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Melbourne City Mission

ABN 12 345 678 901

Annual Report - 30 June 2020

Your Directors submit their report for the year ended 30 June 2020

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period, unless otherwise stated.

Di McDonald (Chair)	
John Jeffreys	
Paul Scroope	
Leonie Boxtel (Deputy Chair)	
Joe Carbone	Currently on leave of absence
Jonathan Mortimer	
Marion Hemphill	
John Russell	Appointed November 2019

Information on directors

Name:	Di McDonald (Chair)
Title:	A member of the Board since 2011; appointed Chair, January 2016.
Qualifications:	B.App.Sc, Grad. Dip. Education, Grad. Dip. Rehabilitation, Grad. Dip. Bus. Mgt., M.Mgt. (Organisational Systems), MAICD.
Experience and expertise:	Di has an extensive background and formal qualifications in business development and management in the occupational health, disability and human resources fields. She has over 25 years of demonstrated leadership in senior roles including at Managing Director and CEO level in NFP, privately owned and publicly listed organisations, as well as Executive and Non-executive positions on Boards and Advisory Boards. Currently Di is Chair of the NFP Law and Advocacy Centre for Women (LACW); is a member of the Cabrini Foundation Board; a member of the Hester Hornbrook Academy Board; sits on the Advisory Board for Psychology Melbourne, and is a member of the Institute of Company Directors. Di sees it as a privilege to be a member of the Melbourne City Mission Board and is highly committed to making opportunities accessible to those that are the most disadvantaged and at risk.

Name:	John Jeffreys
Title:	A member of the Board since 2013.
Qualifications:	FCPA, GAICD.
Experience and expertise:	John is an experienced senior Finance Executive and Company Director having worked in the mining, service and manufacturing industries. John is a graduate of the Institute of Company Directors. He is married with two children and enjoys spending time with his two grandchildren and sport – in particular, cricket and football – supporting Richmond in the AFL. John has been actively involved in community activities including the Lord's Taverners, Candlelight Productions and formerly The Jean Hailes Foundation and is looking to continue making a positive contribution to Melbourne City Mission.
Special responsibilities:	Member of the Board Finance Investment & Audit Committee.

Name:	Paul Scroope
Title:	A member of the Board since October 2014.
Qualifications:	B. Bus. Accounting, Grad. Dip. Business Management, Masters Organisational Systems, FCPA, FCIMA, MAICD.
Experience and expertise:	Paul is an experienced board member and a senior finance executive with over 25 years' experience in the commercial and not-for-profit sectors including executive positions with the Australian Red Cross, the CSIRO, Fujitsu Australia and Therapeutic Innovations Australia. He is a board member of the Hester Hornbrook Academy and the Law and Advocacy Centre for Women, a past board member of the CRC Cancer Therapeutics and acts as board advisory and trustee to other organisations. Paul is a Fellow of both CPA Australia and of the Chartered Institute of Management Accountants. He is a Member of the Australian Institute of Company Directors and holds a degree in accounting, a graduate diploma in Management and a Masters in Organisational Systems.
Special responsibilities:	Chair of the Board Finance Investment & Audit Committee.

Name:	Leonie Boxtel (Deputy Chair)
Title:	A member of the Board since October 2014; appointed Deputy Chair November 2018.
Qualifications:	B Arts (Hons), M. Bus. (Marketing), MAICD.
Experience and expertise:	Leonie has extensive experience in strategy development, marketing and communications, and philanthropy in Australia and in the Asian region. She has over two decades of experience in executive and senior management roles in higher education, government, and the not-for-profit sector. Currently Executive Officer of a Melbourne-based Family Foundation, Leonie holds a BA from Monash University, Master of Business from RMIT, and NAATI Level 3 interpreting & translating qualifications in Japanese. Leonie is a graduate of the Australian Institute of Company Directors and Deputy Chair of the International Women's Development Agency.
Special responsibilities:	Chair of the Nominations & Remuneration Committee

