

FINANCIAL COUNSELLING AUSTRALIA LIMITED

ABN 67 073 167 361

**GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

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FOR THE YEAR ENDED 30 JUNE 2019

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FINANCIAL COUNSELLING AUSTRALIA LIMITED
ABN 67 073 167 361
DIRECTORS' REPORT

The Board of Directors presents their report on the Company for the financial year ended 30 June 2019.

Directors

The names of members of the Board of Directors in office at any time during or since the end of the year are:

Name

Carmel Franklin	<i>Commenced 29th June 2016</i>
Kay Dilger	<i>Commenced 29th June 2016</i>
Rosalyn Williams	<i>Commenced 29th June 2016</i>
Jocelyn Furlan	<i>Appointed 1st February 2017</i>
Greg Tanzer	<i>Appointed 1st February 2017</i>
Tony Robinson	<i>Appointed 1st February 2017</i>
Anne Crouch	<i>Appointed 22nd November 2018</i>
John Harte	<i>Resigned 22nd November 2018</i>

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

All members of the Board are volunteers and receive no payment for their work as board and committee members. Board members are reimbursed expenses that are incurred in the course of their duties as board members in accordance with company policy. Furthermore, reasonable costs may be incurred from time to time to ensure the continued professional development of board members.

Principal Activities

Financial Counselling Australia is the peak body for financial counsellors in Australia. We support the financial counselling profession by providing the tools and resources to help financial counsellors in their work and ensure their voices are heard in national debates. We also advocate on behalf of the clients of financial counsellors for a fairer marketplace that will prevent financial problems. FCA also supports the work of financial capability workers around Australia.

There were no significant changes in the principal activities of the Company during the year.

Short-Term Objectives

The Entity's short-term objectives are to:

1. Make the case for adequate funding for financial counselling services through increased government grants and industry contributions through industry levies.
2. Encourage the State and Federal Governments to coordinate their funding of financial counselling services through some form of agreement.
3. Raise the profile of financial counselling with Federal politicians and key decision-makers in government and industry through the A Day in the Life project.
4. Coordinate training and professional development and lift professional standards for the financial counselling/capability sector.

Long Term Objectives

The Entity's long-term objectives are to:

1. Build and support the financial counselling profession.
2. Increase access to financial counselling services, including through increased funding.
3. Coordinate the National Debt Helpline.
4. Improve financial counselling service delivery.
5. Raise the profile of financial counselling in the community and with decision-makers.
6. Advocate for fair treatment of financial services consumers.

FINANCIAL COUNSELLING AUSTRALIA LIMITED
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DIRECTORS' REPORT

Review of Operations

One of the most significant events this year was the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. FCA and individual financial counsellors were involved in the Royal Commission in various ways including in sourcing case studies, giving evidence and making submissions. The Royal Commission definitely contributed to raising the profile of financial counselling and in the final report, Commissioner Hayne noted the need for predictable and stable funding for financial counselling. This led to the Government setting up a review to consider how this could be done. This is a very positive step forward for the sector.

Our "Day in the Life" project was also a highlight. This project links Federal politicians and decision-makers in government and industry with their local financial counselling agency. People participating meet with a client or listen to calls on the National Debt Helpline. The aim is to give them a better understanding of the work that financial counsellors do and the challenges facing people experiencing financial hardship.

We continued to have a significant involvement in policy development and law reform processes. In relation to gambling, this culminated in the introduction by the federal government of a National Consumer Protection Framework for Online Wagering. In recognition of this work, the Consumers' Federation of Australia awarded FCA its 2019 campaign advocacy award.

Calls to the National Debt Helpline, which FCA coordinates, continued to increase. The overall strategy for the NDH is to drive traffic to the website first, with the call to action for people to ring if they need more help. We therefore continued to update and improve content on the site and to improve its search engine rankings.

For the profession, work continued on the national supervision policy, we developed new information and resources for financial counsellors and capability workers and delivered two day face to face workshops on family violence, with the majority of the sector now having participated.

With more than 800 attendees, this year's FCA conference, with its theme of "Curiosity", was the biggest yet.

FCA's total income was \$1,707,988 compared to \$1,955,044 for the previous year. The company recorded a deficit of \$35,019 compared to a deficit of \$289,607 the previous year. The deficit this year represents income received in previous financial years, that was only expended in 2018-19. The overall position of the company remains sound.

Key Performance Indicators

Measured using the strategies for achieving short and long-term objectives.

