

Vision Australia Limited

And Controlled Entities

ACN 108 391 831

**Financial Report for
the year ended
30 June 2020**

Vision Australia Limited and controlled entities

Directors' Report

Corporate Directory

Directors

Andrew Moffat (Chair)
Bill Jolley (Deputy Chair)
Cameron Roles
Caroline Waldron
Darren Fittler
Julian Rait (from 24/10/2019)
Sara Watts
Sharon Bentley
Stephen O'Brien
Heith Mackay-Cruise (until 24/10/2019)

Chief Executive Officer

Ron Hooton

External Auditors

KPMG
727 Collins Street
Melbourne Vic 3008

Company Secretary

Justine Heath (appointed 18/12/2019)
Kevin Roadnight (appointed 02/11/2018 until 29/10/2019)
Melanie Leydin (appointed 14/11/2019 until 18/12/2019)

Internal Auditors

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne Vic 3000

Principal and Registered Office

454 Glenferrie Road
Kooyong Vic 3144

Bankers

National Australia Bank
500 Bourke Street
Melbourne Vic 3000

Incorporation

Vision Australia Limited ABN 67 108 391 831, incorporated on 11 May 2004 as a public company limited by guarantee.

Investment Advisors

Evans and Partners
171 Collins Street
Melbourne, VIC 3000

Charitable Status, tax concessions and fundraising

Vision Australia Limited is a Public Benevolent Institution (PBI). It is endorsed as an Income Tax Exempt Charity and receives certain other tax concessions and exemptions consistent with its status of a PBI which relates to Goods and Services Tax and Fringe Benefits Tax. Vision Australia Limited has been endorsed by the Australian Tax Office as a Deductible Gift Recipient (DGR).

Fundraising

Vision Australia Limited is registered under applicable fundraising legislation in each State where it raises funds as follows:
New South Wales 18187 / Queensland CH1578 / Victoria 10518.18 / South Australia CCP2749 / Western Australia CC21190 / Tasmania F1A – 495

Website

www.visionaustralia.org

Vision Australia Limited and controlled entities

Directors' Report

The Directors of Vision Australia Limited (the Company) submit herewith the annual report of the Company and its controlled entities (the Vision Australia consolidated entity) for the financial year ended 30 June 2020.

1. Information about the Directors

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Directors Name	Particulars	Special Responsibilities
Andrew Moffat, BCom, LLB Chair	Accredited Mediator, Senior Fellow – University of Melbourne	• Audit, Finance and Risk Committee • Vision Australia Foundation Board • People and Culture Committee • Client Services Committee
Bill Jolley, BA Hons (Mathematical Statistics), MAICD, Dip. Bus. (Gov.), FICDA Deputy Chair	Retired Public Servant	• Client Services Committee • Audit, Finance and Risk Committee • Vision Australia Foundation Board (from 01/04/20)
Cameron Roles, BA, LLB, LLM	Senior Lecturer, ANU College of Law	• People and Culture Committee • Audit, Finance and Risk Committee
Caroline Waldron, LLB (Hons) London, FCIS, GAICD	Senior Professional with legal and commercial experience in technology, infrastructure, retail, healthcare and professional services sectors	• People and Culture Committee (Chair)
Darren Fittler, BSW (Bachelor of Social Work), LLB	Partner, Gilbert + Tobin Lawyers	• People and Culture Committee • Client Services Committee
Heith Mackay-Cruise, BEc, FAICD	Company Director	• Vision Australia Foundation Board (Chair until 01/04/20 and Director until 03/06/20) • Audit, Finance and Risk Committee (from 27/02/19 until 01/04/20)
Sara Watts, BSc, MBA, FCPA, FAICD	Company Director	• Audit, Finance and Risk Committee (Chair) • Vision Australia Foundation Board
Professor Sharon Bentley, PhD, MOptom BScOptom, MPH, CertOcTher, GAICD, CF, FACO, FAAO(DipLV)	Head, School of Optometry and Vision Science Queensland University of Technology	• Client Services Committee • People and Culture Committee
Stephen O'Brien, MA (Greats), MBA	Senior Professional specialising in strategy and business change for service sector organisations	• Client Services Committee (Chair)
Associate Professor Julian Rait, MBBS (Melb), FRACS, FRANZCO, FAICD	Practising Ophthalmologist	• Client Services Committee (from 11/12/2019)

