

Victorian Person Centred Services Inc

ABN: 64 762 103 425

INC.ASSOCIATION: A0012085P

For the Year Ended 30 June 2017

Victorian Person Centred Services Inc

ABN: 64 762 103 425

For the Year Ended 30 June 2017

CONTENTS

	<u>Page</u>
Financial Report	
Directors' Report	1
Statement of Surplus or Deficit and Other Comprehensive Income	3
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Directors' Declaration	22
Independent Auditor's Report	23
Auditors' Independence Declaration under subdivision 60-c section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012	26

Victorian Person Centred Services Inc

ABN: 64 762 103 425

Directors' Report

For the Year Ended 30 June 2017

The Board members submit the special purpose financial report ("the financial report") of the Victorian Person Centred Services Inc (VPCS) for the financial year ended 30 June 2017.

1. Board Members

The Board of Governance of Victorian Person Centred Services Inc comprises community members who volunteer their time, skills and experience to support the mission of the organisation.

The names of board members throughout the year and at the date of this report are:

Margot Druce (Chair)
Corinna Dieters (Deputy Chair)
Candice Charles
Geoff Donovan
Peter Williams
John Rowan
Andrew Sando (Commenced October 2016)
Christopher Edwards (Commenced April 2017)

2. Secretary

Jacqueline Wilson appointed to position of Secretary 1 April 2017. Alison Brideson ceased as Secretary effective 31 March 2017.

3. Principal Activities

In line with our Strategic Plan, we work with people who have disabilities, children who are vulnerable and families. This is achieved by:

- Driving client voice and decision making across all services, developing structures and mechanisms to ensure client input.
- Developing sustainable client led service and support to better meet client needs based on client feedback and research.
- Developing services and supports that exceed quality accreditation requirements and are proactive in reducing further need.

4. Significant Changes in the State of Affairs

There were no significant changes in the State of Affairs of Victorian Person Centred Services during the 2016/17 financial year.

5. Operating and financial review

The surplus of the association for the financial year amounted to \$518,833 (2016: deficit of \$486,857). The movement in total comprehensive income between 2016 and 2017 is primarily due to final adjustments in deferred revenue. There have been no changes to normal operations.

6. Events subsequent to reporting date

There has not arisen in the interim between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature, in the opinion of the board members of VPCS, to affect significantly the operations of VPCS, the results of those operations, or the state of affairs of VPCS, in future years.

Victorian Person Centred Services Inc

ABN: 64 762 103 425

Directors' Report

For the Year Ended 30 June 2017

7. Likely developments

Further information about likely developments in the operations of VPCS and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to VPCS

8. Indemnification and insurance of officers and auditors

Deed of Indemnification and Access

During the financial year, commencing Board Members, Andrew Sando and Christopher Edwards were offered and accepted Deeds of Indemnification and Access.

Indemnification

Since the end of the previous financial year, VPCS has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of VPCS.

Insurance premiums

Since the end of the previous financial year, VPCS has not paid insurance premiums in respect of board members' and officers' liability and legal expense insurance contracts. All VPCS' insurance including board members' and officers' liabilities are covered by the Victorian Managed Insurance Authority as part of our contract with Department of Health and Human Services.

9. Environmental regulation

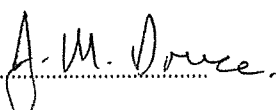
VPCS is not subject to any significant environmental regulations under either Commonwealth or State legislation.

10. Auditor's independence declaration

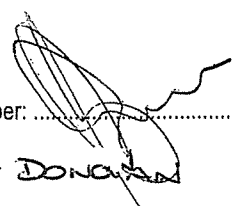
The auditor's independence declaration in accordance with subdivision 60-c section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, for the year ended 30 June 2017 and can be found on page 26 of the financial report.

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

Board Member:


MARGOT DRUCE

Board Member:


GEOFF DONOHUE

Dated

27/11/2017.