Information on Directors

The particulars of the qualifications, experience and special responsibilities of each Director are as follows:

Carmel Franklin	Chair
Qualifications:	B.Ed., Dip. Community Services (Financial Counselling), Certificate IV Training and Assessment.
Experience:	Carmel has been involved with consumer issues for many years. She is the CEO of CARE Financial Counselling Service and the Consumer Law Centre of the ACT. and has worked with the organisation since 1992. Carmel has been the Chairperson of Financial Counselling Australia (FCA) since 2009. Carmel is also a Consumer Director on the Board of the Financial Ombudsman Service (now AFCA) and a Board Member on the ACT Gambling and Racing Commission. She is the FCA representative on the ATO Individual Stewardship Group. She is a former member of the ASIC's Consumer Advisory Panel, and the FOS Consumer Liaison Group.

Kay Dilger

Qualifications:	Dip. Community Services (Welfare), Dip. Community Services (Financial Counselling), Certificate IV Training and Assessment, Advanced Diploma of Community Sector Management.
Experience:	Kay came to Financial Counselling in 2003 after a career in retail banking. She is currently Manager Community & Financial Wellbeing South East Community Links in Springvale, Victoria. Kay has been on the Board of Financial Counselling Australia since 2013, and has been Secretary of Financial & Consumer Rights Council from 2012 to 2018.

FINANCIAL COUNSELLING AUSTRALIA LIMITED
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DIRECTORS' REPORT

Information on Directors (continued)

Anne Crouch

Qualifications: B. Ag Science, Grad Cert Accounting, Dip. Management, Dip. Community Services (Financial Counselling), GAICD.

Experience: Anne is the Program Manager, Gambling and Financial Services with Uniting Country SA where she worked as a financial counsellor prior to moving into her leadership role. Anne was the Chair of the South Australian Financial Counselling Association for 6 years and represents FCA at AFSA's Personal Insolvency Stakeholder Forums. She is also a member of the Australian Financial Complaints Authority's Consumer Advisory Panel.

Rosalyn Williams

Qualifications: B. Social Science (Social Welfare), Dip. Management Dip. Community Services (Financial Counselling), Advanced Cert. Community Services (Community Development), Cert IV Training and Assessment.

Experience: Rosalyn is currently the Service Manager, Financial Health Services, Uniting Care Wesley Bowden. Previous roles have included policy development, community development, financial counselling and family support. She is also on the board of the South Australian Financial Counsellors Company and is a member of the Essential Services Policy Advisory Group for the South Australian Council of Social Service and is a former member of the FCA's representative on ASIC's Consumer Advisory Panel.

Special Responsibilities: Member of the Finance, Audit and Risk Committee.

Jocelyn Furlan

Qualifications: B.Com, LLB, MAICD

Experience: Jocelyn is a lawyer and accountant with more than 25 years' experience in the superannuation and financial services industries. She is a director of First State Super, Independent Chair of the Customer Owned Banking Code Compliance Committee, Chair of the Board of Strathcona Baptist Girls Grammar School, and is a member of the External Compliance Committee of Vanguard Investments Australia Limited and a part-time member of the Superannuation Complaints Tribunal. She regularly provides consulting services to financial service providers in relation to dispute resolution and remediation issues.

Special Responsibilities: Chair of the Finance, Audit and Risk Committee.

Greg Tanzer

Qualifications: B.E, LLB (Hons), GAICD

Experience: Greg was most recently a Commissioner at the Australian Securities and Investments Commission. Prior to this role he worked as Secretary-General of the International Organisation of Securities Commissions. Greg is a Director of Financial Counselling Foundation Ltd. He has significant experience in regulation, governance and policy development.

Tony Robinson

Qualifications: B.A. (Hon), M.A. (Australian Studies)

Experience: Tony is currently the Chair of AusNet's Customer Forum ahead of its revenue submission to the Australian Energy Regulator. Previous roles include Senior Manager Financial Inclusion for the Brotherhood of St Laurence and 13 years as Victorian MP including four years in Cabinet, as Minister for Consumer Affairs. Tony is also on the Board of the Migrant Information Centre (Eastern Melbourne).

Special Responsibilities: Member of the Finance, Audit and Risk Committee.

FINANCIAL COUNSELLING AUSTRALIA LIMITED
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DIRECTORS' REPORT

Meetings of Directors

During the financial year, seven meetings of Directors were held.

