

**Victorian Person Centred Services Inc**

ABN: 64 762 103 425

INC.ASSOCIATION: A0012085P

**Special Purpose Financial Report**

For the Year Ended 30 June 2015

# Victorian Person Centred Services Inc

ABN: 64 762 103 425

For the Year Ended 30 June 2015

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# Victorian Person Centred Services Inc

ABN: 64 762 103 425

## Directors' Report

For the Year Ended 30 June 2015

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 2015.

### 1. Board Members

The Board of Governance of Victorian Person Centred Services Inc includes executive and 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 commenced November 2014)  
Candice Charles  
Joseph Connellan (commenced June 2015)  
Geoff Donovan  
Chris Gillman  
Andrew Macready-Bryan  
John Rowan  
Peter Williams  
John McKenna (ceased November 2014)

### 2. Secretary

Graeme Kelly was appointed to the position of Secretary on 3<sup>rd</sup> July 2012.

### 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. Operating and financial review

The surplus of the association for the financial year amounted to \$872,708 (2014: deficit of \$1,686,434).

The movement in total comprehensive income between 2015 and 2014 is primarily due to the reduction of management fees charged by E.W. Tipping Foundation of \$1.7million.

### 5. Events subsequent to reporting date

There has not arisen in the interval 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 2015

### 6. 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.

### 7. Indemnification and insurance of officers and auditors

#### 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.

### 8. Environmental regulation

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

### 9. Auditor's independence declaration

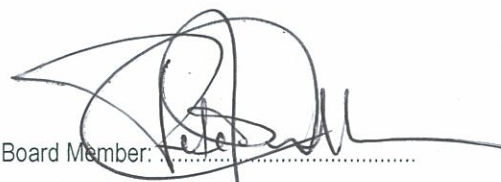
The auditor's independence declaration in accordance with subdivision 60-c section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, for the year ended 30 June 2015 has been revised and can be found on page 25 of the financial report.

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

Board Member: .....

  
MARGO DRUCE

Board Member: .....

  
PETER WILLIAMS

Dated

27/10/2015.

# Victorian Person Centred Services Inc

ABN: 64 762 103 425

## Statement of Surplus of Deficit and Other Comprehensive Income

For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
<b>REVENUE FROM OPERATING ACTIVITIES</b>			
Revenue	4	32,326,176	32,618,033
Other income		89,807	147,630
		<u>32,415,983</u>	<u>32,765,663</u>
<b>OPERATING EXPENDITURE</b>			
Employee expenses	5	(24,112,825)	(24,300,673)
Staff development and welfare expenses		(24,281)	(57,927)
Depreciation expenses	10	(196,573)	(356,987)
Management fee expenses	17	(5,005,200)	(6,720,000)
Coordination and administration expense		(56,805)	(202,347)
Resident and service-participant expenses		(732,677)	(764,546)
Property expense		(780,458)	(1,170,799)
Communication and other expenses		(201,282)	(237,263)
Travel expense		(547,334)	(789,882)
		<u>(31,657,435)</u>	<u>(34,600,424)</u>
<b>NET SURPLUS / (DEFICIT) FROM OPERATING ACTIVITIES</b>		<u>758,548</u>	<u>(1,834,761)</u>
<b>FINANCE INCOME AND EXPENSES</b>			
Investment income		117,133	151,183
Finance charges and interest expenses		(2,973)	(2,856)
<b>NET FINANCE INCOME</b>		<u>114,160</u>	<u>148,327</u>
<b>NET SURPLUS / (DEFICIT) FROM ACTIVITIES</b>		<u>872,708</u>	<u>(1,686,434)</u>

The accompanying notes form part of the financial statements

# Victorian Person Centred Services Inc

ABN: 64 762 103 425

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

For the Year Ended 30 June 2015

	2015	2014
	\$	\$
Net surplus / (deficit) for the year	872,708	(1,686,434)
Other comprehensive income for the year	-	-
Total comprehensive income / (deficit) for the year	872,708	(1,686,434)