Victorian Person Centred Services Inc

ABN: 64 762 103 425

Statement of Surplus or Deficit and Other Comprehensive Income

For the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
REVENUE FROM OPERATING ACTIVITIES			
Revenue	4	29,301,916	29,397,689
Other income		153,570	127,735
		<u>29,455,486</u>	<u>29,525,424</u>
OPERATING EXPENDITURE			
Employee expenses	5	(23,181,276)	(23,089,844)
Staff development and welfare expenses		(24,240)	(15,827)
Depreciation expenses	9	(109,437)	(108,023)
Management fee expenses	16	(3,600,000)	(4,800,000)
Coordination and administration expense		(187,214)	(77,387)
Resident and service-participant expenses		(601,871)	(601,649)
Property expense		(687,820)	(754,929)
Communication and other expenses		(125,661)	(187,111)
Travel expense		(534,562)	(516,040)
		<u>(29,052,081)</u>	<u>(30,150,810)</u>
NET SURPLUS / (DEFICIT) FROM OPERATING ACTIVITIES		<u>403,405</u>	<u>(625,386)</u>
FINANCE INCOME AND EXPENSES			
Investment income		117,680	147,641
Finance charges and interest expenses		(2,252)	(9,112)
NET FINANCE INCOME		<u>115,428</u>	<u>138,529</u>
NET SURPLUS / (DEFICIT) FROM ACTIVITIES		<u>518,833</u>	<u>(486,857)</u>

The accompanying notes form part of the financial statements

Victorian Person Centred Services Inc

ABN: 64 762 103 425

Statement of Surplus or Deficit and Other Comprehensive Income (continued)

For the Year Ended 30 June 2017

	2017	2016
	\$	\$
NET SURPLUS / (DEFICIT) FOR THE YEAR	518,833	(486,857)
Other comprehensive income for the year	-	-
TOTAL COMPREHENSIVE INCOME / (DEFICIT) FOR THE YEAR	518,833	(486,857)

The accompanying notes form part of the financial statements

Victorian Person Centred Services Inc

ABN: 64 762 103 425

Statement of Financial Position

As at 30 June 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	4,500,800	4,959,872
Trade and other receivables	7	3,260,159	1,839,978
Other assets	8	10,776	30,568
TOTAL CURRENT ASSETS		7,771,735	6,830,418
NON-CURRENT ASSETS			
Property, plant and equipment	9	260,186	182,271
TOTAL NON-CURRENT ASSETS		260,186	182,271
TOTAL ASSETS		8,031,921	7,012,689
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	1,368,922	1,852,078
Employee benefits	11	2,360,341	1,802,075
Other Liabilities	12	2,302,629	1,565,005
TOTAL CURRENT LIABILITIES		6,031,892	5,219,158
NON-CURRENT LIABILITIES			
Employee benefits	11	191,795	504,130
TOTAL NON-CURRENT LIABILITIES		191,795	504,130
TOTAL LIABILITIES		6,223,687	5,723,288
NET ASSETS		1,808,234	1,289,401
EQUITY			
Retained funds		1,808,234	1,289,401
TOTAL EQUITY		1,808,234	1,289,401

The accompanying notes form part of the financial statements

Victorian Person Centred Services Inc

ABN: 64 762 103 425

Statement of Changes in Equity

For the Year Ended 30 June 2017

2017

	Retained Funds	Total
	\$	\$
Balance at 1 July 2016	1,289,401	1,289,401
Total comprehensive surplus for the year	518,833	518,833
Balance at 30 June 2017	1,808,234	1,808,234

2016

	Retained Funds	Total
	\$	\$
Balance at 1 July 2015	1,776,258	1,776,258
Total comprehensive (deficit) for the year	(486,857)	(486,857)
Balance at 30 June 2016	1,289,401	1,289,401