Vision Australia Limited and controlled entities

Directors' Report

2. Company Secretary

Justine Heath (appointed 18/12/2019)

Kevin Roadnight (appointed 02/11/2018 until 29/10/2019)

Melanie Leydin (appointed 14/11/2019 until 18/12/2019)

3. Directors' meetings

The following table sets out the number of Directors' meetings held during the financial year and the number of meetings attended by each Director (while they were a Director). During the financial year there were eight Board meetings, six Audit, Finance and Risk Committee meetings, four Client Service Committee meetings, four People and Culture Committee meetings and six Vision Australia Foundation (VAF) Board meetings.

	Date Appointed	Board		Audit, Finance and Risk Committee		Client Services Committee		People and Culture Committee		VAF Board	
		M	A	M	A	M	A	M	A	M	A
Andrew Moffat (Chair)	26 Aug 11	8	8	6	6	4	4	4	4	6	6
Bill Jolley	01 Jul 14	8	8	6	6	4	4			2	2
Sara Watts	08 Nov 13	8	8	6	6					6	6
Heith Mackay-Cruise	08 Nov 13	2	2	5	5					6	6
Caroline Waldron	08 Nov 13	8	8					4	3		
Cameron Roles	29 Oct 15	8	8	6	4			4	3		
Sharon Bentley	06 May 15	8	8			4	4	4	4		
Darren Fittler	26 Oct 16	8	8			4	3	4	3		
Stephen O'Brien	26 Oct 16	8	8			4	4				
Julian Rait	24 Oct 19	6	6				2	2			

M - Number of meetings Directors could have attended

A - Number of meetings attended.

4. Corporate governance

The Board supports the corporate governance principles and recommendations established by the Australian Stock Exchange (ASX) Corporate Governance Council and has prepared these general purpose financial statements in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and Australian Accounting Standards - Reduced Disclosure Requirements. Vision Australia Limited is not a listed company and has no obligation to adopt the ASX principles, however it has applied the principles insofar as it is sensible and realistic to do so in the context of a large, not-for-profit organisation and with due regard to the scope of its operations and level of client, donor, and other stakeholder interest. In fiscal year 2020, the ASX Principles have been applied in the following ways:

Vision Australia Limited and controlled entities Directors' Report

4.1 Foundations for management and oversight

The role of the Board is to direct the activities of Vision Australia Limited and set the strategy towards ensuring the achievement of its vision, mission and objectives. The Board operates under a charter that details its functions and responsibilities and can be viewed on the Vision Australia website at <https://www.visionaustralia.org/about-us/governance>.

In addition to the matters required by law, the Directors are responsible for:

- Protecting the rights and interests of members of Vision Australia and being accountable to them for the overall management of the Company;
- Setting the strategic direction of the Company;
- Determining the organisation's culture through values, establishing high ethical standards, and living the culture, values and standards in all of the Board's actions;
- Reviewing Company progress and appraising management's performance against the strategy, policies, business plan and budget;
- Appointment of a Chair, Deputy-Chair(s);
- Setting corporate governance principles and policies;
- Establishing delegations of authority that permit the CEO to manage the company;
- Considering and deciding on any matters outside the delegations of the CEO;
- Establishing Board committees, their membership, Chair and delegated authorities and approving their charters; and
- Monitoring compliance with all legal and regulatory obligations.

The Board formally delegates responsibility for Vision Australia Limited's day-to-day operations and administration to the CEO and executive management. A delegated authority document sets out staff decision making responsibilities and appropriate financial and contractual thresholds. Annual reviews are conducted on the appropriateness of the delegated authorities, and any material breaches are reported to the Board.

The Board regularly reviews its charter and performance.

