066,850**	4,827,254	**-**	-	**-**	-	**5,066,850**	4,827,254
Rental expense	**104,638**	-	**74,327**	108,351	**49,707**	108,351	**228,672**	216,702
Interest expense	**60,421**	41,042	**-**	-	**-**	-	**60,421**	41,042
Depreciation and amortisation expense	**774,991**	1,042,847	**1,150,260**	1,315,548	**200,889**	324,169	**2,126,140**	2,682,564
Loss on sale of non-current assets	**-**	10,201	**748**	-	**20,540**	-	**21,288**	10,201
Total expenses	**20,540,218**	**21,461,155**	**4,368,280**	**3,827,650**	**2,519,374**	**2,981,380**	**27,427,872**	**28,270,185**

8 CASH AND CASH EQUIVALENTS

	Note	2019 $	2018 $
Cash at bank and on hand		4,556,116	131,717
Deposits at call		7,195,813	4,442,765
Total cash and cash equivalents	**8a**	**11,751,929**	**4,574,482**

The effective interest on short-term bank deposits was 0.25% (2018: 0.50%).

(A) RECONCILIATION OF CASH

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:		2019 $	2018 $
Cash and cash equivalents	8	11,751,929	4,574,482
Balance as per statement of cash flows		**11,751,929**	**4,574,482**

9 TRADE AND OTHER RECEIVABLES

CURRENT		2019 $	2018 $
Trade debtors and accrued revenue		1,621,422	1,982,329
Provision for impairment of receivables	9b	(30,016)	(40,481)
		1,591,406	**1,941,848**
Interest receivable		47,783	37,609
Total current trade and other receivables		**1,639,189**	**1,979,457**

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

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

(B) IMPAIRMENT OF RECEIVABLES

The Company applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2019 is determined as follows, the expected credit losses incorporate forward looking information.

30 June 2019	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
Expected loss rate (%)	0.36	3.80	43.09	62.89	**1.85**
Gross carrying amount ($)	1,554,651	26,852	8,503	31,416	**1,621,422**
ECL provision	5,572	1,021	3,664	19,759	**30,016**

(C) RECONCILIATION OF CHANGES IN THE PROVISION FOR IMPAIRMENT OF RECEIVABLES IS AS FOLLOWS:	2019 $	2018 $
Balance at beginning of the year (calculated in accordance with AASB 139)	40,481	9,803
Additional impairment loss recognised	-	57,000
Amounts written off as uncollectible:		
- Movement through provision	(10,465)	(26,322)
Balance at the end of the year	**30,016**	**40,481**

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or when the trade receivables are over 150 days past due, whichever occurs first.

10 INVENTORIES

CURRENT	2019 $	2018 $
At cost:		
Medical and surgical supplies	672,845	550,034
Total current inventories	**672,845**	**550,034**

11 OTHER FINANCIAL ASSETS

Financial assets at amortised cost

CURRENT	2019 $	2018 $
Term deposits	**13,724,476**	**12,138,739**
Total current other financial assets	**13,724,476**	**12,138,739**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

12 OTHER ASSETS

CURRENT	2019 $	2018 $
Prepayments	**262,470**	**447,844**
Security deposit	91,905	-
Total current other assets	**354,375**	**447,844**

13 PROPERTY, PLANT AND EQUIPMENT

	2019 $	2018 $
Leased equipment		
At cost	890,000	890,000
Accumulated depreciation	(281,833)	(103,833)
Total leased equipment	**608,167**	**786,167**
Plant and equipment		
At cost	4,917,181	5,861,864
Accumulated amortisation	(3,981,153)	(5,095,959)
Total plant and equipment	**936,028**	**765,905**
Motor Vehicles		
At cost	393,681	387,186
Accumulated depreciation	(365,420)	(350,769)
Total motor vehicles	**28,261**	**36,417**
Leasehold Improvements		
At cost	1,331,111	1,525,388
Accumulated amortisation	(652,119)	(722,717)
Total leasehold improvements	**678,992**	**802,671**
Total property, plant and equipment	**2,251,448**	**2,391,160**

