ENVIRONMENT

VCS Foundation's objective is to operate its activities in an ecologically sustainable manner. Whilst we have not formally assessed the elements of our small environmental footprint, a number of sustainability initiatives are currently practised including:

- Energy efficient fleet vehicles for courier pickup and delivery services
- Recycling facilities for cardboard/ paper, ink/toner cartridges, comingled recycling of cans/plastics from food wastes, coffee pods etc.
- Free bike storage facilities for all staff
- Shared waste chemical management facilities
- Paperless Board meetings
- Establishment of purchasing policy and procedures that include environmental sustainability in purchasing decisions, and
- Recycling and/or donation of used equipment (including medical and ICT equipment to support similar screening programs being established in developing countries in Oceania.

AUDITOR'S INDEPENDENCE DECLARATION

The external auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 95 of the financial report.

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

Director
Timothy Humphries

Dated
20/11/2020

FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
Revenue from operating activities	5	26,109,406	27,892,102
Revenue from non-operating activities	5	496,307	418,527
Wages and salaries	6	(14,926,579)	(15,165,567)
Operating and administration costs	6	(4,569,273)	(4,758,934)
Laboratory Consumables	6	(4,041,829)	(5,066,850)
Rental expense	6	-	(228,672)
Interest expense	6	(81,247)	(60,421)
Net result before capital items and specific items		**2,986,785**	**3,030,185**
Capital purpose income	5	-	487,350
Depreciation and amortisation expense	6	(1,469,270)	(2,126,140)
Loss on sale of non-current assets	6	(5,672)	(21,288)
		(1,474,942)	(1,660,078)
Surplus for the year		**1,511,843**	**1,370,107**
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified to profit or loss when specific conditions are met		-	-
Total comprehensive income for the year		**1,511,843**	**1,370,107**

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	9,870,175	11,751,929
Trade and other receivables	8	2,097,385	1,639,189
Inventories	9	683,608	672,845
Other financial assets	10	12,011,649	13,724,476
Other assets	11	413,932	262,470
Total current assets		**25,076,749**	**28,050,909**
NON-CURRENT ASSETS			
Right-of-use assets	12(a)	1,245,367	-
Property, plant and equipment	13	1,324,983	2,251,448
Intangible assets	14	1,061,406	751,277
Other assets	11	91,905	91,905
Total non-current assets		**3,723,661**	**3,094,630**
Total assets		**28,800,410**	**31,145,539**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	1,429,316	2,775,576
Borrowings	16	-	170,855
Lease liabilities	12(b)	428,202	-
Contract liabilities	17	2,917,362	-
Employee benefits	18	3,901,694	4,525,073
Other liabilities	19	42,300	5,775,336
Total current liabilities		**8,718,874**	**13,246,840**
NON-CURRENT LIABILITIES			
Borrowings	16	-	475,758
Lease liabilities	12(b)	986,138	-
Employee benefits	18	428,822	348,086
Total non-current liabilities		**1,414,960**	**823,844**
Total liabilities		**10,133,834**	**14,070,684**
Net assets		**18,666,576**	**17,074,855**
EQUITY			
Reserves	20	336,060	736,919
Accumulated surplus	21	18,330,516	16,337,936
Total Equity		**18,666,576**	**17,074,855**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Accumulated surplus $	Designated funds reserve $	Total $
2020				
Balance at 1 July 2019	**21,20**	**16,337,936**	**736,919**	**17,074,855**
Adjustment on initial application of AASB 16	2,21	79,878	-	79,878
Adjusted balance at 1 July 2019		**16,417,814**	**736,919**	**17,154,733**
Surplus for the year	21	1,511,843	-	1,511,843
Amortisation of database upgrade (Phases 1 and 2)	21,20	400,859	(400,859)	-
Balance at 30 June 2020	**21,20**	**18,330,516**	**336,060**	**18,666,576**
2019				
Balance at 1 July 2018	**21,20**	**13,919,818**	**1,784,930**	**15,704,748**
Surplus for the year	21	1,370,107	-	1,370,107
Amortisation of database upgrade (Phases 1 and 2)	21,20	1,048,011	(1,048,011)	-
Balance at 30 June 2019	**21,20**	**16,337,936**	**736,919**	**17,074,855**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts:			
- Receipts from trading activities		5,680,489	5,787,618
- Interest received		374,586	392,285
- Receipts from grants		17,218,872	27,611,500
Payments:			
- Payments for wages and salaries		(15,897,704)	(14,675,652)
- Payments to suppliers		(9,691,104)	(9,337,393)
- Interest Paid		(81,247)	(60,421)
Net cash provided by/(used in) operating activities	**23**	**(2,396,108)**	**9,717,937**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		137,774	16,068
Purchase of property, plant and equipment		(983,074)	(813,440)
(Payments for)/redemption of term deposits		1,712,826	(1,585,737
Net cash provided by/(used in) investing activities		**867,526**	**(2,383,109)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(353,172)	(157,381)
Net cash provided by/(used in) financing activities		**(353,172)**	**(157,381)**
Net increase/(decrease) in cash and cash equivalents held		(1,881,754)	7,177,447
Cash and cash equivalents at beginning of year		11,751,929	4,574,482
Cash and cash equivalents at end of the financial year	**7(a)**	**9,870,175**	**11,751,929**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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 (ABNC) 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.