4.2 Board structure

Directors, including the Chair, are independent Non-Executive Directors. Vision Australia Limited's constitution requires no fewer than six and no more than nine Directors. There are nine Directors at 30 June 2020.

At each annual general meeting one-third of the Directors including any other Director who has held office for three years or more since last being elected, must retire from office. They are eligible for re-election subject to the maximum tenure of nine years with the exception of the Chair who has a maximum tenure of twelve years. The Board's policies relating to tenure and Director appointment are contained in the Board Charter which can be viewed on the Vision Australia website at: <https://www.visionaustralia.org/about-us/governance>.

No employee of Vision Australia Limited, including the CEO, can be a Director of Vision Australia Limited, though they may be Directors of subsidiaries of Vision Australia Limited. Directors act in a voluntary capacity except for the Chair who is remunerated in accordance with the Constitution.

Profiles of the Directors are provided on the Vision Australia website.

Vision Australia Limited and controlled entities

Directors' Report

4.3 Ethical and responsible decision making

As a for-purpose organisation, Vision Australia has a responsibility to all our stakeholders to ensure we maintain the highest standards of professionalism, excellence in service delivery, a positive and safe environment to work and demonstrate behaviours that are consistent with Vision Australia's values. Vision Australia has a Charter of Professional Behaviours that defines the standards of behaviours which we expect from all those who are associated with Vision Australia. We aim to demonstrate the highest level of professionalism to reflect our commitment to the Vision Australia community.

The Charter states the values and policies of Vision Australia Limited and complements the Company's risk management and internal control practices. The Charter is reviewed and updated to ensure that it reflects current good practice, and to promote the ethical behaviour of all employees.

Vision Australia Limited has policies and procedures in place including a protected disclosure policy ensuring that any form of discrimination, harassment, bullying or occupational violence is dealt with appropriately.

4.4 Safeguarding integrity and financial reporting

In addition to the Charter of Professional Behaviours, as a support to ethical and responsible decision making, the Board undertakes the responsibility for safeguarding integrity and financial reporting through the structured program of Board governance and compliance and the committees of the Board.

4.5 Timely and balanced disclosure

Vision Australia Limited has media policies, vetting and authorisation processes designed to ensure that announcements and communications to all stakeholders:

- are made in a timely manner and are factual;
- do not omit material information whether positive or negative; and
- are expressed in a clear and objective manner.

4.6 Respecting rights of members

Vision Australia Limited does not have shareholders but has members and stakeholders. Vision Australia Limited provides open, regular and timely information to members using electronic and other means. This includes providing access to the Annual Report to members prior to the Annual General Meeting.

The Board actively seeks feedback and information from a range of sources including client surveys, information sessions and focus groups.

In addition to this, the Client Reference Group liaises with Vision Australia's Directors and, at the request of the Board, advises on general matters of service delivery and other important blindness and vision related matters.

The Client Reference Group members share their knowledge and / or lived experience of matters related to their portfolios. The individual group members provide advice and feedback regarding Vision Australia's program initiatives. They may identify issues related to their portfolios upon which Vision Australia may seek further community opinion (through the Client Engagement team). They also may provide new ideas arising from their contacts and expertise.

Vision Australia Limited and controlled entities

Directors' Report

4.6 Respecting rights of members (Cont'd)

Client Reference Group members are able to analyse and consider reports and papers provided by Vision Australia. Group members are also able to inform Vision Australia of the concerns and interests of the blindness and low vision community. The Group usually meets with Vision Australia's Board of Directors twice a year, and with the Board Chair and Client Services Committee Chair at least twice a year by teleconference.

Vision Australia Limited has many stakeholders, including members, clients and their families, donors, benefactors, staff, volunteers, the broader community, suppliers and government agencies who provide us with funding and regulate our operations. We adopt a consultative approach with our stakeholders.

4.7 Recognising and managing risk

The Board is responsible for ensuring the adequacy of Vision Australia Limited's risk management and is assisted in doing this by the Audit, Finance and Risk Committee. This includes ensuring the establishment, implementation and annual review of Vision Australia Limited's risk management systems, ensuring that they are designed to protect the Company's reputation and manage key business, strategic and financial risks which could prevent Vision Australia Limited from achieving its objectives.