Name:	Joe Carbone
Title:	A member of the Board since June 2017.
Qualifications:	BHA (Health Administration), GAICD.
Experience and expertise:	Joe is an experienced Board Director and Chief Executive who has held senior leadership roles across 3 industry sectors (Health Care, Local Government and Retail/Manufacturing). He has worked extensively with Boards and multi-disciplinary professionals through reform eras in large complex service organisations and innovative commercial enterprises. Joe has valuable insights on innovative leadership and diverse stakeholder engagement. His focus across a career spanning 40 years has been around empowering organisations to chase innovation and continuous improvement in the context of value creation for stakeholders and consumers. Joe is a Graduate Member of the Australian Institute of Company Directors and holds a Bachelor of Health Administration (University of NSW).
Special responsibilities:	Former Chair of the Board Quality, Safety & Risk Committee; former Member Nominations & Remuneration Committee

Name:	Jonathan Mortimer
Title:	A member of the Board since June 2018
Qualifications:	BA Hons, LLM, MPubPol
Experience and expertise:	Jonathan is a Director at a professional services firm in Melbourne, specialising in taxation. He has previously been the Head of Risk for a large Australian superannuation fund. Jonathan is a former member of the Board Quality Committee and Clinical Quality Committee at the Royal Victorian Eye and Ear Hospital. Jonathan is admitted to legal practice in Australia, and called to the bar of England and Wales. Jonathan holds a Master of Public Policy from the Australian National University and a Master of Law from the University of Cambridge.
Special responsibilities:	Chair of the Board Quality, Safety & Risk Committee; Member of the Board Finance, Investment & Audit Committee.

Name:	Marion Hemphill
Title:	A member of the Board since August 2018
Qualifications:	LLB (Hons)
Experience and expertise:	Marion has more than 20 years' experience as a corporate lawyer. Marion is currently General Counsel and Chief Privacy Officer at the Australian Red Cross Blood Service. She has also held senior roles in large law firms in Australia, London and New Zealand and was Counsel to the New Zealand Takeover Panel. Her professional experience has included commercial negotiations, governance, compliance and government relations. Marion is a proponent of focusing on compliance, risk and ethics as a fundamental step to achieving strategic goals. Marion has an LLB (Hons) from Victoria University of Wellington.
Special responsibilities:	Member of the Quality, Safety & Risk Committee, Member of the Nominations & Remunerations Committee.

Name:	John Russell
Title:	A member of the Board since November 2019
Experience and expertise:	John has over 20 years of executive experience across consulting, investment management and operating roles. John has held leadership positions in both public and private companies and is currently Chief Executive Officer of a private investment company. John has previously served on the advisory board of a youth refuge in Sydney and volunteered in China with an international aid organisation. John is married with two children and hopes that his role with MCM will help to break cycles of disadvantage in our community.
Special responsibilities:	Member of the Board Quality Safety & Risk committee

Company secretary
Jacquie Scales
Affiliated GIA
Company Secretary appointed 30 August 2017
Jacquie brings extensive experience to the role, having supported boards and senior executives in both the corporate and not-for-profit sectors for over 13 years; more recently as Company Secretary.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Full Board		Board Finance Investment & Audit		Board Quality, Safety & Risk Committee	Board Quality Safety & Risk Committee
	Attended	Eligible	Attended	Eligible	Attended	Eligible
Di McDonald	17	17	3	3	4	4
John Jeffreys	16	17	2	3	-	-
Leonie Boxtel	16	17	-	-	-	-
Paul Scroope	17	17	3	3	-	-
Joe Carbone	7	7	-	-	3	3
Jonathan Mortimer	16	17	3	3	4	4
Marion Hemphill	15	17	-	-	3	4
John Russell	11	11	-	-	1	1

	Board Nominations & Remuneration Committee	
	Attended	Held
Di McDonald	3	3
Leonie Boxtel	3	3
Joe Carbone	3	3

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Objectives
Melbourne City Mission exists so that people can lead positive lives - their best future, their way. We work with people at risk of poor outcomes. Our innovative services prevent and disrupt progression to greater and different forms of disadvantage throughout people's lives. In a rapidly changing environment for the not for profit sector, our organisation is guided by our five year strategy (2017-2022).

Our short term objectives include:

- Transforming our disability services and enhancing our capabilities to respond to the implementation of the NDIS.

- Delivering our innovative new model of Youth Refuge to address the complex needs of an extremely disadvantaged group of young people not currently serviced by the homelessness system or other inter-related systems.

- The Hester Hornbrook Academy is delivering quality education programs in a high support flexible learning environment. With 200 students who have overcome historical barriers to their education progress now actively working towards their VCAL, the Academy is proud of what it has acheived in two years, and excited about the potential in the next five years.