MOVEMENT 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:

Year ended 30 June 2019	Leased Equipment $	Plant and Equipment $	Motor Vehicles $	Leased Improvements $	Total $
Balance at the beginning of the year	786,167	765,905	36,417	802,671	2,391,160
Additions	-	685,362	24,491	12,819	722,672
Disposals	-	(1,363)	-	-	(1,363)
Depreciation expense	(178,000)	(513,876)	(32,647)	(136,498)	(861,021)
Balance at the end of the year	**608,167**	**936,028**	**28,261**	**678,992**	**2,251,448**

14 INTANGIBLE ASSETS

	2019 $	2018 $
Licenses		
Cost	1,200	1,200
Accumulated amortisation and impairment	(1,200)	(700)
Net carrying value	**-**	**500**
Computer Software		
Cost	6,601,858	10,161,448
Accumulated amortisation and impairment	(5,850,581)	(8,216,395)
Net carrying value	**751,277**	**1,945,053**
Total Intangibles	**751,277**	**1,945,553**

MOVEMENT IN CARRYING AMOUNTS OF INTANGIBLE ASSETS

Year ended 30 June 2019	Licenses $	Computer Software $	Total $
Balance at the beginning of the year	500	1,945,053	1,945,553
Additions	-	90,770	90,770
Disposals	-	(19,927)	(19,927)
Amortisation	(500)	(1,264,619)	(1,265,119)
Closing value at 30 June 2019	**-**	**751,277**	**751,277**

15 TRADE AND OTHER PAYABLES

CURRENT	2019 $	2018 $
Trade payables	1,406,830	851,636
GST payable	724,279	88,811
Other payables	644,467	629,899
Total current trade and other payables	**2,775,576**	**1,570,346**

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

(A) TRADE AND OTHER PAYABLES CLASSIFIED AS FINANCIAL LIABILITIES AT AMORTISED COST:

	2019	2018
Total current trade and other payables	2,775,576	1,570,346
Less: GST payable	(724,279)	(88,811)
Total trade and other payables classified as financial liabilities at amortised cost	**2,051,297**	**1,481,535**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

16 BORROWINGS

CURRENT	Note	2019 $	2018 $
Secured liabilities:			
Finance lease liability	23(b)	170,855	157,379
Total current borrowings		**170,855**	**157,379**
NON-CURRENT			
Secured liabilities:			
Finance lease liability	23(b)	475,758	646,615
Total non-current borrowings		**475,758**	**646,615**

17 EMPLOYEE BENEFITS

CURRENT	2019 $	2018 $
Long service leave	2,951,774	2,701,881
Annual leave	1,573,299	1,704,374
Total current employee benefits	**4,525,073**	**4,406,255**
NON-CURRENT		
Long service leave	348,086	515,690
Total non-current employee benefits	**348,086**	**515,690**

ANNUAL LEAVE ENTITLEMENTS

Based on past experience, the Company expects the full amount of the annual leave balance to be wholly settled within the next 12 months. Further, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer settlement of these amounts in the event that employees wish to use their leave entitlements.

18 OTHER LIABILITIES

CURRENT	2019 $	2018 $
Deferred revenue - Government grants	5,652,278	1,026,236
Amounts received in advance	43,180	-
Deferred rent	79,878	-
Total current other liabilities	**5,775,336**	**1,026,236**

19 RESERVES

	2019 $	2018 $
Designated funds reserve		
Opening balance	1,784,930	2,974,622
Amortisation of database upgrade	(1,048,011)	(1,189,692)
Closing balance	**736,919**	**1,784,930**
Total reserves	**736,919**	**1,784,930**

(A) DESIGNATED FUNDS RESERVE

The capital funds represent the capital funding received to cover the cost of the upgrade of the VCS/VCCR data base. The amortisation of the upgrade will be allocated against the capital funds over the expected life of the upgrade.