The Audit, Finance and Risk Committee reviews the Strategic Risk Framework, the Business Continuity Plan and the Disaster Recovery Plan on a regular basis and satisfies itself that management has appropriate systems in place for managing risk and maintaining internal controls. The Audit, Finance and Risk Committee also assesses whether risks assigned by the Board to other Board committees are being appropriately managed and reported to the Board.

The CEO and senior management team are responsible for identifying, evaluating and monitoring risk in accordance with the risk management framework. Senior management are responsible for the accuracy and validity of risk information reported to the Board and also for ensuring clear communication of the Board and senior management's position on risk throughout the Company.

In particular, at the Board and senior management strategy planning sessions held throughout the year, the CEO and management team review and report key business, strategic and financial risks.

4.8 Remunerating responsibly

The People & Culture Committee provides governance and oversight in review of the remuneration policy of the Company.

The Directors serve on a voluntary basis and do not receive remuneration with the exception of the Chair who is remunerated as approved by members under clause 1.4 of the Constitution. Reimbursement is made to Directors for reasonable expenses directly related to Board activities such as travel, accommodation and meals.

Staff remuneration is set through a combination of performance, relativity and value of salary based on independent benchmark for the sector. The remuneration is indexed and closely aligned to the roles with annual review to reflect current market conditions. All UEA staff are covered by the remuneration ranges in the enterprise agreement with annual wage increases determined by the Fair Work Commission Annual Wage Review and Equal Remuneration Order processes.

Vision Australia Limited and controlled entities

Directors' Report

4.9 Committees

To assist the Board in fulfilling its duties it has established three committees:

- Audit, Finance and Risk Committee
- Client Services Committee
- People and Culture Committee

Each committee has a formal charter which is regularly reviewed to ensure it remains consistent with the Board's objectives and responsibilities. With the exception of certain limited delegations contained in their charters, recommendations of the committees are to be referred to the Board for approval.

In addition to the committees listed above, Vision Australia is the sole beneficial owner of the assets of the Vision Australia Trust. The Vision Australia Foundation is the Trustee of the Trust and operates pursuant to the Trust Deed and a Charter established by Vision Australia for the conduct of the Trustee.

Details of the committees, their charters and main functions are summarised below.

Audit, Finance and Risk Committee

The purpose of the Audit, Finance and Risk Committee is to provide oversight of:

- a) The integrity of the Company's financial statements, financial reporting processes and financial management;
- b) The Company's compliance with legal and regulatory requirements;
- c) The performance of the Company's internal and external audit functions and;
- d) The Company's attitude to, and management of, risk.

The role of the Committee is to:

- Provide strategic financial, business and commercial advice to management;
- Assess the quality and accuracy of the Company's financial statements and financial reporting;
- Evaluate the adequacy of the Company's financial controls and systems;
- Oversee the Company's discharge of its responsibilities with respect to:
 - the financial statements, financial report and annual report;
 - legal/regulatory compliance;
 - protection of capital;
 - business policies and practices; and
 - risk management systems;
- Oversee the Company's relationship with the external and internal auditors;
- Oversee the Company's risk management processes and procedures; and
- Ensure an ethical culture has been embedded throughout the Company.

In fulfilling its responsibilities, the Audit, Finance and Risk Committee:

- receives regular reports from management and the internal and external auditors; and
- meets separately with the external and internal auditors without the presence of management.

Vision Australia Limited and controlled entities

Directors' Report

4.9 Committees (Cont'd)

Audit, Finance and Risk Committee (Cont'd)

The performance of the external auditor is reviewed annually. An analysis of fees paid to the external auditors, including break-down of fees for non-audit services, is provided in the notes to the financial statements. The external auditor is required to attend the Annual General Meeting and be available to answer member questions about the conduct of the audit and the preparation and content of the audit report.

The CEO and the Chief Financial Officer state in writing to the Board each reporting period that, in their opinion, Vision Australia Limited's financial reports present a true and fair view of its financial position and performance, and are in accordance with relevant Accounting Standards.