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 ("AAS").

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, 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

Revenue from Contracts with Customers - Adoption of AASB 15

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

The Company performed an impact assessment regarding the application of AASB 15 and AASB 1058. The assessment identified that the application of this standard had no significant impact on the timing of revenue recognition for the Company.

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

The key changes to the Company's accounting policies and the impact on these financial statements from applying AASB 15 and AASB 1058 are described below.

AASB 15 Revenue from Contracts with Customers

The Company has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 1058 Income of Not for Profit Entities

The Company has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 Contributions in respect to income recognition requirements for not for profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of a grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the 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 immediately. Where the fair value of volunteer services received can be measured, a private sector not for profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

AASB 15 and AASB 1058 supersede AASB 111 Construction Contracts, AASB 118 Revenue, AASB 1004 Contributions and related interpretations, and apply to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. There were no adjustments on adoption of AASB 15 and AASB 1058 taken to accumulated surplus at 1 July 2019.

Leases - Adoption of AASB 16

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

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

The Company as a lessee

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

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

Practical expedients used on transition

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

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

Financial statement impact of adoption of AASB 16

The Company has recognised right of use assets of $1,729,067.00 and lease liabilities of $1,729,067.00 at 1 July 2019, for leases previously classified as operating and finance leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 3.25%.

	$
Operating lease commitments at 30 June 2019 financial statements	878,655
Add:	
Finance lease liabilities	646,613
Extension options reasonably certain to be exercised not included in the commitments note	-
Recognition of provision for makegood	250,000
Less:	
Short term leases included in commitments note	-
Leases for low value assets included in commitments note	-
Discount using incremental borrowing rate	46,201
Lease liabilities recognised at 1 July 2019	**1,729,067**

At 30 June 2019, the Company had recognised a liability in accordance with AASB 117 which represented the difference between the cumulative operating lease payments paid against the cumulative operating lease expense measured on a straight line basis. On the initial application of AASB 16 this liability, which amounted to $79,878, was reversed against the accumulated surplus for the same amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) REVENUE AND OTHER INCOME

For the comparative year

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the 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.

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.

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.

Revenue from contracts with customers
For the current year

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:

Rendering of services

Revenue from provision of services is recognised in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognised based on the actual services provided to the end of the reporting period as a proportion of the total services to be provided as the customer receives and uses the benefit simultaneously.

Statement of financial position balances relating to revenue recognition

Contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the Company presents the contract as a contract asset, unless the Company's rights to that amount of consideration are unconditional, in which case the Company recognises a receivable. When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Company presents the contract as a contract liability.

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight line basis.

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.

(B) LEASES

For the comparative year

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 entities in 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.

For the current year

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.

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.

(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.*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

(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

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.

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 is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the 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	5 - 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.

(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 are 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 2020

(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 28. 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 1 July 2019. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company. Refer to Note 2 for details of the changes due to standards adopted.

(O) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Directors have decided against early adoption of these Standards, but do not expect the adoption of these standards to have any impact on the reported position or performance of the Company.

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 judgements – Impacts of COVID 19

Judgement has been exercised in considering the impacts that the Coronavirus (COVID 19) pandemic has had, or may have, on the Company based on known information. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date as a result of the COVID 19 pandemic.