Our longer term strategic goals include:

- Maximising our impact: We will grow our services to respond to areas of unmet community need.

- Profit for Purpose: We will ensure we create a financially sustainable business able to respond to marketisation of social services.

- Innovation: We will create new disruptive models that improve the lives of people at risk of poor outcomes.

MCM creates an overarching business plan to manage and monitor our annual objectives, the CEO and managers have a set of Key Performance Indicators to work towards that are regularly reported against and assessed.

Principal activities
The principal activities of Melbourne City Mission during the course of the financial year were:
- Disability Services;
- Education and Early Years;
- Homelessness and Justice Programs; and
- Home and Residential Care based Palliative Care.

There was no significant change in the nature of the principal activities during the financial year.

Dividends
Melbourne City Mission is a company limited by guarantee. As such, it has no issued capital and does not pay a dividend.

COVID 19 Impact
We acknowledge the valuable support of the non-recurrent Federal Government Job Keeper funding of $1.5m in the financial year. These funds helped sustain the organisation during Covid-19 ensuring we continue to deliver the vital services to support the Victorian community during these difficult times.

Events Subsequent to Balance Date
The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financial positive for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstances has arisen since 30 June 2020 that has significantly affected, or may significant affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

State of Affairs
No significant changes in the company's underlying activities have occurred during the financial year.

Future Developments
Melbourne City Mission will embark on a growth strategy across Victoria, focused on supporting those experiencing, or at imminent risk of, the most severe disadvantage.

Environmental Issues
Melbourne City Mission has determined that there are no significant environmental regulations that apply to its operations.

Directors' Benefits
No Director of Melbourne City Mission has received any remuneration or other benefit by way of contract with Melbourne City Mission either directly or via related corporations in which they have a substantial financial interest.

Indemnity and Insurance Of Directors and Auditors
During the financial year, the Department of Human Services met all the costs of insuring all Directors, past and present, against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of Director of Melbourne City Mission.

Risk Management
The Board takes a proactive approach to risk management. The Board is responsible for ensuring that risks and opportunities are identified on a timely basis and that the company's objectives and activities are aligned with the risks and opportunities identified by the Board.

Auditor's Independence Declaration
A copy of the Auditor's Independence Declaration as required under the Australian Charities and Not-for-Profits Commission Act 2012 is set out in this report.

This report is made in accordance with a resolution of the board;

Di McDonald
Chairperson

Paul Scroope
Director

30 October 2020

Auditor's Independence Declaration under S 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 to the Directors of Melbourne City Mission

I declare that, to the best of my knowledge and belief during the year ended 30 June 2020 there have been:

- 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
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck Audit (VIC) Pty Ltd
ABN 59 116 151 136

C.L. Siddles
Director
Dated this 28th day of October, 2020

Melbourne City Mission
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General information

The financial statements cover Melbourne City Mission as a consolidated entity consisting of Melbourne City Mission and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Melbourne City Mission's functional and presentation currency.

Melbourne City Mission is a not-for-profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 October 2020. The directors have the power to amend and reissue the financial statements.

Melbourne City Mission
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

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	Note	Consolidated 2020 $	2019 $
Revenue	3	83,927,025	73,076,956
Total revenue		83,927,025	73,076,956
Expenses			
Disability Services		(28,851,121)	(24,885,870)
Homelessness & Justice Services		(24,927,240)	(19,351,809)
Employment, Education and Early Years		(6,715,847)	(13,688,690)
Palliative Care Services		(5,562,170)	(4,917,140)
Corporate Administration		(15,003,148)	(13,657,825)
Fundraising and Public Information		(1,367,631)	(2,828,933)
Living Learning		(297,408)	-
Total expenses		(82,724,565)	(79,330,267)
Operating surplus/(deficit)		1,202,460	(6,253,311)
Capital Grants	3	1,000,000	3,150,000
Investment Revenue	3	936,375	1,648,977
Bequests	3	1,359,895	984,195
Capital Appeal	3	200,594	3,030,169
Write off of Non Current Assets		(166,905)	(72,944)
Net Profit on Sale of Non Current Assets	3	108,649	-
Surplus for the year		4,641,068	2,487,086
Other comprehensive income			
Items that may not be reclassified subsequently to profit or loss			
Gain/(Loss) on the revaluation of financial assets		(823,956)	(206,912)
Transfer out of the maintenance reserve		(24,691)	-
Other comprehensive income for the year		(848,647)	(206,912)
Total comprehensive income for the year		3,792,421	2,280,174