Internal audit is undertaken to review Vision Australia Limited's systems, policies, processes, practices and procedures. The internal audit function is conducted by Deloitte Touche Tohmatsu and their independence and objectivity is safeguarded by direct access to the Chair of the Audit, Finance and Risk Committee.

The Audit, Finance and Risk Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party. The Audit, Finance and Risk Committee Charter can be viewed on the Vision Australia website at <https://www.visionaustralia.org/about-us/governance>.

Committee members during and throughout the year were:

- Sara Watts (Chair)
- Andrew Moffat
- Sam Lobley (Co-opted member)
- Cameron Roles
- Bill Jolley
- Sue Banks (Co-opted member appointed 11/12/2019)
- John Paterson (Co-opted member appointed 11/12/2019)
- Michael Gordon (appointed 01/04/2020)
- Heith Mackay-Cruise (until 01/04/2020)

Client Services Committee

The purpose of the Client Services Committee is to provide governance oversight of the services provided to clients of Vision Australia, acting on delegation from the Vision Australia Limited Board.

The role of the Committee is to provide governance oversight of:

- the Organisation's engagement with clients where this identifies emerging trends in service delivery need or issues with current services;
- the quality of services provided to Vision Australia clients, particularly to ensure that evidence-based services are delivered; and
- clinical and service delivery risk management, in particular with respect to professional registration, accreditation and legislation.

Vision Australia Limited and controlled entities

Directors' Report

4.9 Committees (Cont'd)

Client Services Committee (Cont'd)

The main functions of the Committee include:

- overseeing strategies and plans for quality improvement, clinical governance, evaluating client and volunteer participation and client based research activities;
- receiving and reviewing, by exception, all audits or reviews pertaining to service delivery, quality and clinical governance and monitoring management responses;
- receiving and reviewing reports on the management of complaints, outcome measures, client satisfaction results and monitoring management responses; and
- reporting to the Board on the matters listed above.

The Client Services Committee charter can be viewed on the Vision Australia website at <https://www.visionaustralia.org/about-us/governance>.

Committee members during and throughout the year were:

- Stephen O'Brien (Chair)
- Professor Sharon Bentley
- Bill Jolley
- Andrew Moffat
- Darren Fittler
- Associate Professor Julian Rait (appointed 11/12/2019)

People and Culture Committee

The purpose of the People & Culture Committee is to provide governance oversight of the human resource management and culture of Vision Australia, acting on delegation from the Vision Australia Board.

The role of the Committee is to provide governance, oversight of and advice and guidance to management regarding:

- Human resources strategy, policies and practices to:
 - make the best use of the volunteer and staff resources employed;
 - promote an inclusive workplace and organisational culture that is consistent with the organisation's mission to "support people who are blind or have low vision to live the life they choose";
 - enable clients, volunteers, staff, contractors and members of the general public to be safe in all workplaces; and
 - comply with all relevant legal requirements; and
- Remuneration policies and practices and succession planning which enables the attraction and retention of executive leaders.

The People and Culture Committee charter can be viewed on the Vision Australia website at <https://www.visionaustralia.org/about-us/governance>.

Committee members during and throughout the year were:

- Caroline Waldron (Chair)
- Andrew Moffat
- Cameron Roles
- Darren Fittler
- Professor Sharon Bentley

Vision Australia Limited and controlled entities

Directors' Report

4.9 Committees (Cont'd)

Vision Australia Foundation, Trustee of the Vision Australia Trust

The Vision Australia Foundation (the Foundation) is the Trustee of the Vision Australia Trust (the Trust) and is responsible for managing and administering the Trust in accordance with the Vision Australia Trust Deed and all applicable laws.

In acting as Trustee of the Trust in accordance with the Trust Deed, the Foundation:

- oversees the management of the assets of the Trust in keeping with the objectives of the Trust and the powers set out in the Trust Deed;
- monitors the composition and performance of the Trust's investment portfolio including the performance of the investment managers managing the fund;
- monitors the composition and performance of the Trust owned property assets including oversight of Vision Australia Limited's property services management and/or the performance of any property managers managing the property assets; and
- distributes the Trust's income to Vision Australia Limited or retains it (as per clause 5.2 of the Trust Deed).