The accompanying notes form part of the financial statements

Victorian Person Centred Services Inc

ABN: 64 762 103 425

Statement of Cash Flows

For the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
Cash from operating activities:			
Payments to suppliers and employees		(29,843,665)	(31,410,043)
Receipts from government grants		25,437,753	26,551,976
Receipts from customers		3,973,661	3,991,389
Interest received		127,204	151,423
Finance charges and interest paid		(2,277)	(50,025)
Net cash (used in) operating activities	17	<u>(307,324)</u>	<u>(765,280)</u>
Cash flows from investing activities:			
Proceeds from sale of plant and equipment		35,881	70,856
Funds transferred from term deposits		-	1,500,000
Acquisition of property, plant and equipment		(187,629)	(61,605)
Net cash (used in)/provided by investing activities		<u>(151,748)</u>	<u>1,509,251</u>
Cash flows from financing activities:			
Proceeds from finance activities		-	-
Net cash generated (used in) financing activities		<u>-</u>	<u>-</u>
Net cash (decrease) / increase in cash and cash equivalents		(459,072)	743,971
Cash and cash equivalents at beginning of year		4,959,872	4,215,901
Cash and cash equivalents at end of year	6	<u>4,500,800</u>	<u>4,959,872</u>

Victorian Person Centred Services Inc

ABN: 64 762 103 425

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 1 Reporting Entity

Victorian Person Centred Services Inc (the "Association" or "VPCS") is a not-for-profit entity domiciled in Australia. The address of the Association registered office is 1036 Dandenong Road, Carnegie, Victoria 3163. The Association is principally involved in providing services to people with disability.

Note 2 Basis of Preparation

(a) Basis of accounting

The board members have determined that VPCS is not publicly accountable nor a reporting entity. The special purpose financial statements have been prepared in accordance with the requirements of the Australian Charities and Not-for-profit Commission Act 2012, Australian Charities and Not-for-profit Commission Regulation 2013, the Associations Incorporation Reform Act 2012 (Victoria) and the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The special purpose financial statements include only the disclosure requirements of the following AASBs and those disclosures considered necessary by the board members to meet the needs of members:

AASB 101 Presentation of Financial Statements

AASB 107 Statement of Cash Flows

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors

AASB 1048 Interpretation and Application of Standards

AASB 1054 Australian Additional Disclosures.

The financial statements were approved by the Board Members on 27 November 2017.

(b) Basis of measurement

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values except where specifically stated.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is VPCS' functional currency.

(d) Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of VPCS' accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

The Board evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within VPCS.

Victorian Person Centred Services Inc

ABN: 64 762 103 425

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 2 Basis of Preparation (continued)

(d) Use of judgements and estimates (continued)

Key estimates - Long Service Leave Provision

VPCS has provided for long service leave for all employees in line with an Enterprise Bargaining Agreement (EWTF - EBA) or, where the EWTF – EBA is not applicable, the Long Service Leave Act 1992 (Victoria). This approach has been adopted notwithstanding the EWTF - EBA and the LSL Act allowing for the exclusion of casual employees from accruing long service leave subsequent to a break of greater than three months in continuous service.

Note 3 Significant Accounting Policies

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of these financial statements.

(a) Financial instruments

VPCS classifies non-derivative financial assets into the following categories: held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

VPCS classifies non-derivative financial liabilities into the other financial liabilities category.

i. Cash and cash equivalents

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

ii. Loans and receivables and held-to-maturity assets

VPCS initially recognises loans and receivables and deposits on the date that they originate.

Held to maturity financial assets is recognised initially at fair value plus any directly attributable transactions costs. Held to maturity financial assets comprises term deposits.

All other financial assets (including those designated at fair value through profit or loss) are recognised initially on the trade date, which is the date the company becomes a party to the contractual provisions of the investment.

VPCS derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by VPCS is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, VPCS has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

iii. Borrowings

Secured and unsecured loans have been obtained by VPCS. Carrying amounts therefore represent the amounts expected to be repaid at settlement. Unsecured loans are considered to be repayable at call and are therefore presented as current liabilities.

Victorian Person Centred Services Inc

ABN: 64 762 103 425

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 3 Significant Accounting Policies (continued)

(a) Financial instruments (continued)

iv. Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by VPCS during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts typically paid within 30 days of recognition of the liability.

v. Share capital

VPCS is an unincorporated association and therefore does not have any share capital.