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

During the year ended 30 June 2019, 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"). 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 of $5,445,909. Work on the ImPS Project has commenced during the year ended 30 June 2020 and income recognised as milestones of the Project were achieved with the remaining balance at 30 June 2020 recognised as a contract liability of $2,571,609 in line with the Company's adoption of AASB 15 and AASB 1058 during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

5 REVENUE AND OTHER INCOME

	VCS 2020 $	VCS 2019 $	VCCR 2020 $	VCCR 2019 $
REVENUE FROM OPERATING ACTIVITIES				
Government grants:				
- Department of Health & Human Services	16,067,994	21,959,483	-	2,353,975
- SA Health	-	-	-	521,171
-Department of Health	-	-	-	-
Other government subsidies and support	1,143,500	-	-	-
Patient fees	4,445,981	3,795,422	-	-
Project income	1,510,935	106,157	-	-
Other revenue from operating activities	206,080	196,900	-	51,898
	23,374,490	**26,057,962**	-	**2,927,044**
TRANSFER UNEXPENDED GRANTS				
Operating funding transferred from prior year	5,652,278	136,082	-	890,154
Operating funding transferred to following year	(2,917,362)	(5,652,278)	-	-
Total revenue from operating activities	**26,109,406**	**20,541,766**	-	**3,817,198**
REVENUE FROM NON-OPERATING ACTIVITIES				
Bank interest	349,407	398,348	-	2,161
Profit on sale of non-current assets	137,773	16,068	-	-
Foreign currency translation gains	9,127	-	-	-
Total revenue from non operating activities	**496,307**	**414,416**	-	2,161
REVENUE FROM CAPITAL PURPOSE INCOME				
Department of Health & Human Services	-	487,350	-	-
Total revenue from capital purpose income	-	487,350	-	-
Total Revenue	26,605,713	21,443,532	-	3,819,359

	NHVPR 2020 $	NHVPR 2019 $	Total 2020 $	Total 2019 $
REVENUE FROM OPERATING ACTIVITIES				
Government grants				
- Department of Health & Human Services	-	492,809	16,067,994	24,806,267
- SA Health	-	-	-	521,171
-Department of Health	-	2,784,974	-	2,784,974
Other government subsidies and support	-	-	1,143,500	-
Patient fees	-	-	4,445,981	3,795,422
Project income	-	-	1,510,935	106,157
Other revenue from operating activities	-	255,355	206,080	504,153
	-	**3,533,138**	**23,374,490**	**32,518,144**
TRANSFER UNEXPENDED GRANTS				
Operating funding transferred from prior year	-	-	5,652,278	1,026,236
Operating funding transferred to following year	-	-	(2,917,362)	(5,652,278)
Total revenue from operating activities	-	**3,533,138**	**26,109,406**	**27,892,102**
REVENUE FROM NON-OPERATING ACTIVITIES				
Bank interest	-	1,950	349,407	402,459
Profit on sale of non-current assets	-	-	137,773	16,068
Foreign currency translation gains	-	-	9,127	-
	-	**1,950**	**496,307**	**418,527**
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	26,605,713	28,797,979

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

6 EXPENSES

	VCS		VCCR		NHVPR		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	$	$	$	$	$	$	$	$
Wages and salaries	14,926,579	112,037,177	-	2,010,522	-	1,117,868	14,926,579	15,165,567
Operating and administration costs	4,569,273	2,496,141	-	1,132,423	-	1,130,370	4,569,273	4,758,934
Laboratory Consumables	4,041,829	5,066,850	-	-	-	-	4,041,829	5,066,850
Rental expense	-	104,638	-	74,327	-	49,707	-	228,672
Interest expense	81,247	60,421	-	-	-	-	81,247	60,421
Depreciation and amortisation expense	1,469,270	774,991	-	1,150,260	-	200,889	1,469,270	2,126,140
Loss on sale of non-current assets	5,672	-	-	748	-	20,540	5,672	21,288
Total expenses	**25,093,870**	**20,540,218**	**-**	**4,368,280**	**-**	**2,519,374**	**25,093,870**	**27,427,872**

7 CASH AND CASH EQUIVALENTS

	Note	2020 $	2019 $
Cash at bank and on hand		139,431	4,556,116
Deposits at call		9,730,744	7,195,813
Total cash and cash equivalents	7(a)	**9,870,175**	**11,751,929**

The effective interest on short term bank deposits was 0.15% (2019: 0.25%).

(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:		2020 $	2019 $
Cash and cash equivalents	7	9,870,175	11,751,929
Balance as per statement of cash flows		**9,870,175**	**11,751,929**

8 TRADE AND OTHER RECEIVABLES

CURRENT		2020 $	2019 $
Trade debtors and accrued revenue		2,091,325	1,621,422
Provision for impairment of receivables	8(b)	(16,543)	(30,016)
		2,074,782	**1,591,406**
Interest receivable		22,603	47,783
Total current trade and other receivables		**2,097,385**	**1,639,189**

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.