The Charter of the Vision Australia Foundation as Trustee of the Vision Australia Trust can be found on the Vision Australia website at: <https://www.visionaustralia.org/about-us/governance>.

Directors of the Foundation during and throughout the year were:

- Michael Gordon – (appointed 01/09/2019 and Chair from 01/04/2020)
- Heith Mackay Cruise – (retired 03/06/2020, Chair until 01/04/2020)
- Sara Watts
- Andrew Moffat
- Nick Anagnostou
- Nicki Ashton
- Ron Hooton
- Bill Jolley (appointed 01/04/2020)

Company Secretary of the Foundation during the year was:

- Justine Heath (appointed 18/12/2019)
- Kevin Roadnight (appointed 02/11/2018 until 29/10/2019)
- Melanie Leydin (appointed 14/11/2019 until 18/12/2019)

5. Principal Activities

The principal activities of the Vision Australia consolidated entity during the financial year were the provision of services, programs and goods to people who are blind or have low vision.

Vision Australia Limited and controlled entities

Directors' Report

6. Review of Operations

6.1 Highlights

During the financial year Vision Australia has continued to fulfil its mission of supporting people who are blind or have low vision to live the life they choose.

The Surplus for the 2020 financial year have been calculated in accordance with Australian Accounting Standards (AASBs). This is the first set of the Group's consolidated financial statements in which AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 16 *Leases* have been applied. Under the transition method chosen, comparative information has not been restated. The 2020 results are therefore not directly comparable to prior years. Changes to significant accounting policies and the impact of applying the new standards are described in note 6.6 of the consolidated financial statement.

Consolidated activities during the 2020 financial year returned a surplus of \$28,267,000 (2019: deficit of \$7,965,000), which after adjusting for non-recurring items, provided a surplus of \$1,292,000 (2019: deficit \$11,341,000) refer note 6.3 below.

The surplus of \$28,267,000 (2019: \$7,965,000 deficit) is largely attributable to gain on sale of property, reversal of prior year impairments and various cost reductions due to delay in spend as a result of COVID-19 during the financial year.

The net assets of the Vision Australia consolidated entity increased by \$24,178,000 made up of current year surplus of \$28,267,000, realised gain on equity investments of \$3,499,000 offset by decrease in fair value of financial assets by \$7,588,000 during the year.

6.2 Revenue

In 2020 the Vision Australia consolidated entity's revenue was \$124,481,000 (2019: \$111,745,000) an increase of \$12,736,000 or 11.4%.

Revenue includes JobKeeper subsidy and higher legacies, gifts in wills and donations received during the financial year.

6.3 Surplus/ (Deficit) for the year

	2020 \$'000	2019 \$'000
Adjusted recurring surplus/ (deficit)	1,292	(11,341)
One-off operating items included in operating surplus/ (deficit)	7,147	3,853
Adjust for non-operating costs:		
Net gain/ (loss) on disposal of assets (note 2.2)	16,711	(42)
Net impairment reversal – property, plant and equipment (note 3.5)	3,298	(183)
Restructuring expense	(181)	(252)
Reported surplus/ (deficit) for the year	28,267	(7,965)

Total realised gain on equity investments through other comprehensive income amounts to \$3,499,000 (2019: \$1,244,000).

Vision Australia Limited and controlled entities

Directors' Report

6.4 Impairments

In 2020, the net impairment reversal in respect of property, plant and equipment was recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, to the extent it was previously provided for, at a value of \$3,298,000 (2019: \$183,000 net impairment loss). This reversal of impairments was recognised where the book value was lower than the fair value of the property land and buildings based on independent external valuation reports (note 3.5).