Attendances by each director during the year were as follows:

Board Meetings	
Number eligible to attend	Number attended
Carmel Franklin	7
Kay Dilger	7
Rosalyn Williams	7
Jocelyn Furlan	7
Greg Tanzer	7
Tony Robinson	7
Anne Crouch	5
John Harte	2

Attendances by each director during the year were as follows:

Finance, Audit and Risk Subcommittee Meetings	
Number eligible to attend	Number attended
Rosalyn Williams	6
Jocelyn Furlan	6
Tony Robinson	6

After balance day events

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

Contribution In Winding Up

Financial Counselling Australia Limited is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$10 towards meeting any outstanding obligations of the Company.

At 30 June 2019 the collective liability of members was \$70 (2018: \$80).

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2019 has been received and is included in this report on Page 5.

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

Director C. Franklin
Carmel Franklin

Kay Dilger
Kay Dilger

Dated: 30 September 2019

TOWARDS A VISION SHARED



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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF
FINANCIAL COUNSELLING AUSTRALIA LIMITED
A.B.N. 67 073 167 361**

I declare that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2019 there have been:

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

**Frederik Ryk Ludolf Eksteen CA
ASIC Auditor Registration Number 421448**

**Collins & Co
127 Paisley Street
FOOTSCRAY VIC 3011**

Dated this 10th day of October 2019

FINANCIAL COUNSELLING AUSTRALIA LIMITED
ABN 67 073 167 361
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
REVENUES	2	1,707,988	1,955,044
EXPENSES			
Administration expenses		(321,241)	(692,376)
Employee benefits expenses		(810,613)	(771,143)
Event expenses		(299,031)	(349,810)
Project funding and expenses		(312,122)	(431,322)
Profit/(loss) attributable to entity		<u>(35,019)</u>	<u>(289,607)</u>
Other comprehensive income after income tax		-	-
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year, net of tax		<u>(35,019)</u>	<u>(289,607)</u>
Total comprehensive income/(loss) attributable to entity		<u>(35,019)</u>	<u>(289,607)</u>

The income statement is to be read in conjunction with the audit report and the notes to the financial statements.

FINANCIAL COUNSELLING AUSTRALIA LIMITED
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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,352,467	1,687,482
Trade and other receivables	4	32,559	89,426
Other current assets	5	12,917	4,015
TOTAL CURRENT ASSETS		<u>1,397,943</u>	<u>1,780,923</u>
NON CURRENT ASSETS			
Property, plant and equipment	6	31,652	17,576
TOTAL NON-CURRENT ASSETS		<u>31,652</u>	<u>17,576</u>
TOTAL ASSETS		<u>1,429,595</u>	<u>1,798,499</u>
CURRENT LIABILITIES			
Trade and other payables	7	121,188	119,593
Grants received in advance	8	89,984	343,361
Revenue received in advance	9	10,000	134,034
Provisions	10	162,884	120,953
TOTAL CURRENT LIABILITIES		<u>384,056</u>	<u>717,941</u>
NON-CURRENT LIABILITIES			
Provisions	10	-	-
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>384,056</u>	<u>717,941</u>
NET ASSETS		<u>1,045,539</u>	<u>1,080,558</u>
EQUITY			
Accumulated funds		833,464	868,483
Reserves		212,075	212,075
TOTAL EQUITY		<u>1,045,539</u>	<u>1,080,558</u>

The balance sheet is to be read in conjunction with the audit report and the notes to the financial statements.

FINANCIAL COUNSELLING AUSTRALIA LIMITED
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Accumulated funds \$	General reserves	Total \$
Balance as at 1 July 2017	1,370,165	-	1,370,165
Surplus/ (Deficit) attributable to entity	(289,607)	-	(289,607)
Transfer to general reserves	(212,075)	212,075	-
Balance as at 30 June 2018	868,483	212,075	1,080,558
Surplus/ (Deficit) attributable to entity	(35,019)	-	(35,019)
Balance as at 30 June 2019	833,464	212,075	1,045,539

The statement of changes in equity is to be read in conjunction with the audit report and the notes to the financial statements.