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Melbourne City Mission
Statement of financial position
As at 30 June 2020

	Note	Consolidated 2020 $	Consolidated 2019 $
Assets			
Current assets			
Cash and cash equivalents	5	13,707,848	10,039,100
Trade Receivables & Prepayments	6	5,394,903	5,964,331
Financial assets at fair value through other comprehensive income	7	18,547,628	20,681,275
Total current assets		37,650,379	36,684,706
Non-current assets			
Property, Plant and Equipment	9	20,335,704	19,802,321
Externally Funded Property, Plant and Equipment	10	257,825	280,855
Right-of-use assets	11	11,443,208	-
Intangibles	12	2,621,437	2,592,978
Other	8	681,376	612,626
Total non-current assets		35,339,550	23,288,780
Total assets		72,989,929	59,973,486
Liabilities			
Current liabilities			
Trade and Other payables	13	7,823,288	6,681,721
Lease liabilities	15	1,714,700	-
Employee Benefits	14	4,694,539	5,148,042
Other Current Liabilities	16	6,399,321	8,808,989
Total current liabilities		20,631,848	20,638,752
Non-current liabilities			
Trade and Other payables	13	-	2,085,204
Lease liabilities	15	10,691,285	-
Employee Benefits	14	1,098,200	1,137,345
Other Current Liabilities	16	257,825	280,856
Total non-current liabilities		12,047,310	3,503,405
Total liabilities		32,679,158	24,142,157
Net assets		40,310,771	35,831,329
Equity			
Reserves	17	1,565,235	1,726,861
Retained surpluses		38,745,536	34,104,468
Total equity		40,310,771	35,831,329

The above statement of financial position should be read in conjunction with the accompanying notes

Melbourne City Mission
Statement of changes in equity
For the year ended 30 June 2020

Consolidated	Capital Appeal Reserve $	Financial Asset Reserve $	Property Maintenance Reserve $	Retained Surplus $	Total equity $
Balance at 1 July 2018	320,558	1,933,773	-	31,296,824	33,551,155
Surplus for the year	-	-	-	2,487,086	2,487,086
Other comprehensive income for the year	-	(206,912)	-	-	(206,912)
Total comprehensive income for the year	-	(206,912)	-	2,487,086	2,280,174
Transfer (to)/from reserve	(320,558)	-	-	320,558	-
Balance at 30 June 2019	-	1,726,861	-	34,104,468	35,831,329

Consolidated	Capital Appeal Reserve $	Financial Asset Reserve $	Property Maintenance Reserve $	Retained Surplus $	Total equity $
Balance at 1 July 2019	-	1,726,861	-	34,104,468	35,831,329
Adjustment required due to adoption of AASB 15 and 1058	-	-	687,021	-	687,021
Balance at 1 July 2019 - restated	-	1,726,861	687,021	34,104,468	36,518,350
Surplus for the year	-	-	-	4,641,068	4,641,068
Other comprehensive income for the year	-	(823,956)	(24,691)	-	(848,647)
Total comprehensive income for the year	-	(823,956)	(24,691)	4,641,068	3,792,421
Balance at 30 June 2020	-	902,905	662,330	38,745,536	40,310,771

The above statement of changes in equity should be read in conjunction with the accompanying notes

Melbourne City Mission
Statement of cash flows
For the year ended 30 June 2020

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	Note	Consolidated 2020 $	2019 $
Cash flows from operating activities			
Receipts from government subsidies, grants and customers		76,889,141	71,205,275
Payments to suppliers and employees (inclusive of GST)		(76,769,107)	(75,628,871)
Fees from residents and clients		2,093,780	4,757,003
Capital grants and donations		4,585,306	5,829,272
		6,799,120	6,162,679
Dividends received		517,841	1,613,964
Interest received		459,279	167,102
Finance costs		(642,616)	-
Net cash from operating activities		7,133,624	7,943,745
Cash flows from investing activities			
Payments for investments		(3,066,541)	(14,453,353)
Payments for property, plant and equipment	9	(2,159,483)	(11,087,589)
Payments for intangibles	12	(1,251,337)	-
Proceeds from disposal of investments		5,038,562	16,510,448
Net cash used in investing activities		(1,438,799)	(9,030,494)
Cash flows from financing activities			
Repayment of lease liabilities		(2,026,077)	-
Net cash used in financing activities		(2,026,077)	-
Net increase/(decrease) in cash and cash equivalents		3,668,748	(1,086,749)
Cash and cash equivalents at the beginning of the financial year		10,039,100	11,125,849
Cash and cash equivalents at the end of the financial year	5	13,707,848	10,039,100