7. Future developments

The on-going COVID-19 restrictions have resulted in a decline in the face-to-face client service hours provided since March 2020 and decline in market value of financial assets. Whilst this decline did not have a significant impact on the 2020 financial results due to government support, cost management and the strength of donor support, it is anticipated that the continuation of these restrictions may have a negative impact on future financial results. The Company is reviewing the operating structure and model to ensure future sustainability.

Notwithstanding the dynamic external environment in which the Company operates, in the opinion of the Directors, there are no other likely changes in the operations of the Company which are expected to adversely affect the results of the Company in subsequent financial years.

8. Matters subsequent to the end of the financial year

Subsequent to year end and given recent developments in Victoria State, a continued lockdown can result in further decline in service delivery and impact the returns on investment. The impact of the continued lockdown is not quantified due to a number of variable factors in the current environment. The Company continues to reassess its operating model to ensure sustainability.

Other than the matter noted above, in the opinion of the Directors, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years, and the Directors are of the view that the Group will continue as a going concern.

9. Members' guarantee

Vision Australia Limited is a Company limited by guarantee and does not have share capital. The contribution of each member to its debts and liabilities in the event of a winding up is restricted to an amount not exceeding \$25.

There were 227 members at 30 June 2020 (2019: 216).

10. Indemnification of officers and auditors

Vision Australia Limited paid insurance premiums during the financial year, insuring Directors and Officers (and any persons who are officers in the future) against certain liabilities incurred in that capacity. Vision Australia Limited has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify any officer of the company against any liabilities incurred in that capacity.

No indemnities have been given or insurance premium paid, during or since the end of the financial year, for any person who is or has been an auditor of Vision Australia Limited.

Vision Australia Limited and controlled entities

Directors' Report

11. Proceedings on behalf of the company

There were no material proceedings on behalf of the Company during the financial year.

12. Auditor's independence declaration

The auditor's independence declaration is set out on page 58 and forms part of the Directors' Report for the financial year ended 30 June 2020.

13. Rounding off of amounts

Vision Australia Limited is a Company of the kind referred to in ASIC corporations (Rounding in Financial / Directors' Reports) instrument 2016/191. In accordance with that instrument, amounts in the Directors' Report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

14. Environmental regulation

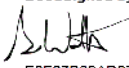
Vision Australia Limited's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors:

DocuSigned by:

B35BFB5A85B742B...
Andrew Moffat
Director
28 August 2020

DocuSigned by:

E8F27B92AD2741B...
Sara Watts
Director
28 August 2020

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Vision Australia Limited and controlled entities

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2020

	Note	2020 \$'000	2019* \$'000
Revenue	2.1	124,481	111,745
Purchase of materials, consumables and movement in inventories		(15,421)	(13,137)
Employee benefits expense		(65,438)	(66,567)
Depreciation expense	3.5	(4,224)	(4,144)
Amortisation expense	3.6	(2,568)	(2,125)
Right-of-use assets depreciation expense	4.5.1	(1,935)	-
Interest expense on lease liability	4.5.2	(263)	-
Occupancy expense		(3,566)	(7,379)
Communications expense		(2,088)	(1,663)
Transport expense		(2,997)	(3,749)
Professional and management fees		(3,021)	(2,800)
Equipment and technology expense		(2,829)	(2,507)
Events and fundraising expense		(9,457)	(11,953)
Other expenses		(2,235)	(3,209)
Net gain/(loss) on disposal of assets	2.2	16,711	(42)
Impairment reversal – property, plant and equipment	3.5	3,348	1,440
Impairment expense – property, plant and equipment	3.5	(50)	(1,623)
Restructuring expenses		(181)	(252)
SURPLUS/ (DEFICIT) FOR THE YEAR		28,267	(7,965)
Other comprehensive income			
Items that may be reclassified subsequently to surplus or deficit:			
Change in fair value of financial assets measured at fair value through other comprehensive income		(7,588)	5,148
Realised gain on equity investments		3,499	1,244
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		24,178	(1,573)

* - The Group has initially applied AASB 16, AASB 15 and AASB 1058 at 1 July 2019. Under the transition method chosen, comparative information has not been restated. Refer to Note 6.6.

The accompanying notes form part of these financial statements.

