BERRY STREET VICTORIA INC

ABN 24 719 196 762

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

TABLE OF CONTENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHESIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $	2018 $
Revenue			
Revenue		130,665,135	118,667,047
Other income		481,042	3,833
Total revenue	2	**131,146,177**	**118,670,880**
Expenses			
Program expenses		(107,017,365)	(96,680,494)
Fundraising expenses		(6,757,810)	(5,362,751)
Strategic Initiative expenses		(5,363,352)	(5,055,817)
Administration and Infrastructure expenses		(14,750,675)	(10,897,202)
Total expenses	3	**(133,889,202)**	**(117,996,264)**
(Deficit) / surplus before income tax		**(2,743,025)**	**674,616**
Income tax expenses	1(j)	-	-
(Deficit) / surplus for the year	4	**(2,743,025)**	**674,616**
Other comprehensive income			
Items that will not be reclassified subsequently to Profit or Loss			
- Gains on revaluation of land and buildings		-	490,089
Items that are or may be reclassified subsequently to Profit or Loss when specific conditions are met:			
- Revaluation increment – financial assets		-	983,965
- Realised gain on the disposal of available-for-sale financial assets		-	(737,006)
Total other comprehensive income for the year		-	737,048
Total comprehensive income for the year		(2,743,025)	1,411,664
(Deficit) / surplus attributable to members of the entity		(2,743,025)	674,616

The Association has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	4,831,837	6,889,605
Trade and other receivables	6	3,925,579	2,872,889
Financial assets	7	4,750,000	9,500,000
Other assets	8	2,234,271	1,915,435
TOTAL CURRENT ASSETS		**15,741,687**	**21,177,929**
NON - CURRENT ASSETS			
Financial assets	7	37,932,205	34,539,183
Property, plant and equipment	9	10,362,275	11,247,574
TOTAL NON-CURRENT ASSETS		**48,294,480**	**45,786,757**
TOTAL ASSETS		**64,036,167**	**66,964,686**
CURRENT LIABILITIES			
Trade and other payables	10	19,123,560	19,442,001
Borrowings	11	-	42,988
Short term provisions	13	5,233,262	5,286,438
TOTAL CURRENT LIABILITIES		**24,356,822**	**24,771,427**
NON-CURRENT LIABILITIES			
Long term provisions	13	1,475,977	1,246,866
TOTAL NON - CURRENT LIABILITIES		**1,475,977**	**1,246,866**
TOTAL LIABILITIES		**25,832,799**	**26,018,293**
NET ASSETS		**38,203,368**	**40,946,393**
EQUITY			
Retained earnings		34,550,829	34,530,344
Reserves	14	3,652,539	6,416,049
TOTAL EQUITY		**38,203,368**	**40,946,393**

The Association has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Retained Earnings $	Land and Buildings Revaluation Surplus $	Financial Assets Revaluation Reserve $	Total $
Balance at 30 June 2017	**33,855,728**	**3,355,420**	**2,323,581**	**39,534,729**
Total comprehensive income for the year				
Surplus for the year	674,616	-	-	674,616
Other comprehensive income	-	490,089	246,959	737,048
Total comprehensive income	674,616	490,089	246,959	1,411,664
Balance at 30 June 2018	**34,530,344**	**3,845,509**	**2,570,540**	**40,946,393**
Restatement due to AASB 9	2,570,540	-	(2,570,540)	-
Balance at 1 July 2018	**37,100,884**	**3,845,509**	**-**	**40,946,393**
Total comprehensive income for the year				
Deficit for the year	(2,743,025)	-	-	(2,743,025)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	(2,743,025)	-	-	(2,743,025)
Transactions with owners, in their capacity as owners, and other transfers				
Transfer on sale of asset	192,970	(192,970)	-	-
Total transactions with owners and other transfers	192,970	(192,970)	-	-
Balance at 30 June 2019	**34,550,829**	**3,652,539**	**-**	**38,203,368**

The accompanying notes form part of these financial statements.