(b) Income taxes

The Association is endorsed as an income tax exempt charitable entity under Subdivision 50-B of the Income Tax Assessment Act 1997. No income tax is payable by VPCS as Section 23 of the Income Tax Assessment Act exempts charitable institutions from income tax.

(c) Property, plant and equipment

Each class of property, plant and equipment is measured on the cost basis, less depreciation and impairment losses where appropriate.

Any gain and loss on disposal of an item of property, plant and equipment is recognised in the statement of surplus or deficit and other comprehensive income.

i. Plant and equipment

Plant and equipment are measured on the cost basis, less depreciation and impairment losses where appropriate.

The carrying amount of plant and equipment is reviewed annually by board members to ensure it is not in excess of the recoverable amount from these assets. Refer to note 3(d)(ii).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, on the basis that future economic benefits associated with the item will flow to the association and the cost of the item can be reliably measured.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

ii. Leasehold improvements

Leasehold improvements are carried at cost less, where applicable, any accumulated depreciation.

iii. Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognised in the statement of surplus or deficit.

Victorian Person Centred Services Inc

ABN: 64 762 103 425

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 3 Significant Accounting Policies (continued)

(c) Property, plant and equipment (continued)

iii. Depreciation (continued)

The estimated useful lives of property, plant and equipment are as follows:

Class of Fixed Asset	2017	2016
Motor Vehicles	5 years	5 years
Plant and Equipment	3 years	3 years
Leasehold improvements	5 years	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Leasehold improvements are amortised over shorter period of useful life and lease term.

(d) Impairment

i. Non-derivative financial assets

A financial asset not carried at fair value through the statement of surplus or deficit is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to VPCS on terms that VPCS would not consider otherwise, or indications that a debtor will enter bankruptcy. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of surplus or deficit and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of surplus or deficit.

ii. Non-financial assets

The carrying amounts of VPCS's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of the asset could currently be obtained in the normal course of business.

Victorian Person Centred Services Inc

ABN: 64 762 103 425

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 3 Significant Accounting Policies (continued)

(d) Impairment (continued)

ii. Non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

Impairment losses recognised in prior periods are assessed at each reporting date for any indicators that the loss has decreased and no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plan if VPCS has a present legal or constructive obligation to pay this amount as result of past service provided by employee, and the obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Other long-term employee benefits

VPCS' net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value based on Australian corporate bond rates. Remeasurements are recognised in the statement of surplus or deficit and other comprehensive income in the period in which they arise.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when VPCS can no longer withdraw the offer of those benefits and when VPCS recognises costs for a restructuring. If benefits are payable more than 12 months of the end of the reporting period, then they are discounted to their present value.

(f) Provisions

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

Provisions are measured at the present value of management's best estimate of the amounts required to settle the obligation at the end of the reporting period.

Victorian Person Centred Services Inc

ABN: 64 762 103 425

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 3 Significant Accounting Policies (continued)

(g) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by VPCS during the reporting period which remain unpaid.

(h) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor are recognised in the statement of surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. VPCS does not have any finance leases at 30 June 2017.

Determining whether an arrangement contains a lease at inception of an agreement, VPCS determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met: 1) the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and 2) the arrangement contains a right to use the asset(s). At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for lease and those for other elements on the basis of their relative fair values.

(i) Revenue and deferred revenue

Client revenue is recognised when the provision of services has been completed.

Grant income is recognised when the project or service specified by the grant agreement has been provided.

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

Donation income is recognised when the Association obtains control over the fund which is generally at the time of receipt. Capital donations for specified projects are recognised only when the purpose of the project is fulfilled.

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

Revenue from government grants and subsidies received for specific purposes is recognised only to the extent that monies have been expended in accordance with the funding agreement. Where the terms of that agreement stipulate that any unexpended funds may be required to be returned to the funding body, the unexpended funds are carried forward as "deferred income" as part of grants received in advance.