FINANCIAL COUNSELLING AUSTRALIA LIMITED
ABN 67 073 167 361
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from grants		860,618	1,033,782
Receipts from other sources		512,630	(201,142)
Payments to employees and suppliers		(1,694,773)	(2,454,269)
Interest received		14,196	12,634
Net cash generated from/(used in) operating activities	13	<u>(307,329)</u>	<u>(1,608,995)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		-	-
Payment for purchase of property, plant and equipment		(27,686)	(3,911)
Net cash (used in)/provided by investing activities		<u>(27,686)</u>	<u>(3,911)</u>
Net increase/(decrease) in cash held		(335,015)	(1,612,906)
Cash and cash equivalents at beginning of financial year		1,687,482	3,300,388
Cash and cash equivalents at end of financial year	3	<u><u>1,352,467</u></u>	<u><u>1,687,482</u></u>

FINANCIAL COUNSELLING AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1. Statement of Significant Accounting Policies

The financial statements and notes represent those of Financial Counselling Australia Limited (the Company).

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB), the *Australian Charities and Not for Profits Commission Act 2012* and the *Corporations Act 2001*. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. Property, Plant and Equipment

Plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation and impairment losses. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Company includes the cost of materials, labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the asset can be measured reliably. All other repairs & maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on the revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to depreciation.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

FINANCIAL COUNSELLING AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1. Statement of Significant Accounting Policies (continued)

a. Property, Plant and Equipment (continued)

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Plant and equipment	10% - 40%
Leasehold improvements	20%

b. Impairment of Assets

At each reporting date, the company reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

c. Leases

All leases are classified as operating leases. Minimum lease payments made under operating leases are charged as an expense in equal instalments over the accounting periods covered by the lease term.

d. Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measured at initial recognition (ii) less principal repayments (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

FINANCIAL COUNSELLING AUSTRALIA LIMITED
ABN 67 073 167 361
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1. Statement of Significant Accounting Policies (continued)

d. Financial Instruments (continued)

Classification and Subsequent Measurement (continued)

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Financial assets at fair value through the profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of reporting period. If during the period the Company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments would be tainted and reclassified as available-for-sale.

Available-for-sale Financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in equity of other entities where there is neither fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

FINANCIAL COUNSELLING AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1. Statement of Significant Accounting Policies (continued)

d. Financial Instruments (continued)

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

e. Employee Benefits

Short term benefits

The provisions for employee entitlements to wages, salaries, annual and paid maternity leave represent obligations resulting from employees' services provided up to reporting date, calculated at undiscounted amounts based on wage and salary rates, including related on-costs, which the Company expects to pay at the end of each reporting period.

Long term benefits

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to reporting date.

Superannuation

Superannuation contributions are made by the Company to approved superannuation funds for all employees. The costs are charged as employee expenses as they are incurred. The Company has no legal obligation to cover any shortfall in the superannuation funds' obligations to provide benefits to employees on retirement.

f. Provisions

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

FINANCIAL COUNSELLING AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1. Statement of Significant Accounting Policies (continued)

g. 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, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities in the statement of financial position.

h. Revenue

Revenue is brought to account when received and to the extent that it relates to the subsequent period it is disclosed as a liability.

Government Grants

Grant income received, other than for specific purposes, is brought to account for the period to which the grant relates.

Where conditions are attached to a grant which must be satisfied before the organisation is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied.

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the organisation obtains control of the funds, economic benefits are probable and the amount can be measured reliably.

Donations

Donations are recognised as revenue when the organisation gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Interest Received

Interest revenue is recognised on a time proportional basis taking into account the interest rates applicable to the financial assets.

All receipts are stated net of Goods and Services Tax.

i. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

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 Australian Tax Office.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a net 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 excluded from the receipts from customers or the payments to suppliers.

FINANCIAL COUNSELLING AUSTRALIA LIMITED
ABN 67 073 167 361
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1. Statement of Significant Accounting Policies (continued)

k. Income Tax

By virtue of its aims as set out in the constitution, the Company qualifies as an organisation specifically exempt from income tax under Section 50-45 of the *Income Tax Assessment Act 1997*.

l. Deferred Income

The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled.

The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is discounted and presented as non-current.

m. Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

n. Critical Accounting Estimates and Judgements

The Directors evaluate the estimates and judgements 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 the Company.

Key Estimates - Impairment (General)

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets.

Where an impairment trigger exists, the recoverable amount of the asset is determined.

Key Judgements - Provision for Impairment of Receivables

The management believe that all accounts receivable are recoverable, and therefore no provision for impairment has been made.

o. New, Revised or Amending Accounting Standards and Interpretations Adopted

The Association has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Association.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

FINANCIAL COUNSELLING AUSTRALIA LIMITED
ABN 67 073 167 361
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1. Statement of Significant Accounting Policies (continued)

New Accounting Standards for Application In Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Association. The Board of Committee Members has elected not to early adopt any of the new and amended pronouncements.

i) AASB 15: Revenue from Contracts with Customers

AASB 15 is applicable to annual reporting periods of not-for-profit entities beginning on or after 1 January 2019, as deferred by AASB 2016-7: Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-For-Profit Entities.