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $	2018 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating activities		138,131,551	126,044,270
Interest received		346,468	319,956
Dividends received		349,231	298,501
Payments to suppliers and employees		(144,462,063)	(127,818,669)
Net cash used in operating activities		**(5,634,813)**	**(1,155,942)**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	4	2,514,489	1,359,768
Payment for property, plant and equipment	9	(1,654,122)	(600,699)
Proceeds from sale of investments	4	3,618,075	9,436,945
Payment for investments		(5,608,292)	(4,994,893)
Net cash generated from / (used in) investing activities		**(1,129,850)**	**5,201,121**
CASH FLOW FROM FINANCING ACTIVITIES			
Motor vehicle lease payments		(43,105)	(28,286)
Net cash used in financing activities		**(43,105)**	**(28,286)**
Net (decrease) / increase in cash held		**(6,807,768)**	**4,016,893**
Cash at the beginning of the financial year		16,389,605	12,372,712
Cash at the end of the financial year	5	**9,581,837**	**16,389,605**

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board, the Associations Incorporation Reform Act 2012 and the Australian Charities and Not -for- profits Commission Act 2012. The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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.

The financial statements were authorised for issue on 1st October 2019 by the Board of Directors.

Change in Accounting Policy

Financial Instruments – Adoption of AASB 9

As part of the adoption of AASB 9, the Association adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses.
- AASB 7 *Financial Instruments*: Disclosures requires amended disclosures due to changes arising from AASB 9, this disclosures have been provided for the current year.

The key changes to the Association's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Classification of financial assets

The financial assets of the Association have been reclassified into one of the following categories on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

- Measured at amortised cost
- Fair value through profit or loss

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has resulted in the earlier recognition of credit losses (bad debt provisions).

Change in Accounting Policy (continued)

Financial Instruments – Adoption of AASB 9 (continued)

Transition adjustments

The impacts to reserves and retained earnings on adoption of AASB 9 at 1st July, 2018 are shown below:

	Financial Assets Revaluation Reserve	Retained Earnings
	$	$
Equity balances reported under AASB 139	2,570,540	34,530,344
Restatement due to AASB 9	(2,570,540)	2,570,540
Opening equity balances at 1 July 2018 – **AASB 9**	-	37,100,884

The Association invested in managed investment funds and listed shares which were classified as available-for-sale investments under AASB 139. Under AASB 9, the Association has elected to designate financial assets that would have otherwise been carried at fair value through other comprehensive income (FVOCI) to be carried at fair value through profit and loss (FVTPL) to eliminate measurement or recognition inconsistency that would otherwise arise from recognising gains or losses associated with such assets on a different basis. The impact to other comprehensive income for FY18 was an unrealised gain of $983,965. The impact of classifying cumulative change in fair value (gain) in these investments for FY18 of $2,570,540 was reclassified from financial assets revaluation reserves to retained earnings.

Classification of financial assets and financial liabilities

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at the date of initial application.

	Classification under AASB 139	Classification under AASB 9	Carrying Amount under AASB 139	Carrying Amount under AASB 9
Financial Assets				
Investment in equity shares	Available for sale	Fair value through profit or loss	10,686,078	10,686,078
Managed investment funds	Available for sale	Fair value through profit or loss	23,853,105	23,853,105
Trade and other receivables	Loans and receivables	Amortised cost	2,872,889	2,872,889
Cash and cash equivalents	Cash and cash equivalents	Amortised cost	16,389,605	16,389,605
Total Financial Assets			53,801,677	53,801,677
Financial Liabilities				
Trade and other payables	Other financial liabilities	Amortised cost	7,173,705	7,173,705
Borrowings	Other financial liabilities	Amortised cost	42,988	42,988
Total Financial Liabilities			7,216,693	7,216,693

Accounting Policies

a) Revenue

Grant revenue is recognised in the statement of profit or loss when the Association obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

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

When grant revenue is received whereby the Association incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

The Association receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the profit or loss.

Client Funds and Client Brokerage are recognised as revenue in the profit or loss at the time that the matching client expense is recognised as an expense in the profit or loss.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, management has undertaken a valuation review, approved by the Board of Directors ensuring the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are charged to the profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that has been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Plant and Equipment

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

Plant and equipment that has been contributed at no cost, or for nominal cost is valued and recognised at the fair value of the asset at the date it is acquired.

b) Property, Plant and Equipment (continued)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Classes of Fixed Assets	Depreciation Rate
Buildings	3.3%
Motor vehicles	15.0% - 33.3%
Furniture and equipment	15.0% - 33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

c) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Association are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

d) Financial Instruments

For comparative year

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

Financial assets are divided into the following categories which are described in detail below:

Loans and receivables.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Association's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Association renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Association does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

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. Such assets are subsequently measured at fair value with changes in carrying value being included in other comprehensive income.

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.

The Association's listed shares and managed investment funds fall into this category of financial instruments.