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Summary of Significant Accounting Policies

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 15 Revenue from Contracts with Customers and AASB 1058 - change in accounting policy
The consolidated entity has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities for the first time in the current year with a date of initial application of 1 January 2019. The key changes to the entity's accounting policies and the impact on the financial report form applying AASB 15 and AASB 1058 are described below.
The consolidated entity has applied AASB 15 and AASB 1058 using the modified retrospective (cumulative catch-up) method which means the comparative information has not been restated and continues to be reported under AASB 1004 Contributions and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to accumulated funds at 1 July 2019.

The following changes to accounting policy occurred for Melbourne City Mission on adoption of AASB 15 and AASB 1058.

Grants - operating
Under AASB 1004, most grant income was recognised as revenue on receipt. Under AASB 1058 and AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed or recognised at the point in time that the control of the services pass to the customer. Having reviewed the grants received, there are some which fall into AASB 1058 and others which falls into AASB 15 which has resulted in deferral of revenue in many cases.

AASB 16 Leases
The consolidated entity has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The impact of adoption of AASB 16 compared with the previous Accounting Standards on the current reporting period is as follows:

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 5.04%	
Operating lease commitments as at 30 June 2019	15,722,369
Discounted using the incremental borrowing rate at 1 July 2019	(792,407)
Short-term leases included in commitments note	(135,544)
Lease liabilities recognised at 1 July 2019	14,794,418

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and associated regulations and the Corporations Act 2001, as appropriate for not-for profit oriented entities.

Note 1. Summary of Significant Accounting Policies (continued)

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 20.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Melbourne City Mission ('company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Melbourne City Mission and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Revenue Recognition
Revenue is recognised either under AASB15 or AASB1058.

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration. The customer for these contracts is the fund provider. Revenue is recognised by applying a five-step model as follows:
1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue

Grant Income
Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers, with revenue recognised as these performance obligations are met. Where there is a difference between the timing of the receipt of the grant and the satisfaction of the performance obligations , it will result in the recognition of a receivable, contract asset or contract liability.

AASB1058 requires that where there are no contracted performance obligations, revenue is recognised when received.

Capital grants
Capital grants received under an enforceable agreement to enable the company to acquire or construct an item of property, plant and equipment to identified specifications which will be controlled by the company (once complete) are recognised as revenue as and when the obligation to construct or purchase is completed.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the company.

Note 1. Summary of Significant Accounting Policies (continued)

Dividends and Imputation Credit
Dividends and Imputation Credit is taken into the Statement of Profit or Loss when declared.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Donation
Donations are recognised as income when the donations are received unless Melbourne City Mission has not met its specific obligations.

Income tax
As the consolidated entity is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents
Cash on hand and in banks and short-term deposits are stated at nominal value. For the purposes of the Cash Flow Statement, cash includes cash on hand and at bank, excluding resident and client cash, at-call deposits, term deposits with a maturity of 90 days or less, and which are subject to an insignificant risk of changes.

Trade Receivables and Prepayments
Trade receivables were recognised and carried at original value less an allowance for uncollectible amounts. Receivables from residents and clients are on 30-day terms. Collectability of trade receivables is reviewed on an ongoing basis.

Other Financial Assets
Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Held to Maturity Investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when Melbourne City Mission has the positive intention and ability to hold the financial asset to maturity. Investments intended to be held for an undefined period are not included in this classification. Held to maturity investments such as Bank Bills are valued at face value on acquisition date. Term Deposits are valued at cost. At maturity date, interest forms part of the principal amount and is reinvested for a determined term.