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 2015

	Note	2015 \$	2014 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	4,215,901	4,319,518
Investments	7	1,500,000	1,500,000
Trade and other receivables	8	1,707,009	2,569,817
Other assets	9	26,251	26,600
<b>TOTAL CURRENT ASSETS</b>		<b>7,449,161</b>	<b>8,415,935</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	251,443	437,502
<b>TOTAL NON-CURRENT ASSETS</b>		<b>251,443</b>	<b>437,502</b>
<b>TOTAL ASSETS</b>		<b>7,700,604</b>	<b>8,853,437</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	2,304,204	4,012,924
Employee benefits	12	1,558,587	1,308,311
Other Liabilities	13	1,587,756	2,048,679
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,450,547</b>	<b>7,369,914</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	12	473,799	579,973
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>473,799</b>	<b>579,973</b>
<b>TOTAL LIABILITIES</b>		<b>5,924,346</b>	<b>7,949,887</b>
<b>NET ASSETS</b>		<b>1,776,258</b>	<b>903,550</b>
<b>EQUITY</b>			
Retained funds		1,776,258	903,550
<b>TOTAL EQUITY</b>		<b>1,776,258</b>	<b>903,550</b>

The accompanying notes form part of the financial statements

# Victorian Person Centred Services Inc

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## Statement of Changes in Equity

For the Year Ended 30 June 2015

### 2015

	Retained Funds	Total
	\$	\$
Balance at 1 July 2014	903,550	903,550
Total comprehensive income for the year	872,708	872,708
<b>Balance at 30 June 2015</b>	<b>1,776,258</b>	<b>1,776,258</b>

### 2014

	Retained Funds	Total
	\$	\$
Balance at 1 July 2013	2,589,984	1,864,867
Total comprehensive (deficit) for the year	(1,686,434)	(1,686,434)
<b>Balance at 30 June 2014</b>	<b>903,550</b>	<b>903,550</b>



# Victorian Person Centred Services Inc

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## Statement of Cash Flows

For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
<b>Cash from operating activities:</b>			
Payments to suppliers and employees		(32,699,159)	(32,433,480)
Receipts from government grants		28,167,295	28,262,249
Receipts from customers		4,303,982	4,077,963
Receipts from donations		-	16,278
Interest received		119,132	124,583
Finance charges and interest paid		(17,716)	-
<b>Net cash (used in) / provided by operating activities</b>	18	<b>(126,466)</b>	<b>47,593</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of plant and equipment		112,439	185,176
Fund transfer to term deposit		-	(1,500,000)
Acquisition of property, plant and equipment		(89,590)	(83,595)
Repayments from related parties		-	435,257
<b>Net cash provided by / (used in) investing activities</b>		<b>22,849</b>	<b>(963,162)</b>
<b>Net cash provided by financing activities:</b>		<b>-</b>	<b>-</b>
<b>Net cash (decrease) in cash and cash equivalents</b>		<b>(103,617)</b>	<b>(915,569)</b>
Cash and cash equivalents at beginning of year		4,319,518	5,235,087
<b>Cash and cash equivalents at end of year</b>	6	<b>4,215,901</b>	<b>4,319,518</b>

# Victorian Person Centred Services Inc

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## Notes to the Financial Statements

For the Year Ended 30 June 2015

### Note 1 Reporting Entity

Victorian Person Centred Services Inc (the "Association") 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 27th October 2015.

#### (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 or, except where specifically stated, current valuations of non-current assets.

#### (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

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## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 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

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## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 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. Land is not depreciated.

# Victorian Person Centred Services Inc

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## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 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	2015	2014
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.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to 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. Where the future economic benefits of an asset are not dependent on the asset's ability to generate net cash inflows and where the Organisation would, if deprived of the asset, replace its remaining future economic benefit, value in use is determined as the asset's depreciated replacement cost. Depreciated replacement cost is defined as the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of 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

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## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 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

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## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 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 2015.

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

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## Notes to the Financial Statements

For the Year Ended 30 June 2015

### 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 2013, 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:

AASB 9 Financial Instruments which becomes mandatory for VPCS' 2018 financial statements and could change the classification and measurement of financial assets.

AASB 15 Revenue for contracts with customers, which becomes mandatory for VPCS' 2018 financial statements and could change the classification and recognition method of revenue.

VPCS does not plan to adopt this standard early and the extent of the impact has not been determined.