Impairment of financial assets

At the end of the reporting period the Association assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Financial liabilities

The Association measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method. The financial liabilities of the Association comprise trade payables and bank loans.

d) Financial Instruments (continued)

For current year

Financial instruments are recognised initially on the date that the Association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Association classifies its financial assets into the following categories, those measured at:

- *Amortised cost*
- *Fair value through profit or loss*

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Association's financial assets measured at amortised cost comprise trade and other receivables, security deposits and bond and cash and cash equivalents.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through profit or loss

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Association's financial assets measured at fair value through profit or loss comprise listed shares and managed investment funds.

d) Financial Instruments (continued)

Impairment of financial assets

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Association has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in Impairment on trade receivables under administration and infrastructure expenses category. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Association renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Financial liabilities

The Association measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Association comprise trade payables and lease liabilities.

e) Fair Value of Assets and Liabilities

The Association measures some of its assets at fair value on a recurring basis, consistent with the requirements of the applicable accounting standard.

‘Fair value’ is the price the Association would receive to sell an asset in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset (i.e., the market with the greatest volume and level of activity for the asset). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at reporting date (i.e., the market that maximises the receipts from the sale of the asset, after taking into account transaction costs and transport costs)

For non-financial assets, the fair value measurement also takes into account a market participant’s ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

f) Impairment of Non Financial Assets

At the end of each reporting period, the Association reviews the carrying values of its tangible and intangible 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 asset’s carrying value over its recoverable amount is expensed to profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset’s ability to generate net cash inflows and when the Association would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the current replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the Association estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

g) Employee Benefits

Short-term provisions

Provision is made for the Association's obligation for short-term employee benefits. Short-term employee benefits are provisions (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term provisions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Association's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position.

Long-term employee benefits

The Association classifies employees' long service leave and annual leave entitlements as provisions for long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the Association's obligation for other long-term employee benefits, which is measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the subsequent measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefit expenses.

The Association's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the Association does not have an unconditional right to defer settlement for at least twelve months after the reporting date, in which case the obligations are presented as current liabilities.

h) 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.

i) 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 Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

j) Income Tax

No provision for income tax has been raised as the Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

k) Provisions

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

l) Comparative Figures

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

m) Trade and Other Payables

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

n) Critical Accounting Estimates and Judgments

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

Key Estimates

Impairment

The freehold land and buildings were independently valued in 2017-2018 by Charter Keck Cramer Pty Ltd. Valuers were instructed to determine fair market values for the properties and these were based on the direct comparison approach, using recent sales of properties in the neighbourhood, making adjustments for quality and condition of improvements, aspects of the land as well as redevelopment potential. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the then current strong demand for land and buildings in the area and recent sales data for similar properties.

Key Judgments

Financial assets at fair value through profit or loss

The Association maintains a portfolio of securities with a carrying value of $37,932,205 (2018: $34,539,183) at the end of the reporting period. The fair value of the portfolio of securities is monitored on a monthly basis. Fair values of managed investment funds are based on the net asset values as supplied by the fund managers at the end of the reporting period. For investments in listed shares, the fair values are based on the market values at the end of the reporting period.

Property, Plant and Equipment

For the two residential properties which were purchased in prior years with grants from the Department of Health and Human Services, the Association has only recognised 50% of the fair value of these properties in the books as the Department asserts that it has an equitable interest of 50%.

(o) Economic Dependence

The Association is dependent on the Department of Health & Human Services for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the Department will not continue to support the Association.

(p) New Accounting Standards for Application in Future Periods

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard 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.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The Directors expect that the adoption of AASB 16 will affect primarily the accounting for the Association's operating leases. As at the reporting date, the Association has non-cancellable operating lease commitments of $20,987,534, see note 12. Of these operating lease commitments in note 12, the leases that meet the criteria of AASB 16 will be reported on 1 July 2019 under the modified retrospective approach and a Right of Use Asset and Liability of $16,297,411 will be reported respectively.

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2019, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

(p) New Accounting Standards for Application in Future Periods (continued)

- AASB 1058: Income of Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1st January 2019)

  AASB 1058 applies to transactions where the consideration to purchase an asset is significantly less than its fair value in order to support the entity to further its objectives. It also applies to volunteer services.

  The following are the key requirements in this standard:

  (i) Income arising from the excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets, and revenue should be immediately recognised in profit or loss. For this purpose assets, liabilities and revenue are to be measured in accordance with the applicable standard;

  (ii) A liability is recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with other standards. This liability has to be amortised to profit or loss as the entity satisfies its obligations under the transfer; and

  (iii) An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services shall be measured at fair value and any excess over the related amounts (such as contribution by owners or revenue) should be immediately recognised in profit or loss.