Note 1. Summary of Significant Accounting Policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Externally Fund Assets
Non-current assets which have been funded by specific purpose grants from Government Departments, and which may be required to be returned to the funding body in the event of the closure of that program, for which the funding was given, are accounted for separately from assets which are the property of Melbourne City Mission. These assets are disclosed as externally funded assets in the Statement of Financial Position. A Capital Grants Liability at an amount equal to the written down value of these assets, is classified as a liability owing to the funding provider.

Property, Plant and Equipment
Classes of Property, Plant and Equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight-line basis over the estimated useful life on all tangible assets including externally funded assets as follows:

Buildings	50 years
Building Development	20 years
Improvements & Renovations	10 years
Furniture & Fittings	10 years
Plant & Machinery, Computer Equipment	5 years
Motor Vehicles	3 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year-end.

Impairment
The carrying values of Plant and Equipment are reviewed for impairment at each reporting date, with recoverable amounts being estimated when events or changes in circumstances indicate that the carrying value may be impaired. An impairment may exist when the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount of plant and equipment is the higher of fair value less costs to sell, and 'value in use'. When an impairment in value exists, the asset is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the Statement of Profit or Loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Note 1. Summary of Significant Accounting Policies (continued)

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Payables and Other Creditors
These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. These amounts, which are non-interest bearing, unsecured, and are generally settled in 30-day terms, are valued at cost.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at the amounts expected to be paid when the liability is settled.

Provisions made in respect to long service leave, which are not expected to be settled within 12 months, are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience on employee departures and periods of service. Expected future payments are discounted using market yield at the reporting date based on government guaranteed securities, which have terms to maturity approximating to the terms of the related liability.

Employee benefit expenses and revenues arising in respect of the wages and salaries, annual leave, long service leave and the related on-costs (superannuation and workcover premium) are charged against profits on a net basis in their respective categories.

Goods and Services Tax
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax Revenues, expenses and assets are recognised net of the amount of GST except receivables and payables, which are stated with the amount of GST included.

Note 1. Summary of Significant Accounting Policies (continued)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the Australian Taxation Office.

Expense Classification and Treatment

Expenses are classified in the Statement of Profit or Loss based on the programs provided by Melbourne City Mission and include details of specific support functions, which underpin the delivery of quality services. Expenses are accounted for on an accrual basis.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Revenue

	Consolidated 2020 $	Consolidated 2019 $
Local Government	701,631	605,318
State and Federal Government	53,561,541	46,989,931
Fees from Residents and Clients	2,093,780	4,844,661
Donations	1,660,694	631,972
Trusts	387,154	1,182,942
Sundry Revenue	5,476,715	5,084,940
Insurance Claim Income	37,374	20,597
National Disability Insurance Scheme	20,008,136	13,716,595
Revenue	83,927,025	73,076,956

	Consolidated 2020	Consolidated 2019
Other Revenue		
Net Profit on Sale of Non-current Assets	108,649	-
Capital Grants	1,000,000	3,150,000
Interest Revenue	457,378	153,104
Dividend Revenue	478,997	1,495,873
Bequests	1,359,895	984,195
Capital Appeal	200,594	3,030,169
Total	3,605,513	8,813,341

Note 4. Expenses

Operating (Deficit)/Surplus is arrived at after charging the following:

	Consolidated 2020 $	Consolidated 2019 $
a) Depreciation and Amortisation		
Depreciation - Freehold Buildings	49,617	49,974
Depreciation - Improvements	1,350,562	853,236
Depreciation - Motor Vehicles	16,467	55,150
Depreciation - Fixtures, Plant and Equipment	232,484	137,532
Amortisation - Lease Incentive	-	55,572
Amortisation - Computer Software	684,986	392,939
Right of Use Depreciation - Premises	1,689,597	-
Right of Use Depreciation - Motor Vehicles	534,589	-
Right of Use Depreciation - Office Equipment	84,895	-
Total Depreciation and Amortisation	4,643,197	1,544,403

Note 4. Expenses (continued)

	Consolidated 2020	Consolidated 2019
b) Employee Benefits Expense		
Wages and Salaries	54,024,600	50,794,058
Workers' Compensation Costs	1,736,115	1,633,401
Superannuation Costs	4,674,450	4,358,458
Annual Leave Provision	302,388	(8,529)
Long Service Leave Provision	52,434	(189,490)
Total Employee Benefits Expense	60,789,987	56,587,898