(A) 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 2020 is determined as follows, the expected credit losses incorporate forward looking information.

30 June 2020	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
Expected loss rate (%)	0.79	N/A	N/A	N/A	**0.79**
Gross carrying amount ($)	2,091,325	-	-	-	**2,091,325**
ECL provision	16,543	-	-	-	**16,543**

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**

(B) RECONCILIATION OF CHANGES IN THE PROVISION FOR IMPAIRMENT OF RECEIVABLES IS AS FOLLOWS:	2020 $	2019 $
Balance at beginning of the year	30,016	40,481
Amounts written off as uncollectible:		
- Movement through provision	(13,473)	(10,465)
Balance at the end of the year	**16,543**	**30,016**

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.

9 INVENTORIES

CURRENT	2020 $	2019 $
At cost:		
Laboratory Consumables	683,608	672,845
Total current inventories	**683,608**	**672,845**

10 OTHER FINANCIAL ASSETS

Financial assets at amortised cost

CURRENT	2020 $	2019 $
Term deposits	12,011,649	13,724,476
Total current other financial assets	**12,011,649**	**13,724,476**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

11 OTHER ASSETS

	2020 $	2019 $
CURRENT		
Prepayments	413,932	262,470
NON-CURRENT		
Security deposit	91,905	91,905

12 LEASES

The Company has applied AASB 16 using the modified retrospective method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

THE COMPANY AS A LESSEE

The Company has leases over a range of assets including land and buildings, and plant and equipment.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

The Company has entered into the following lease arrangements:

- a premises located in East Melbourne for the term 1 March 2019 to 28 February 2023; and
- plant and equipment, 1 x Cobas 6800 system and 2 x Cobas p 480 v2 instruments, from 1 December 2017 to 30 November 2022.

Neither of the above lease agreements contain options to extend the term of options to purchase the assets on expiry.

(A) RIGHT-OF-USE ASSETS

Year ended 30 June 2020	Buildings $	Plant and Equipment $	Total $
Initial recognition on adoption of AASB 16 on 1 July 2019	1,120,900	-	1,120,900
Reclassification of finance leases on initial application of AASB 16 on 1 July 2019	-	608,167	608,167
Depreciation expense	(305,700)	(178,000)	(483,700)
Balance at end of year	**815,200**	**430,167**	**1,245,367**

(B) LEASE LIABILITIES

Maturity analysis - Contractual undiscounted cash flows:	2020 $
- Less than one year	487,432
- One to five years	1,030,831
Total undiscounted lease liabilities as at 30 June	**1,518,263**

Lease liabilities included in the balance sheet at 30 June:	
- Current	428,202
- Non current	986,138
Total lease liabilities	**1,414,340**

(C) 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:

	2020 $
Interest expense on lease liabilities	81,247
Depreciation of right-of-use assets	483,700
Total	**564,947**

(D) STATEMENT OF CASH FLOWS

Repayment of leases	353,172
Payment of interest on leases	81,247
Total cash outflow for leases	**434,419**

13 PROPERTY, PLANT AND EQUIPMENT

	2020 $	2019 $
LEASED EQUIPMENT		
At cost	-	890,000
Accumulated depreciation	-	(281,833)
Total leased equipment	**-**	**608,167**
PLANT AND EQUIPMENT		
At cost	4,512,605	4,917,181
Accumulated depreciation	(3,851,679)	(3,981,153)
Total plant and equipment	**660,926**	**936,028**
MOTOR VEHICLES		
At cost	318,282	393,681
Accumulated depreciation	(268,622)	(365,420)
Total motor vehicles	**49,660**	**28,261**
LEASEHOLD IMPROVEMENTS		
At cost	1,331,111	1,331,111
Accumulated amortisation	(716,714)	(652,119)
Total leasehold improvements	**614,397**	**678,992**
Total property, plant and equipment	**1,324,983**	2,251,448

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 2020	Leased Equipment $	Plant and Equipment $	Motor Vehicles $	Leased Improvements $	Total $
Balance at the beginning of the year	608,167	936,028	28,261	678,992	2,251,448
Additions	-	74,175	36,580	-	110,755
Disposals	-	(5,673)	-	-	(5,673)
Depreciation expense	-	(343,604)	(15,181)	(64,595)	(423,380)
Reclassification to right of use assets on initial application of AASB 16 on 1 July 2019	(608,167)	-	-	-	(608,167)
Balance at the end of the year	-	660,926	49,660	614,397	1,324,983