- AASB 2016-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1st January 2019)

This standard adds appendix F to AASB 15 to provide additional guidance on the application of AASB 15 in the context of not-for-profit entities. It also adds Appendix C to AASB 9.

The Association has performed a high-level assessment of the impact of AASB 15 & 1058. The revenue streams identified on the statement of profit or loss and other comprehensive income the Association anticipate impact as follows:

Revenue Stream	**Impact Analysis**
Government Grants	Where the new standard applies, income will be deferred until the performance obligations contained within the contracts are met. This is not significantly different from current practice.
Other Organisations	Where the new standard applies, income will be deferred until the performance obligations contained within the contracts are met. This is not significantly different from current practice.
Charitable & fundraising	Where the new standard applies, certain income that was previously deferred until performance obligations are met, will be recognised upon receipt.
Gifts in kind	No significant impact when the standard is first adopted.
Rental income	No significant impact when the standard is first adopted.
Interest & dividends	No significant impact when the standard is first adopted.
Other revenue	Where the new standard applies, income will be deferred until the performance obligations contained within the contracts are met. This is not significantly different from current practice.
Bequests	No significant impact when the standard is first adopted.

	Note	2019 $	2018 $
NOTE 2: REVENUE			
a) From Operations			
State government grants		104,577,675	93,414,744
Other government grants		7,922,416	6,509,206
Other organisations grants		3,509,557	3,853,581
Charitable income and fundraising		6,187,226	5,542,558
Gifts in kind		-	38,220
Rental income		211,327	194,373
Interest received on working capital		220,238	243,657
Other (miscellaneous program income)		5,240,353	4,321,856
Bequests received		918,077	948,916
Revenue from operations		128,786,869	115,067,111
b) From Investments			
Interest received		126,230	76,299
Dividends received		1,353,444	2,767,379
Gain on disposal of investments	4	30,687	756,258
Fair value gains on financial assets at fair value through profit or loss		367,905	-
Revenue from investments		1,878,266	3,599,936
c) Other income			
(Loss) / gain on disposal of non-current assets	4	481,042	(233)
Gain / (loss) on sale of asset held for sale	9	-	4,066
Total other income		481,042	3,833
Total Revenue		**131,146,177**	**118,670,880**

The Association has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

	2019	2018
	$	$

NOTE 3: TOTAL EXPENDITURE

	2019 $	2018 $
Employee benefits expenses		
Salaries and wages	86,371,335	74,666,420
Superannuation	7,561,567	6,625,247
Workcover	2,127,839	2,704,442
Total employee benefits expenses	96,060,741	83,996,109
Non salary expenses		
Depreciation and amortisation	505,974	538,183
Finance costs	117	19,631
Impairment on trade receivables	83,508	41,412
Fundraising expenses	4,640,973	4,570,981
Gifts in kind expenses	-	38,220
Vehicle running expenses	4,992,204	5,343,415
Occupancy expenses	5,720,743	5,318,358
Clients' expenses	9,309,051	7,645,876
Training expenses	1,388,489	1,218,503
Audit, legal and consultancy expenses	1,858,450	1,101,224
Administration expenses	5,785,047	4,869,003
Other expenses	3,543,905	3,295,349
Total non salary expenses	37,828,461	34,000,155
Total Expenditure	**133,889,202**	**117,996,264**

NOTE 4: (DEFICIT) / SURPLUS FOR THE YEAR

(Deficit) / Surplus has been determined after:

	2019 $	2018 $
Auditor remuneration		
Audit Services		
- Current year	58,000	53,000
- Prior years	4,250	-
Other services	2,800	2,700
Total audit remuneration	65,050	55,700
Significant Revenue and Expenses		
Net gain/(loss) on disposal of Non Current Assets		
Property, plant and equipment		
Proceeds on disposal	2,514,489	19,750
Disposals at written down value	(2,033,447)	(19,983)
Net (loss) / gain on disposals	481,042	(233)
Investments		
Proceeds on disposal	3,618,075	9,436,945
Disposals at cost	(3,587,388)	(8,680,687)
Net gain on disposals	30,687	756,258

	2019	2018
	$	$

NOTE 5: CASH AND CASH EQUIVALENTS

	2019	2018
CURRENT		
Cash at bank	4,803,237	6,861,005
Cash on hand	28,600	28,600
	4,831,837	6,889,605

Cash at end of the financial year as shown in the Statement of Cashflows is reconciled in the Statement of Financial Position as follows:

	2019	2018
Cash and cash equivalents	4,831,837	6,889,605
Current financial assets	4,750,000	9,500,000
	9,581,837	16,389,605

NOTE 6: TRADE AND OTHER RECEIVABLES

	2019	2018
CURRENT		
Trade receivables	2,584,811	2,006,398
Allowance for expected credit losses	(147,055)	(65,006)
	2,437,756	1,941,392
Other receivables	1,487,823	931,497
Total current trade and other receivables	3,925,579	2,872,889

(a) Allowance for expected credit losses

The Association applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Movement in the allowance for expected credit losses of receivables is as follows:

	Opening Balance $	Charge for The Year $	Amounts Written Off $	Closing Balance $
2019	65,006	83,508	(1,459)	147,055

	Opening Balance $	Charge for The Year $	Amounts Written Off $	Closing Balance $
2018	60,881	41,412	(37,287)	65,006

	2019	2018
	$	$
NOTE 7: FINANCIAL ASSETS		
CURRENT		
Financial assets measured at amortised costs		
- Term Deposits	4,750,000	9,500,000
NON CURRENT		
Investment in equity instruments designated as at fair value through profit or loss		
- Managed investment funds	24,390,530	23,853,105*
- Listed shares	13,541,675	10,686,078*
	37,932,205	34,539,183

* The comparative information has been prepared under AASB 139 Financial Instruments: Recognition and Measurement and classified as available for sale financial assets.

NOTE 8: OTHER ASSETS

	2019	2018
Accrued Income	1,057,976	795,499
Prepayments	1,176,295	1,119,936
	2,234,271	1,915,435

	2019	2018
	$	$
NOTE 9: PROPERTY, PLANT AND EQUIPMENT		
LAND AND BUILDINGS		
Freehold land at fair value:	5,142,182	6,530,000
Total land	5,142,182	6,530,000
Buildings at fair value:	8,411,823	7,888,258
Less accumulated depreciation	(3,767,020)	(3,545,817)
Total buildings	4,644,803	4,342,441
Total land and buildings	9,786,985	10,872,441
MOTOR VEHICLES		
At cost	1,140,799	1,273,692
Less accumulated depreciation	(875,012)	(974,556)
Total plant and equipment	265,787	299,136
FURNITURE AND EQUIPMENT		
At cost	2,907,337	2,873,473
Less accumulated depreciation	(2,698,965)	(2,812,476)
Total plant and equipment	208,372	60,997
SUB-TOTAL	**10,261,144**	**11,232,574**
CAPITAL WORK IN PROGRESS		
At cost	101,131	15,000
TOTAL PROPERTY, PLANT AND EQUIPMENT	**10,362,275**	**11,247,574**

During the year ended 30 June 2018, the Association has commenced the renovation works for its new Shepparton Office. As at 30 June 2019, these renovation works are still in progress and the capital costs incurred were capitalised in capital work in progress.

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

2018	**Land and Buildings** $	**Motor Vehicles** $	**Furniture and Equipment** $	**Sub-Total** $	**Capital Work in Progress** $	**Total** $
Balance at the beginning of the year	10,872,441	299,136	60,997	11,232,574	15,000	11,247,574
Additions	1,237,615	129,091	201,285	1,567,991	86,131	1,654,122
Disposals	(1,995,513)	(34,234)	(3,700)	(2,033,447)	-	(2,033,447)
Depreciation expenses	(327,558)	(128,206)	(50,210)	(505,974)	-	(505,974)
Carrying amount at end of year	9,786,985	265,787	208,372	10,261,144	101,131	10,362,275

	Note	2019	2018
		$	$
NOTE 10: TRADE AND OTHER PAYABLES			
CURRENT			
Trade payables		1,103,584	621,717
Client funds		1,347,443	2,041,564
Grant obligations		5,202,160	6,308,805
Other current payables		7,169,750	6,551,988
Employee entitlements		4,300,623	3,917,927
Total trade and other payables	10a	19,123,560	19,442,001
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
- Total current		19,123,560	19,442,001
Less client funds		(1,347,443)	(2,041,564)
Less grant obligations		(5,202,160)	(6,308,805)
Less employee entitlements		(4,300,623)	(3,917,927)
Financial liabilities as trade and other payables	15	8,273,334	7,173,705

	Note	2019	2018
NOTE 11: BORROWINGS			
CURRENT			
Lease liabilities – secured		-	42,988
NON - CURRENT			
Lease liabilities - secured		-	-
TOTAL BORROWINGS	15	-	42,988

	2019	2018
	$	$

NOTE 12: OPERATING LEASE COMMITMENTS

Payable		
— not later than 1 year	5,898,943	5,613,938
— later than 1 year but not later than 5 years	12,089,972	13,827,656
— later than 5 years	2,998,619	7,478,894
	20,987,534	26,920,488

The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements with one to ten year terms. Increase in lease commitments may occur in line with CPI.