Note 5. Cash and cash equivalents

	Consolidated 2020 $	Consolidated 2019 $
Current assets		
Cash	5,094,340	3,043,585
Deposits at Call	8,613,508	6,992,865
Residents and Clients	-	2,650
	13,707,848	10,039,100

Note 6. Trade Receivables & Prepayments

	Consolidated 2020 $	Consolidated 2019 $
Current assets		
Trade receivables	1,365,221	1,405,172
Less: Allowance for expected credit losses	(180,953)	(190,118)
	1,184,268	1,215,054
Sundry Debtors	3,297,601	3,010,730
Security Bond	21,548	22,937
Other Prepayments	362,569	1,302,365
Dividend Imputation Credit	528,917	413,245
	4,210,635	4,749,277
	5,394,903	5,964,331

(i) Dividend Imputation Credit is non-interest bearing and is claimed annually from the Australian Taxation Office.

(ii) Trade Receivables are non-interest bearing and are generally settled on 30-day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired.

Note 7. Financial assets at fair value through other comprehensive income

	Consolidated 2020 $	Consolidated 2019 $
Current assets		
Investment Portfolio - Listed Securities	18,547,628	20,681,275

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Note 8. Other

	Consolidated 2020 $	2019 $
Non-current assets		
Security deposits	681,376	612,626

Note 9. Property, Plant and Equipment

	Consolidated 2020 $	2019 $
Non-current assets		
Land and buildings - at cost	5,052,917	5,052,917
Less: Accumulated depreciation	(1,197,238)	(1,159,759)
	3,855,679	3,893,158
Freehold improvements - at cost	19,484,708	20,011,062
Less: Accumulated depreciation	(5,722,158)	(4,576,424)
	13,762,550	15,434,638
Fixtures, Plant and Equipment- at cost	1,343,335	719,286
Less: Accumulated depreciation	(506,999)	(281,196)
	836,336	438,090
Motor vehicles - at cost	32,923	435,708
Less: Accumulated depreciation	(4,215)	(399,273)
	28,708	36,435
Asset Work in Progress	1,852,431	-
	20,335,704	19,802,321

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Land $	Buildings $	Improvement/Development $	Fixtures, Plant and Equipment $	Motor Vehicles $	Asset Work in Progress $	Total $
Balance at 1 July 2019	3,178,950	714,208	15,434,638	438,090	36,435	-	19,802,321
Additions	-	-	167,377	367,839	31,279	2,120,429	2,686,924
Disposals	-	-	(488,903)	(5,107)	(26,169)	-	(520,179)
Transfers in/(out)	-	-	-	267,998	-	(267,998)	-
Depreciation expense	-	(37,479)	(1,350,562)	(232,484)	(12,837)	-	(1,633,362)
Balance at 30 June 2020	3,178,950	676,729	13,762,550	836,336	28,708	1,852,431	20,335,704

Note 10. Externally Funded Property, Plant and Equipment

	Consolidated 2020 $	Consolidated 2019 $
Non-current assets		
Freehold Property - at cost	664,974	664,974
Less: Accumulated depreciation	(407,149)	(395,011)
	257,825	269,963
Motor Vehicles - at cost	-	41,495
Less: Accumulated depreciation	-	(30,603)
	-	10,892
	257,825	280,855

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Land $	Buildings $	Motor Vehicles $	Total $
Balance at 1 July 2019	58,071	211,892	10,892	280,855
Disposals	-	-	(7,262)	(7,262)
Depreciation expense	-	(12,138)	(3,630)	(15,768)
Balance at 30 June 2020	58,071	199,754	-	257,825

Note 11. Right-of-use assets

	Consolidated 2020 $	Consolidated 2019 $
Non-current assets		
Land and buildings - right-of-use	12,074,229	-
Less: Accumulated depreciation	(1,544,829)	-
	10,529,400	-
Motor vehicles - right-of-use	1,353,069	-
Less: Accumulated depreciation	(534,589)	-
	818,480	-
Office equipment - right-of-use	180,223	-
Less: Accumulated depreciation	(84,895)	-
	95,328	-
	11,443,208	-

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Note 12. Intangibles

	Consolidated 2020 $	2019 $
Non-current assets		
Lease Incentive - at cost	-	869,986
Less: Accumulated amortisation	-	(332,095)
	-	537,891
Computer Software - at cost	4,172,061	2,920,725
Less: Accumulated amortisation	(1,550,624)	(865,638)
	2,621,437	2,055,087
	2,621,437	2,592,978