When effective, AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Based on a preliminary assessment performed over each service and customer contract, the effects of AASB 15 are not expected to have a material effect on the Association.

ii) AASB 1058: Income of Not-For-Profit Entities

AASB 1058 is applicable to annual reporting periods beginning on or after 1 January 2019.

When effective, AASB 1058 requires that where a Not-for-Profit entity acquires an asset for a payment that is significantly less than its fair value (for example grants, bequests, donations, or other similar voluntary contributions), the timing of income recognition will depend on whether the transaction gives rise to a performance obligation. Where a performance obligation exists, the amount is recognised as revenue in accordance with the principles of AASB 15, which would mean recognising the proportion relating to the performance obligations as income only when they are satisfied. Where a performance obligation does not exist, the amount is immediately recognised as income.

Based on a preliminary assessment performed by the Association, the effects of AASB 1058 are not expected to have a material effect on the Association.

iii) AASB 16: Leases

AASB 16 is applicable to annual reporting periods beginning on or after 1 January 2019.

When effective, AASB 16 will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

Based on a preliminary assessment performed over each line of business and product type, the effect of AASB 16 is expected to be:

- (a) An increase in Lease Liabilities, with a commensurate increase in Right-to-Use Assets. These changes are not expected to materially impact Net Assets.
- (b) An increase in Amortisation Expense (of the Right-to-Use Asset) and an increase in Interest Expense (on the Lease Liability), with a commensurate decrease in Lease Expense and/or increase in revenue recognition where lease arrangements are below market value. These changes are not expected to materially impact Total Comprehensive Income.

FINANCIAL COUNSELLING AUSTRALIA LIMITED
ABN 67 073 167 361
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
Note 2. Operating Activities: Revenues		
Grants	1,113,995	1,029,043
Enforceable undertakings from ASIC	-	34,993
Sponsorships	307,091	279,147
Conference income	264,715	220,653
Other income	1,991	378,574
Interest received	14,196	12,634
Total revenues	<u>1,707,988</u>	<u>1,955,044</u>
 Note 3. Cash and Cash Equivalents		
Commonwealth Bank of Australia - Cheque Account	141,842	34,726
Commonwealth Bank of Australia - Cash Management Account	746,367	1,652,756
Commonwealth Bank of Australia - Term Deposits	464,258	-
	<u>1,352,467</u>	<u>1,687,482</u>
 Note 4. Trade and Other Receivables		
Accounts receivable	32,559	89,426
Less: provision for doubtful debts	-	-
	<u>32,559</u>	<u>89,426</u>
The company's trade and other receivables have been reviewed for indicators of impairment. No trade receivables were found to be impaired.		
 Note 5. Other Current Assets		
Other receivables	1,085	829
Prepayments	9,016	370
Other deposits	1,100	1,100
Rental bonds	1,716	1,716
	<u>12,917</u>	<u>4,015</u>
 Note 6. Property, Plant and Equipment		
Office equipment		
At cost	48,766	35,955
Accumulated depreciation	(17,114)	(18,379)
	<u>31,652</u>	<u>17,576</u>
 Total property, plant and equipment	<u>31,652</u>	<u>17,576</u>

FINANCIAL COUNSELLING AUSTRALIA LIMITED
ABN 67 073 167 361
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
Note 7. Trade and Other Payables		
Current - unsecured		
Accounts payable	62,930	75,241
Accrued expenses	17,738	22,363
Superannuation payable	6,248	6,941
GST (refundable)/payable	10,788	(2,716)
PAYG withholding tax payable	9,762	13,838
Commonwealth Bank of Australia - credit cards	13,722	3,926
	<u>121,188</u>	<u>119,593</u>
Note 8. Grants Received in Advance		
Current		
Grant - Department of Social Services - Workforce Strategy	-	223,610
Grant - Department of Social Services - BSWAT	-	119,751
Grant - National Debt Helpline	57,984	-
Grant - Department of Social Services - Core Funding	32,000	-
	<u>89,984</u>	<u>343,361</u>
Note 9. Revenue Received In Advance		
Current		
John Wiley	10,000	-
CBA funds	-	28,530
BMW funds	-	58,504
Cash Converters funds	-	47,000
	<u>10,000</u>	<u>134,034</u>
Note 10. Provisions		
Current		
Annual leave	104,711	68,939
Long service leave	58,173	52,014
	<u>162,884</u>	<u>120,953</u>
Note 11. Leasing Commitments		
The organisation's future operating lease payments are as follows:		
Payable - Minimum Lease Payments		
- no later than 12 months	50,407	23,854
- between 12 months and 5 years	4,201	30,103
- greater than 5 years	-	-
	<u>54,608</u>	<u>53,958</u>