14 INTANGIBLE ASSETS

	2020 $	2019 $
LICENCES		
Cost	1,200	1,200
Accumulated amortisation and impairment	(1,200)	(1,200)
COMPUTER SOFTWARE		
Cost	7,424,742	6,601,858
Accumulated amortisation and impairment	(6,363,336)	(5,850,581)
Net carrying value	**1,061,406**	**751,277**
Total Intangibles	**1,061,406**	**751,277**

MOVEMENT IN CARRYING AMOUNTS OF INTANGIBLE ASSETS

Year ended 30 June 2020	Licenses $	Computer Software $	Total $
Balance at the beginning of the year	-	751,277	751,277
Additions	-	872,319	872,319
Amortisation	-	(562,190)	(562,190)
Closing value at 30 June 2020	**-**	**1,061,406**	**1,061,406**

15 TRADE AND OTHER PAYABLES

	2020 $	2019 $
CURRENT		
Trade payables	820,865	1,406,830
GST payable	72,057	724,279
Other payables	536,394	644,467
Total current trade and other payables	**1,429,316**	**2,775,576**

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:

Total current trade and other payables	1,429,316	2,775,576
Less: GST payable	(72,057)	(724,279)
Total trade and other payables classified as financial liabilities at amortised cost	**1,357,259**	**2,051,297**

16 BORROWINGS

	Note	2020 $	2019 $
CURRENT			
Secured liabilities:			
Finance lease liability	25(b)	-	170,855
Total current borrowings		**-**	**170,855**
NON-CURRENT			
Secured liabilities:			
Finance lease liability	25(b)	-	475,758
Total non-current borrowings		**-**	**475,758**

17 CONTRACT LIABILITIES

	2020 $	2019 $
CURRENT		
Government grants	2,917,362	-
Total current contract liabilities	**2,917,362**	**-**

18 EMPLOYEE BENEFITS

	2020 $	2019 $
CURRENT		
Long service leave	2,294,601	2,951,774
Annual leave	1,607,093	1,573,299
Total current employee benefits	**3,901,694**	**4,525,073**
NON-CURRENT		
Long service leave	428,822	348,086
Total non-current employee benefits	**428,822**	**348,086**

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.

19 OTHER LIABILITIES

	2020 $	2019 $
CURRENT		
Deferred revenue - Government grants	-	5,652,278
Amounts received in advance	42,300	43,180
Deferred rent	-	79,878
Total current other liabilities	**42,300**	**5,775,336**

20 RESERVES

	2020 $	2019 $
Designated funds reserve		
Opening balance	736,919	1,784,930
Amortisation of database upgrade	(400,859)	(1,048,011)
Closing balance	**336,060**	**736,919**
Total reserves	**336,060**	**736,919**

(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.

21 ACCUMULATED SURPLUS

	2020 $	2019 $
Accumulated surplus at the beginning of the financial year	16,337,936	13,919,818
Adjustment on initial application of AASB 16 on 1 July 2019	79,878	-
Adjusted balance at the beginning of the financial year	16,417,814	13,919,818
Surplus for the year	1,511,843	1,370,107
Transfer from designated funds reserve	400,859	1,048,011
Accumulated surplus at end of the financial year	**18,330,516**	**16,337,936**

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

22 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 2020 the number of members was 8 (2019: 8).

23 CASH FLOW INFORMATION

Reconciliation of result for the year to cashflows from operating activities	2020 $	2019 $
Surplus for the year	1,511,843	1,370,107
Non-cash flows in profit:		
- depreciation and amortisation expense	1,469,270	2,126,140
- net loss on disposal of property, plant and equipment	(132,101)	5,220
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(458,196)	340,268
- (increase)/decrease in other assets	(151,462)	93,469
- (increase)/decrease in inventories	(10,763)	(122,811)
- increase/(decrease) in other liabilities	(5,653,158)	4,749,100
- increase/(decrease) in trade and other payables	(1,346,260)	1,205,230
(increase)/decrease in contract liabilities	2,917,362	-
- increase/(decrease) in employee benefits	(542,643)	(48,786)
Cashflows from operations	**(2,396,108)**	**9,717,937**