(j) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Victorian Person Centred Services Inc

ABN: 64 762 103 425

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 3 Significant Accounting Policies (continued)

(k) New accounting standards for application in future periods

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of VPCS, except for:

i) AASB 9 Financial Instruments

AASB 9 replaces existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Foundation is assessing the potential impact on its financial statements resulting from the application of AASB 9.

ii) AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and AASB Interpretation 13 Customer Loyalty Programs.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Organisation is assessing the potential impact on its financial statements resulting from the application of AASB 15.

iii) AASB 16 Leases

AASB 16 removes the lease classification test for lessees and requires all the leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended and is now the new on/off balance sheet test for lessees.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 Revenue from Contracts with Customers is adopted at the same time. The Foundation is assessing the potential impact on its financial statements resulting from the application of AASB 16.

VPCS does not plan to adopt the above standards early and the extent of the impact has not been determined as at the date of the approval of the financial statements.

Victorian Person Centred Services Inc

ABN: 64 762 103 425

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 4 Revenue and Other Income

Revenue from Continuing Operations

	2017	2016
	\$	\$
Revenue		
- Government funding	20,890,133	21,489,227
- Contract, brokered income	8,191,386	7,718,858
- Supported person fees	194,405	186,386
- Donations and fundraising	25,992	3,218
Total revenue from operating activities	29,301,916	29,397,689

Note 5 Employee Expenses

Salaries and wages	17,093,923	17,137,853
Superannuation	1,736,922	1,734,745
Workcover expenses	1,657,595	1,575,175
Termination expenses	130,575	128,517
Sick leave expenses	340,226	371,382
Annual leave	1,027,090	929,998
Long service leave	72,679	247,023
Training	212,269	195,450
Other employee costs	909,997	769,701
Total employee expenses	23,181,276	23,089,844

Victorian Person Centred Services Inc

ABN: 64 762 103 425

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 6 Cash and Cash Equivalents

	2017	2016
	\$	\$
Cash on hand	2,700	3,000
Cash at bank	4,498,100	4,956,872
Total cash and cash equivalents	<u>4,500,800</u>	<u>4,959,872</u>

Victorian Person Centred Services holds a number of bank accounts in trust for its clients in each of their houses for the purpose of client related expenditure. These bank accounts are not recognised as part of the cash and cash equivalents of Victorian Person Centred Services as they do not control the cash. In the current year, this balance is \$10,014 (2016: \$12,601).

Note 7 Trade and other receivables

Current

Trade receivables	3,251,246	1,599,248
Receivables from related party	-	228,363
Rental bonds	8,913	12,367
Total trade and other receivables	<u>3,260,159</u>	<u>1,839,978</u>

Note 8 Other Assets

Prepayments	-	9,750
Interest receivable	10,776	20,818
Total other assets	<u>10,776</u>	<u>30,568</u>

Victorian Person Centred Services Inc

ABN: 64 762 103 425

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 9 Property plant and equipment

	2017	2016
	\$	\$
Non-Current		
PLANT AND EQUIPMENT		
Furniture, fixture and fittings		
Furniture, fixture and fittings at cost	79,489	69,146
Accumulated depreciation	(50,467)	(39,251)
Total furniture, fixture and fittings	29,022	29,895
Motor vehicles		
Motor vehicles at cost	170,350	298,344
Accumulated depreciation	(121,543)	(294,412)
Total motor vehicles	48,807	3,932
Computer equipment		
Computer equipment at cost	50,246	44,433
Accumulated depreciation	(34,688)	(16,266)
Total computer equipment	15,558	28,167
Leasehold improvements		
Improvements at cost	445,229	324,071
Accumulated depreciation	(278,430)	(203,794)
Total leasehold improvements	166,799	120,277
Total property, plant and equipment	260,186	182,271

Victorian Person Centred Services Inc

ABN: 64 762 103 425

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 9 Property plant and equipment (Continued)