The property lease commitment is a non-cancellable operating lease with a lease term of 5 years. Increases in lease commitments will occur at a rate of 4% over the previous years rent in accordance with the agreement.

Note 12. Capital Commitments

The directors of the company foresee no immediate future capital commitments.

FINANCIAL COUNSELLING AUSTRALIA LIMITED
ABN 67 073 167 361
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
Note 13. Cash Flow Information		
(a) Reconciliation of cash flow from operations with profit after income tax		
Operating surplus/(deficit)	(35,019)	(289,607)
Non-cash flows in profit		
Depreciation	13,610	5,833
Changes in assets and liabilities		
(Increase)/decrease in accounts and other receivables	56,867	(83,049)
Increase/(decrease) in other assets	(8,902)	6,054
Increase/(decrease) in trade and other payables	1,595	(271,505)
Increase/(decrease) in grants received in advance	(253,377)	4,739
Increase/(decrease) in revenue received in advance	(124,034)	(1,031,460)
Increase/(decrease) in provisions	41,931	50,000
Cash flow from operations	<u>(307,329)</u>	<u>(1,608,995)</u>
(b) Reconciliation of Cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	<u>1,352,467</u>	<u>1,687,482</u>
	<u>1,352,467</u>	<u>1,687,482</u>

FINANCIAL COUNSELLING AUSTRALIA LIMITED
ABN 67 073 167 361
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 14. Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable and bank loans.

The Company does not have any derivative instruments at 30 June 2019.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019	2018
		\$	\$
Financial Assets			
Cash and cash equivalents	3	1,352,467	1,687,482
Loans and receivables	4	32,559	89,426
		<u>1,385,026</u>	<u>1,776,908</u>
Financial Liabilities			
Trade and other payables	7	121,188	119,593
		<u>121,188</u>	<u>119,593</u>

(i) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial statements.

(ii) Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are maintained.

(iii) Interest Rate Risk

The finance committee meets on a regular basis to analyse the interest rate exposure in the context of the most recent economic conditions and forecasts.

Note 15. Company's Details

The registered office of the company is:

Level 6
 179 Queen Street
 MELBOURNE VIC 3000

The principal place of business of the company is:

Level 6
 179 Queen Street
 MELBOURNE VIC 3000

FINANCIAL COUNSELLING AUSTRALIA LIMITED
ABN 67 073 167 361
DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 6 to 20, are in accordance with the *Australian Charities and Not for Profits Commission Act 2012* and:
 - (a) comply with Australian Accounting Standards- Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the company;
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director



Director



Dated this

30th day of September 2019



Collins & Co

CERTIFIED PRACTISING ACCOUNTANTS

ABN 15 893 818 045

127 Paisley Street
Footscray VIC 3011
Australia

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TOWARDS A VISION SHARED

**FINANCIAL COUNSELLING AUSTRALIA LIMITED
A.B.N. 67 073 167 361
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**

Opinion

I have audited the accompanying financial report of Financial Counselling Australia Limited (the company), which comprises the statement of financial position as at 30 June 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date; notes comprising a summary of significant accounting policies and other explanatory information and the statement by the Board of Directors.

In my opinion, the accompanying financial report of Financial Counselling Australia Limited is in accordance with Division 60 of the ACNC Act 2012, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2019 and of its performance and cash flows for the year ended on 30 June 2019; and
- ii. complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis of Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Company in accordance with the auditor independence requirements of the ACNC Act 2012 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled our other ethical responsibilities in accordance with the Code.

I confirm that the independence declaration required by the ACNC Act 2012, which has been given to the directors of the Company would be on the same terms if given to the directors as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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



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TOWARDS A VISION SHARED

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that I identify during my audit.

Frederik Ryk Ludolf Eksteen CA
ASIC Auditor Registration Number 421448

Collins & Co
127 Paisley Street
FOOTSCRAY VIC 3011

Dated this 10th day of October 2019