20 ACCUMULATED SURPLUS

	2019 $	2018 $
Accumulated surplus at the beginning of the financial year	13,919,818	12,896,280
Net result for the year	1,370,107	(166,154)
Transfer from designated funds reserve	1,048,011	1,189,692
Accumulated surplus at end of the financial year	**16,337,936**	**13,919,818**

The accumulated surplus represents the funds of the Company that are not designated for particular purposes.

21 CASH FLOW INFORMATION

Reconciliation of result for the year to cashflows from operating activities	2019 $	2018 $
Net result for the year	1,370,107	(166,154)
Non-cash flows in profit:		
- depreciation and amortisation expense	2,126,140	2,682,564
- net loss on disposal of property, plant and equipment	5,220	1,788
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	340,268	(1,471,743)
- (increase)/decrease in other assets	93,469	(54,894)
- (increase)/decrease in inventories	(122,811)	(298,912)
- increase/(decrease) in other liabilities	4,749,100	546,322
- increase/(decrease) in trade and other payables	1,205,230	(34,071)
- increase/(decrease) in employee benefits	(48,786)	(618,425)
Cashflows from operations	**9,717,937**	**586,475**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

22 FINANCIAL RISK MANAGEMENT

The Company's principal financial instruments comprise of deposits with banks, receivables and payables.

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

	Note	2019 $	2018 $
Financial assets			
Loans and receivables:			
- Cash and cash equivalents	8	-	4,574,482
- Trade and other receivables	9	-	1,979,457
Held-to-maturity financial assets:			
- Term deposits	11	-	12,138,739
Held at amortised cost:			
- Cash and cash equivalents	8	11,751,929	-
- Trade and other receivables	9	1,639,189	-
- Term deposits	11	13,724,476	-
Total financial assets		**27,115,594**	**18,692,678**
Financial liabilities			
Held at amortised cost:			
- Trade and other payables	15(a)	2,051,297	1,481,535
- Borrowings	16	646,613	803,994
Total financial liabilities		**2,697,910**	**2,285,529**

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 Financial Instruments: Recognition and Measurement.

None of the Company's financial instruments are recorded at fair value.

23 LEASING COMMITMENTS

(A) OPERATING LEASES	Note	2019 $	2018 $
Minimum lease payments under non-cancellable operating leases:			
- not later than one year		239,633	148,269
- between one year and five years		639,022	-
Total minimum lease payments		**878,655**	**148,269**

The Company has leased office premises under a non-cancellable operating lease expiring within 5 years with renewal rights. On renewal, the terms of the lease will be renegotiated.

(B) FINANCE LEASES	Note	2019 $	2018 $
Minimum lease payments:			
- not later than one year		217,800	217,800
- less future finance charge		(46,945)	(60,421)
Total current finance lease liability	**16**	**170,855**	**157,379**
Minimum lease payments:			
- between one year and five years		526,350	744,150
- less future finance charge		(50,592)	(97,535)
Total non-current finance lease liability	**16**	**475,758**	**646,615**
Total finance lease commitments		**646,613**	**803,994**

On 29 June 2017, a lease agreement was entered into to lease 1 x Cobas 6800 system and 2 x Cobas p 480 v2 instruments for a term of 60 months with a commencement date of 1 December 2017.

24 KEY MANAGEMENT PERSONNEL

The names of persons who were Board members at any time during the year are set out in the Annual Report.

There were no transactions that require disclosure for the years ended 30 June 2019 and 30 June 2018.

The Board did not receive any remuneration during the financial years ended 30 June 2019 and 30 June 2018.

KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel remuneration included within employee expenses for the year is shown below:

	2019 $	2018 $
Short-term employee benefits	1,925,975	2,136,658
Post-employment benefits	197,371	215,371
Total key management personnel remuneration	**2,123,346**	**2,352,029**

During the 2018/19 year, 2 executives resigned and 1 was appointed. As at 30 June 2019, 6.8 FTEs were employed as executives (2018: 7.6). There were no transactions between the Company and the executives during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

25 AUDITOR'S RENUMERATION

	2019 $	2018 $
Remuneration of the auditor (HLB Mann Judd), for:		
- auditing or reviewing the financial statements	17,000	16,525
- assistance with preparation of financial report	2,500	-
Total auditor's remuneration	**19,500**	**16,525**

26 MEMBERS' GUARANTEE

The Company is incorporated under the Australian Charities and Not-for-profits Commission Act 2012 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 $10 each towards meeting any outstanding obligations of the Company. At 30 June 2019 the number of members was 8 (2018: 7).

27 DEFINED BENEFITS SCHEME

The Company contributes to a Defined Benefits Scheme ("the Scheme") maintained by First State Super Fund ("the Fund") and has an ongoing obligation to share in the future experience of the Fund including favourable or unfavourable variations that may arise should the experience of the Fund differ from the assumptions made by the Fund's actuary in estimating the Fund's accrued benefits liability.

The trustee of the Scheme has determined that the notional excess of net assets attributable to the staff who are members of the Scheme for the year ended 30 June 2019 totalled $270,087 (2018: $186,265). The Fund's actuary has advised that the contributions will remain unchanged for the current year.

28 CONTINGENCIES

	2019 $	2018 $
Contingent Liabilities		
Bank guarantee secured against term deposit	-	76,691

The amount disclosed represented a Bank Guarantee for the property leased at Wellington Parade, East Melbourne, payable on default of rent.

29 EVENTS AFTER THE END OF THE REPORTING PERIOD

The financial report was authorised for issue on Friday 1st November 2019.

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

30 STATUTORY INFORMATION

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

VCS Foundation Limited
265 Faraday Street
Carlton South VIC 3053

265 Faraday Street Carlton South VIC 3053
Phone: +61 3 9250 0300 Fax: +61 3 9349 1977
www.vcs.org.au
VCS Foundation Limited ABN 35430554780

DIRECTORS' DECLARATION

In the opinion of the Board of Directors, the Financial Statements as set out on pages 73 to 89 are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

1) Giving a true and fair view of the financial position of VCS Foundation Limited as at 30 June 2019 and its performance for the year ended on that date in accordance with Australian Accounting Standards - Reduced Disclosure Requirements.

2) At the date of this statement, there are reasonable grounds to believe that VCS Foundation Limited will be able to pay its debts as and when they fall due.

In addition:

We certify that VCS Foundation Limited has complied with the terms and conditions of their service agreement with the Department(s).

We certify that VCS Foundation Limited has used funding received from the Department(s) for the year ended 30 June 2019 on the services specified in the service agreement.

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

Ms Stephanie Reeves
Chairperson

1 November 2019

Tim Humphries
Director

1 November 2019

HLB MANN JUDD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VCS FOUNDATION LIMITED

Opinion

We have audited the financial report of VCS Foundation Limited ("the Entity") which comprises the statement of financial position as at 30 June 2019, 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 declaration by the Directors.

In our opinion, the accompanying financial report of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* including:

(a) giving a true and fair view of the Entity's financial position as at 30 June 2019 and of its financial performance and cash flows for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the Directors, would be in the same terms if given as at the time of this auditor's report.

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

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

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of Management and the Directors for the Financial Report

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

In preparing the financial report, management is responsible for assessing the Entity'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 intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

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

hlb.com.au

HLB Mann Judd (VIC Partnership) ABN 20 696 861 713
[illegible]
[illegible]
Liability limited by a scheme approved under [illegible]

[illegible]

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 this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's 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 Entity'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 Entity 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 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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Nick Walker
Partner

Melbourne
1 November 2019

HLB MANN JUDD

AUDITOR'S INDEPENDENCE DECLARATION

We declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the review of the financial report of VCS Foundation Limited for the year ended 30 June 2019.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Nick Walker
Partner

Melbourne
1 November 2019

hlb.com.au

HLB Mann Judd (VIC Partnership) ABN 20 696 861 713
[illegible]