Movements in Carrying Amounts

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

	Furniture, Fixtures and Fittings	Motor Vehicles	Computer equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$
2017					
Balance at 1 July 2016	29,895	3,932	28,167	120,277	182,271
Additions	10,343	49,622	6,506	121,158	187,629
Disposals	-		(277)	-	(277)
Depreciation expense	(11,216)	(4,747)	(18,838)	(74,636)	(109,437)
Balance at 30 June 2017	<u>29,022</u>	<u>48,807</u>	<u>15,558</u>	<u>166,799</u>	<u>280,186</u>
2016					
Balance at 1 July 2015	47,474	36,825	34,571	132,573	251,443
Additions	12,314	-	4,932	44,359	61,605
Disposals	(12,708)	(9,295)	(751)	-	(22,754)
Depreciation expense	(17,185)	(23,598)	(10,585)	(56,655)	(108,023)
Balance at 30 June 2016	<u>29,895</u>	<u>3,932</u>	<u>28,167</u>	<u>120,277</u>	<u>182,271</u>

Victorian Person Centred Services Inc

ABN: 64 762 103 425

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 10 Trade and other payables

	2017	2016
	\$	\$
Current		
Trade payables – others	401,561	189,746
Trade payables – related party	357,223	1,115,355
Net GST Payable	109,595	48,842
Accrued expenses	500,543	498,135
Total trade and other payables	<u>1,368,922</u>	<u>1,852,078</u>

Note 11 Employee benefits provision

Current		
Provision for annual leave	1,257,093	1,083,842
Provision for long service leave	1,103,248	718,233
Total current provision for employee benefits	<u>2,360,341</u>	<u>1,802,075</u>
Non-Current		
Provision for long service leave	191,795	504,130
Total non-current provision for employee benefits	<u>191,795</u>	<u>504,130</u>

Note 12 Other Liabilities

Grants received in advance	2,302,629	1,565,005
Total grants received in advance	<u>2,302,629</u>	<u>1,565,005</u>

Note 13 Capital and Leasing Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements are as follows:

Payable - minimum lease payments:

- not later than 12 months	133,977	129,906
- between 12 months and five years	161,031	153,022
Total operating lease commitments	<u>295,008</u>	<u>282,928</u>

During the year \$301,572 was recognised as an expenses in surplus or deficit in respect of operating leases (2016: \$394,973)

Victorian Person Centred Services Inc

ABN: 64 762 103 425

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 14 Commitments and Contingencies

The organisation enters into operating leases over residential property on behalf of some clients. These transactions may expose the organisation to liability where there are significant amounts of unpaid rent or significant damage to the leased asset. The organisation was not a trustee of any trust during the year ended 30 June 2017. There has been no change in contingent liabilities since the last annual reporting date.

Note 15 Auditors' Remuneration

	2017	2016
	\$	\$
Audit and assurance – KPMG	34,015	37,748
Total Auditors' Remuneration	34,015	37,748

Note 16 Related Party Transactions

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

Victorian Person Centred Services Inc (VPCS) has a service agreement with The Tipping Foundation Ltd (TTF) whereby specialist staff are employed to service TTF's community based services as and when they are required. Members of TTF board are also on the board of VPCS.

Management fees paid to TTF	3,600,000	4,800,000
Total related party transactions	3,600,000	4,800,000

Victorian Person Centred Services Inc

ABN: 64 762 103 425

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 17 Cash Flow Information

Reconciliation of cashflow from operations with surplus for the year

	2017	2016
	\$	\$
Net surplus / (deficit) for the year	518,833	(486,857)
Non – cash flows in surplus		
Depreciation	109,437	108,023
Net gain on sale of property, plant and equipment	(35,604)	(48,101)
	<u>592,666</u>	<u>(426,935)</u>

Changes in assets and liabilities

(Increase) in trade receivables and other assets	(1,400,389)	(137,286)
(Decrease) in trade payables and accruals	(483,156)	(452,126)
Increase / (decrease) in other liabilities	737,624	(22,752)
Increase in employee benefits provisions	245,931	273,819
Net cash (used in) operating activities	<u>(307,324)</u>	<u>(765,280)</u>

Note 18 Events After the End of the Reporting Period

No other matter has arisen since the end of the financial year which would materially affect the operations of the Association.

Note 19 Economic dependence

VPCS is dependent on the grants from State and Commonwealth Governments for a significant portion of its revenue used to operate the business. At the date of this report the Board members have no reason to believe the grants from the State and Commonwealth Government's will not continue to be provided. The reduction in such grants could result in a significant reduction of VPCS' services.