# Victorian Person Centred Services Inc

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## Notes to the Financial Statements

For the Year Ended 30 June 2015

### Note 4 Revenue and Other Income

#### Revenue from Continuing Operations

	2015	2014
	\$	\$
Revenue		
- Government funding	23,915,546	24,878,552
- Contract, brokered income	8,243,595	7,566,958
- Supported person fees	167,035	172,523
<b>Total revenue from operating activities</b>	<b>32,326,176</b>	<b>32,618,033</b>

### Note 5 Employee Costs

Salaries and wages	18,094,468	18,520,086
Superannuation	1,902,044	1,868,030
Workcover expenses	1,797,341	1,600,454
Termination expenses	181,616	186,885
Sick leave expenses	364,541	299,186
Annual leave	930,188	934,406
Long service leave	67,321	178,052
Training	240,409	365,414
Other employee costs	534,897	348,160
<b>Total employee costs</b>	<b>24,112,825</b>	<b>24,300,673</b>

# Victorian Person Centred Services Inc

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## Notes to the Financial Statements

For the Year Ended 30 June 2015

### Note 6 Cash and Cash Equivalents

	Note	2015 \$	2014 \$
Cash on hand		3,000	3,900
Cash at bank		4,212,901	4,315,618
Total cash and cash equivalents		<u>4,215,901</u>	<u>4,319,518</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 \$11,364 (2014: \$36,607).

### Note 7 Investments

Held-to-maturity investments including term deposits	1,500,000	1,500,000
Total Investments	<u>1,500,000</u>	<u>1,500,000</u>

### Note 8 Trade and other receivables

#### Current

Trade receivables	1,645,741	2,442,130
Receivables from related party	45,532	98,070
Rental bonds	15,736	29,617
Total trade and other receivables	<u>1,707,009</u>	<u>2,569,817</u>

### Note 9 Other Assets

Prepayments	1,650	-
Interest receivable	24,601	26,600
Total other assets	<u>26,251</u>	<u>26,600</u>

# Victorian Person Centred Services Inc

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## Notes to the Financial Statements

For the Year Ended 30 June 2015

### Note 10 Property plant and equipment

	2015	2014
	\$	\$
<b>Non-Current</b>		
<b>PLANT AND EQUIPMENT</b>		
<b>Furniture, fixture and fittings</b>	<b>184,524</b>	<b>188,859</b>
Furniture, fixture and fittings at cost	(137,050)	(127,793)
Accumulated depreciation	47,474	61,066
Total furniture, fixture and fittings		
<b>Motor vehicles</b>		
Motor vehicles at cost	576,054	964,821
Accumulated depreciation	(539,229)	(752,973)
Total motor vehicles	36,825	211,848
<b>Office equipment</b>		
Office equipment at cost	676	676
Accumulated depreciation	(676)	(676)
Total office equipment	-	-
<b>Computer equipment</b>		
Computer equipment at cost	96,270	120,911
Accumulated depreciation	(61,699)	(118,045)
Total computer equipment	34,571	2,866
<b>Leasehold improvements</b>		
Improvements at cost	279,712	254,938
Accumulated depreciation	(147,139)	(93,721)
Total leasehold improvements	132,573	161,217
<b>Work-In-Progress</b>	-	505
<b>Total property, plant and equipment</b>	<b>251,443</b>	<b>437,502</b>

# Victorian Person Centred Services Inc

ABN: 64 762 103 425

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### Note 10 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	Plant and Equipment	Computer equipment	Leasehold Improvements	WIP	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2015</b>							
Balance at 1 July 2014	61,066	211,848	-	2,866	161,217	505	437,502
Additions	23,343	-	-	40,887	24,774	586	89,590
Disposals	(6,704)	(71,050)	-	(231)	-	-	(77,985)
Expensed to P/L	-	-	-	-	-	(1,091)	(1,091)
Depreciation expense	(30,231)	(103,973)	-	(8,951)	(53,418)	-	(196,573)
<b>Balance at 30 June 2015</b>	<b>47,474</b>	<b>36,825</b>	<b>-</b>	<b>34,571</b>	<b>132,573</b>	<b>-</b>	<b>251,443</b>
<b>2014</b>							
Balance at 1 July 2013	84,800	453,998	101	24,519	297,662	-	861,080
Additions	23,161	18,491	-	-	41,438	505	83,595
Disposals	(9,164)	(40,840)	-	(1,054)	(99,128)	-	(150,186)
Depreciation expense	(37,731)	(219,801)	(101)	(20,599)	(78,755)	-	(356,987)
<b>Balance at 30 June 2014</b>	<b>61,066</b>	<b>211,848</b>	<b>-</b>	<b>2,866</b>	<b>161,217</b>	<b>505</b>	<b>437,502</b>

# Victorian Person Centred Services Inc

ABN: 64 762 103 425

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### Note 11 Trade and other payables

	2015	2014
	\$	\$
<b>Current</b>		
Trade payables – others	248,706	143,733
Trade payables – related party	610,214	1,559,807
Net GST Payable	153,468	386,439
Accrued expenses	1,291,816	1,922,945
Total trade and other payables	<u>2,304,204</u>	<u>4,012,924</u>