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Computer Software $	Lease Incentive $	Total $
Balance at 1 July 2019	2,055,086	537,892	2,592,978
Additions	1,251,337	-	1,251,337
Impact of adoption of AASB 16	-	(537,892)	(537,892)
Amortisation expense	(684,986)	-	(684,986)
Balance at 30 June 2020	2,621,437	-	2,621,437

Note 13. Trade and Other payables

	Consolidated 2020 $	2019 $
Current liabilities		
Trade Payables	1,429,244	929,444
Other Creditors	6,394,044	5,658,633
Provision for Lease Liability - Current	-	93,644
	7,823,288	6,681,721
Non-current liabilities		
Provision for Lease Liability - Non-current	-	2,085,204
	7,823,288	8,766,925

Note 14. Employee Benefits

	Consolidated 2020 $	Consolidated 2019 $
Current liabilities		
Provisions for Annual Leave	3,163,869	2,825,434
Provisions for Long Service Leave	1,477,659	1,747,262
Provisions for R.D.O	13,011	43,509
Restructuring	40,000	531,837
	4,694,539	5,148,042
Non-current liabilities		
Provisions for Long Service Leave	1,098,200	1,137,345
	5,792,739	6,285,387

Note 15. Lease liabilities

	Consolidated 2020 $	Consolidated 2019 $
Current liabilities		
Lease liability	1,714,700	-
Non-current liabilities		
Lease liability	10,691,285	-
	12,405,985	-

Note 16. Other Current Liabilities

	Consolidated 2020 $	Consolidated 2019 $
Current liabilities		
Trust Fund Liability	961,646	3,985,130
Provision for Refund	3,211,960	2,877,896
Income Received in Advance	2,225,715	1,945,963
	6,399,321	8,808,989
Non-current liabilities		
Capital Grants Liability	257,825	280,856
	6,657,146	9,089,845

Note 17. Reserves

	Consolidated 2020 $	Consolidated 2019 $
Financial assets at fair value through other comprehensive income reserve	902,905	1,726,861
Property maintenance reserve	662,330	-
	1,565,235	1,726,861

Financial assets at fair value through other comprehensive income reserve
The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Property maintenance reserve
This reserve recognises funds allocated for maintenance on the properties.

Note 18. Key Management Personnel

	Consolidated 2020 $	Consolidated 2019 $
Total Compensation	2,025,091	2,036,316

Note 19. Related Party Disclosures

Subsidiaries
Interests in subsidiaries are set out in note 21.

Disclosures relating to key management personnel are set out in note 18.

Members of the Board receive no remuneration or other benefits from Melbourne City Mission (2019, Nil)

Note 20. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2020 $	Parent 2019 $
Surplus	3,908,942	1,668,767
Total comprehensive income	3,908,942	1,668,767

Note 20. Parent entity information (continued)

Statement of financial position

	Parent 2020 $	Parent 2019 $
Total current assets	31,585,055	32,722,590
Total assets	64,584,878	54,819,632
Total current liabilities	18,538,684	20,375,398
Total liabilities	29,691,651	23,853,987
Equity		
Financial assets at fair value through other comprehensive income reserve	973,655	1,617,344
Property maintenance reserve	662,330	-
Retained surpluses	33,257,242	29,348,301
Total equity	34,893,227	30,965,645

Note 21. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business
Hester Hornbrook Academy	Melbourne
Dr John Singleton Trust	Melbourne
Living Learning	Melbourne

Note 22. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financial positive for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Melbourne City Mission
Directors' declaration
30 June 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards - Reduced Disclosure Requirements, the Australian Charities and Not-for-profits Commission Act 2012 and associated regulations, and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors:

On behalf of the directors

Di McDonald
Chairperson

Paul Scroope
Director

30 October 2020

William Buck

Melbourne City Mission

Independent auditor's report to members

Report on the Audit of the Financial Statements

Opinion

We have audited the financial report of Melbourne City Mission. (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Regime and the ACNC Act and for such internal control as the directors determine is 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.

In preparing the financial report, the directors are responsible for assessing the Group'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 the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our independent auditor's report.

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

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

C.L. Siddles
Director
Melbourne, 28th October 2020