Victorian Person Centred Services Inc

ABN: 64 762 103 425

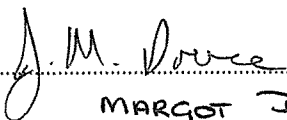
Directors' Declaration

In the opinion of the directors of Victorian Person Centred Services Inc ("the Entity")

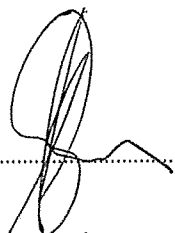
- (a) The entity is not publicly accountable nor a reporting entity.
- (b) the financial statements and notes, set out on pages 3 to 21, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, the Australian Charities and Not-for-profits Commission Regulation 2013 and the Associations Incorporation Reform Act 2012 (Victoria), including:
 - (i) giving a true and fair view of the financial position of the Entity as at 30 June 2017 and of its performance, as represented by the results of its operations for the financial year ended on that date in accordance with the statement of compliance and basis of preparation described in Notes 1 to 3; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 2, and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (c) There are reasonable grounds to believe that Victorian Person Centred Services Inc will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Board member


MARGOT DRUCE

Board member


GEOFF DONOVAN

Dated

27/11/2017.

Independent Auditor's Report

To the members of Victorian Person Centred Services Inc.

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Victorian Person Centred Services Inc. (the Entity).

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 (ACNC) Act 2012*, *Australian Charities and Not-for-profit Commission Regulation 2013*, the *Associations Incorporation Reform Act 2012 (Victoria)* including:

- giving a true and fair view of the Entity's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* to the extent described in Note 2 and Division 60 of the *Australian Charities and Not-for-profit Commission Act 2012*, *Australian Charities and Not-for-profits Commission Regulation 2013*, the *Associations Incorporation Reform Act 2012 (Victoria)*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2017
- Statement of surplus or deficit and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- Notes including a summary of significant accounting policies.
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *Australian Charities and Not-for-profit Commission Act 2012*, *Australian Charities and Not-for-profit Commission Regulation 2013*, the *Associations Incorporation Reform Act 2012 (Victoria)* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter – basis of preparation and restriction on use

We draw attention to Note 2 to the Financial Report, which describes the basis of preparation.

The Financial Report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the *Australian Charities and Not-for-profit Commission Act 2012*, *Australian Charities and Not-for-profit Commission Regulation 2013*, the *Associations Incorporation Reform Act*

2012 (Victoria). As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the members of Victorian Person Centred Services Inc. and should not be used by parties other than the members of Victorian Person Centred Services Inc. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the members of Victorian Person Centred Services Inc. or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in Victorian Person Centred Services Inc.'s annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the *Director's Report*.

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. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view and have determined that the basis of preparation described in Note 2 to the Financial Report is appropriate to meet the requirements of the *Australian Charities and Not-for-profit Commission Act 2012*, *Australian Charities and Not-for-profit Commission Regulation 2013*, the *Associations Incorporation Reform Act 2012 (Victoria)* and is appropriate to meet the needs of the members
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Entity's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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. They 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 *Australian Auditing Standards*, we exercise professional judgement and maintain professional skepticism throughout the audit.

Our responsibilities include:

- Identifying and assessing the risks of material misstatement of the Financial Report, whether due to fraud or error
- Designing and performing audit procedures responsive to those risks, and obtaining 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. This is because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances. This is not for the purpose of expressing an opinion on its effectiveness.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, further events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the Entity 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.



KPMG
KPMG

Antoni Cinanni
Partner

Melbourne
27 November 2017



Lead Auditor's Independence Declaration under subdivision 60-C section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012

To the Directors of Victorian Person Centred Services Inc.

I declare that, to the best of my knowledge and belief, in relation to the audit of Victorian Person Centred Services Inc. for the financial year ended 30 June 2017 there have been:

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


KPMG



Antoni Cinanni
Partner

Melbourne

27 November 2017