24 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	2020 $	2019 $
Financial assets			
Held at amortised cost:			
- Cash and cash equivalents	7	9,870,175	11,751,929
- Trade and other receivables	8	2,097,385	1,639,189
- Term deposits	10	12,011,649	13,724,476
Total financial assets		**23,979,209**	**27,115,594**
Financial liabilities			
Held at amortised cost:			
- Trade and other payables	15(a)	1,357,259	2,051,297
- Borrowings	16	-	646,613
- Lease liabilities		1,414,340	-
Total financial liabilities		**2,771,599**	**2,697,910**

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

25 LEASING COMMITMENTS

(A) OPERATING LEASES	Note	2020 $	2019 $
Minimum lease payments under non-cancellable operating leases:			
- not later than one year		-	239,633
- between one year and five years		-	639,022
Total minimum lease payments		**-**	**878,655**

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.

At 1 July 2019, operating leases were capitalised on initial application of AASB 16. Refer to notes 2 and 13 for further details.

(B) FINANCE LEASES	Note	2020 $	2019 $
Minimum lease payments:			
- not later than one year		-	217,800
- less future finance charge		-	(46,945)
Total current finance lease liability	16	**-**	**170,855**
Minimum lease payments:			
- between one year and five years		-	526,350
- less future finance charge		-	(50,592)
Total non-current finance lease liability	16	**-**	**475,758**
Total finance lease commitments		**-**	**646,613**

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.

At 1 July 2019, finance leases were reclassified as leases on initial application of AASB 16. Refer to notes 2 and 13 for further details.

26 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 2020 and 30 June 2019.

The Board did not receive any remuneration during the financial years ended 30 June 2020 and 30 June 2019.

KEY MANAGEMENT PERSONNEL REMUNERATION

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

	2020 $	2019 $
Short-term employee benefits	2,424,666	1,925,975
Post-employment benefits	194,952	197,371
Total key management personnel remuneration	**2,619,618**	**2,123,346**

During the 2019/20 year, 2 executives resigned and 2 were appointed.

As at 30 June 2020, 8 FTEs were employed as executives (2019: 8).

There were no transactions between the Company and the executives during the year.

27 AUDITOR'S RENUMERATION

	2020 $	2019 $
Remuneration of the auditor (HLB Mann Judd), for:		
- auditing or reviewing the financial statements	17,500	17,000
- assistance with preparation of financial report	2,500	2,500
Total auditor's remuneration	**20,000**	**19,500**

28 DEFINED BENEFITS SCHEME

The Company contributes to a Defined Benefits Scheme ("the Scheme") maintained by Aware 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 2020 totalled $6,084 (2019: $270,087). The Fund's actuary has advised that the contributions will remain unchanged for the current year.

29 CONTINGENCIES

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

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

30 EVENTS AFTER THE END OF THE REPORTING PERIOD

The financial report was authorised for issue on 20 November 2020.

The Victorian Government applied Stage 4 restrictions on 2 August 2020 as a result of the rising COVID 19 cases in Greater Metropolitan Melbourne. The Company continued to operate within the government's permitted activities.

The COVID 19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the Company by the reporting date. As responses by the government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the Company, its operations, its future results and financial position. Subsequent to year end, the state of emergency in Victoria was extended until 11 October 2020 and the state of disaster is still in place. Any future changes to the Company's operations relating to COVID 19 will be in response to the Victorian Government's directions. The Company's operations relating to COVID 19 will be in response to the Victorian Government's directions.

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.

31 STATUTORY INFORMATION

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

VCS Foundation Limited
265 Faraday Street
Carlton South VIC 3053

VCS Foundation

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

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 2 to 34, are in accordance with the *Australian Charities and Not for profits Commission Act 2012*, and:
   a. comply with Australian Accounting Standards Reduced Disclosure Requirements; and
   b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Company.
2. In the directors' 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.

In addition:

1. We certify that VCS Foundation Limited has complied with the terms and conditions of their service agreement with the Department(s).
2. We certify that VCS Foundation Limited has used funding received from the Department(s) for the year ended 30 June 2020 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*.

Dr Jane Collins
Chairperson

Tim Humphries
Director

Dated this 20 November 2020

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 audit of the financial report of VCS Foundation Limited for the year ended 30 June 2020.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Nick Walker
Partner

Melbourne
20 November 2020

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HLB MANN JUDD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VCS FOUNDATION LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of VCS Foundation Limited ("the Entity") 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 declaration by the Directors.

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

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 2020 and of its financial performance 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 Entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of 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 2012 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.

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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
Chartered Accountants

Nick Walker
Partner

Melbourne
20 November 2020