NOTE 13: PROVISIONS

	Employee Benefits	Total
	$	$
Opening balance at 1 July 2018	6,533,304	6,533,304
Additional provisions raised during the year	1,461,488	1,461,488
Amounts utilised	(1,285,553)	(1,285,553)
Balance at 30 June 2019	6,709,239	6,709,239

Analysis of Total Provisions

	2019	2018
	$	$
Current	5,233,262	5,286,438
Non-current	1,475,977	1,246,866
Total Provisions	6,709,239	6,533,304

NOTE 14: RESERVES

Asset Revaluation Surplus

The asset revaluation surplus records the revaluation of land and buildings to fair value.

Financial Assets Reserve

The financial assets reserve records the revaluation increments and decrements (that do not represent impairment write-downs) that relate to financial assets that were previously classified as available-for-sale. Upon the adoption of AASB 9, the Association has reclassified the cumulative change in fair value (gain) in investments on 1 July 2018 of $2,570,540 from financial assets revaluation reserves to retained earnings.

NOTE 15: FINANCIAL RISK MANAGEMENT

The Association's financial instruments consist mainly of deposits with banks, local money market instruments, short term investment, accounts receivable and payable and leases.

The total for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019 $	2018 $
Financial Assets			
Cash and cash equivalents	5	4,831,837	6,889,605
Trade and other receivable measured at amortised cost	6	3,925,579	2,872,889*
Term deposits measured at amortised costs	7	4,750,000	9,500,000*
Investment in equity instruments designated as at fair value through profit or loss	7	37,932,205	34,539,183*
		51,439,621	53,801,677
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	10a	8,273,334	7,173,705
Borrowings	11	-	42,988
		8,273,334	7,216,693

* The comparative information has been prepared under AASB 139 Financial Instruments: Recognition and Measurement and classified as available for sale financial assets.

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION

	Short-term benefits		Long-term Benefits	
	Salary and fees $	Superannuation contribution $	Long service leave $	Total $
2019				
Total compensation	1,037,445	121,839	45,479	1,204,762
2018				
Total compensation	753,930	71,623	24,817	850,370

The Association has changed its organisational structure during the year to ensure that it has appropriate leadership and management resources in place to sustain its reputation as a leading provider of support to children, young people, women and families in Victoria. The number of key management personnel has increased from 4 in 2018 to 6 in 2019.

NOTE 17: CONTINGENT LIABILITIES

The Association has no contingent liabilities at the end of the reporting period.

NOTE 18: RELATED PARTY TRANSACTIONS

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

Board member Eric Passaris is a partner of Grant Thornton who were successful in tendering to assist in the development of Fee for Service Model for Wilderness Program to the value of $61,230.

NOTE 19: ASSOCIATION DETAILS

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

Berry Street Victoria Inc.
1 Salisbury Street
RICHMOND
VIC 3121

BERRY STREET VICTORIA INC
ABN 24 719 196 762

DIRECTORS' DECLARATION

In the opinion of the Board of Directors the financial report as set out on pages 3 to 28:

1. Presents a true and fair view of the financial position of Berry Street Victoria Inc. as at 30 June 2019 and its performance for the year ended on that date in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board, the Associations Incorporation Reform Act 2012 and the Australian Charities and Not-for-profits Commission Act 2012, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.

2. At the date of this statement, there are reasonable grounds to believe that Berry Street Victoria Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Board of Directors by:

Paul Mann

Dr Joanna Flynn
President

Paul Mann
Chair of the Investment and Finance Committee

Dated this 1st day of October 2019.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BERRY STREET VICTORIA INC

Opinion

We have audited the accompanying financial report of Berry Street Victoria Inc (the Association), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Association is in accordance with the *Associations Incorporation Reform Act 2012* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012 ("ACNC Act')*, including:

a) giving a true and fair view of the Association's financial position as at 30 June 2019 and of its financial performance and cash flows for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the *ACNC Act* and 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.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 30 June 2019, 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 Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements, the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine 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, the directors are responsible for assessing the ability of the Association 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 Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We 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 Association's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

ShineWing Australia

ShineWing Australia
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 1 October 2019