### Note 12 Employee benefits provision

<b>Current</b>		
Provision for annual leave	1,057,045	980,265
Provision for long service leave	501,542	328,046
Total current provision for long service leave	<u>1,558,587</u>	<u>1,308,311</u>
<b>Non-Current</b>		
Provision for long service leave	473,799	579,973
Total non-current provision for long service leave	<u>473,799</u>	<u>579,973</u>

### Note 13 Other Liabilities

Grants received in advance	1,587,756	2,048,679
Total grants received in advance	<u>1,587,756</u>	<u>2,048,679</u>

### Note 14 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	127,502	146,247
- between 12 months and five years	40,061	84,851
Total operating lease commitments	<u>167,563</u>	<u>231,098</u>

During the year \$414,892 was recognised as an expenses in surplus or deficit in respect of operating leases (2014: \$505,739)

# Victorian Person Centred Services Inc

ABN: 64 762 103 425

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### Note 15 Contingent Liabilities

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 2015. There has been no change in contingent liabilities since the last annual reporting date.

### Note 16 Auditors' Remuneration

	2015 \$	2014 \$
Audit and assurance – KPMG	32,761	31,900
Total Auditors' Remuneration	32,761	31,900

### Note 17 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 E.W. Tipping Foundation Inc (EWTF) whereby specialist staff are employed to service EWTF's community based services as and when they are required. Some members of the VPCS board are also on the board of VPCS.

VPCS has provided an unsecured loan to EWTF which is disclosed in note 8 to the financial statements.

Management fees paid to EWTF	5,005,200	6,720,000
Total related party transactions	5,005,200	6,720,000

# Victorian Person Centred Services Inc

ABN: 64 762 103 425

## Notes to the Financial Statements

For the Year Ended 30 June 2015

### Note 18 Cash Flow Information

#### Reconciliation of cashflow from operations with surplus for the year

	2015	2014
	\$	\$
Net surplus / (deficit) for the year	872,708	(1,686,434)

#### Non – cash flows in surplus

Depreciation	196,573	356,987
Net gain on sale of property, plant and equipment	(34,454)	(34,990)
Capital transferred to operating expense	1,091	-
	<u>1,035,918</u>	<u>(1,364,437)</u>

#### Changes in assets and liabilities

Decrease in trade receivables	863,157	400,531
(Decrease) / increase in trade payables and accruals	(1,708,720)	1,041,046
(Decrease) in other liabilities	(460,923)	(419,795)
Increase in employee benefits provisions	144,102	390,248
Net cash (used in) / provided by operating activities	<u>(126,466)</u>	<u>47,593</u>

### Note 19 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 20 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 2015 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



Board member



Dated

27/10/2015.



## **Independent auditor's report to the members of Victorian Person Centred Services Inc.**

We have audited the accompanying financial report, being a special purpose financial report of Victorian Person Centred Services Inc. ("the Entity"), which comprises the statement of financial position as at 30 June 2015, and statement of surplus or deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 20 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Entity.

This audit report has also been prepared for the members of the Entity in pursuant to *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC) and the Associations Incorporation Reform Act 2012 (Victoria) (collectively the Act and Regulations).

### *Directors' responsibility for the financial report*

The Directors of the Entity are responsible for the preparation of the special purpose financial report that gives a true and fair view in accordance with the ACNC and the Associations Incorporations Reform Act 2012 (Victoria) and have determined the basis of preparation described in notes 1 to 3 to the financial statements is appropriate to meet the requirements of the ACNC, the Act and Regulations and is appropriate to meet the needs of the members. The Directors' responsibility also includes such internal control as the Directors determine necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

### *Auditor's responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the basis of accounting described in notes 1 to 3 to the financial statements so as to present a true and fair view which is consistent with our understanding of the company's financial position, and of its performance.

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



## **Independent auditor's report to the members of Victorian Person Centred Services Inc. (continued)**

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

### *Auditor's opinion*

In our opinion, the financial report of Victorian Person Centred Services Inc. is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the Associations Incorporations Reform Act 2012 (Victoria) including:

- (a) giving a true and fair view of the financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 2 and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### *Basis of accounting*

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the ACNC the Associations Incorporations Reform Act 2012 (Victoria). As a result, the financial report may not be suitable for another purpose.

**KPMG**  
KPMG



Antoni Cinanni  
Partner

Melbourne

**27** October 2015



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

To: the directors of Victorian Person Centred Services

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 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  
KPMG



Antoni Cinanni  
*Partner*

Melbourne

27 October 2015