Vision Australia Limited and controlled entities

Consolidated statement of financial position as at 30 June 2020

	Note	2020 \$'000	2019* \$'000
Current assets			
Cash and cash equivalents	4.2	34,817	16,643
Trade and other receivables	3.1	4,975	4,922
Other financial assets	3.2	5,847	1,160
Inventories	3.3	3,165	2,724
Prepayments		1,617	1,224
Assets held for sale	3.4	-	13,932
Total current assets		50,421	40,605
Non-current assets			
Trade and other receivables	3.1	6	8
Other financial assets	3.2	143,172	131,824
Property, plant and equipment	3.5	73,797	75,185
Intangible assets	3.6	6,658	6,737
Right-of-use assets	4.5.1	5,135	-
Total non-current assets		228,768	213,754
Total assets		279,189	254,359
Current liabilities			
Trade and other payables	4.1	6,559	10,377
Provisions	5.1	7,303	7,467
Contract liabilities		6,458	7,313
Lease liabilities	4.5.2	1,878	-
Total current liabilities		22,198	25,157
Non-current liabilities			
Trade and other payables	4.1	3	3
Provisions	5.1	1,844	1,663
Lease liabilities	4.5.2	3,430	-
Total non-current liabilities		5,277	1,666
Total liabilities		27,475	26,823
Net assets		251,714	227,536
Equity			
Retained surplus		240,916	209,150
Reserves		10,798	18,386
Total equity		251,714	227,536

* - The Group has initially applied AASB 16, AASB 15 and AASB 1058 at 1 July 2019. Under the transition method chosen, comparative information has not been restated. Refer to Note 6.6.

The accompanying notes form part of these financial statements.

Vision Australia Limited and controlled entities

Consolidated statement of changes in equity for the year ended 30 June 2020

	Retained Surplus	General Reserve	Asset Revaluation Reserve	Total*
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018	215,871	3,947	9,291	229,109
Realised gain on equity investments and change in fair value of financial assets	-	-	6,392	6,392
Transfers to retained surplus	1,244	-	(1,244)	-
Other comprehensive income	1,244	-	5,148	6,392
Deficit for the year	(7,965)	-	-	(7,965)
Total comprehensive loss for the year	(6,721)	-	5,148	(1,573)
Balance at 30 June 2019	209,150	3,947	14,439	227,536
Balance at 1 July 2019	209,150	3,947	14,439	227,536
Realised loss on equity investments and change in fair value of financial assets	-	-	(4,089)	(4,089)
Transfers to retained surplus	3,499	-	(3,499)	-
Other comprehensive loss	3,499	-	(7,588)	(4,089)
Surplus for the year	28,267	-	-	28,267
Total comprehensive income for the year	31,766	-	(7,588)	24,178
Balance at 30 June 2020	240,916	3,947	6,851	251,714

* - The Group has initially applied AASB 16, AASB 15 and AASB 1058 at 1 July 2019. Under the transition method chosen, comparative information has not been restated. Refer to Note 6.6.

The accompanying notes form part of these financial statements

Vision Australia Limited and controlled entities

Consolidated statement of cash flows for the year ended 30 June 2020

	Note	2020 \$'000	2019* \$'000
Cash flows from operating activities			
Cash receipts from operations		122,255	107,989
Interest received		467	477
Dividends received		4,786	5,961
Payments to suppliers and employees		(115,256)	(121,974)
Bank charges		(375)	(346)
Net cash from/ (used in) operating activities		11,877	(7,893)
Cash flows from investing activities			
Payment for property, plant and equipment	3.5	(2,398)	(5,058)
Payment for intangible assets	3.6	(184)	(578)
Payment for investments and term deposits		(78,204)	(55,898)
Proceeds from sale of property, plant and equipment		28,743	3,067
Proceeds from sale of investments		60,365	63,346
Acquisition of subsidiary, net of cash acquired		-	(1,602)
Net cash from investing activities		8,322	3,277
Cash flows from financing activities			
Lease payments (principal and interest)		(2,025)	-
Net cash used in financing activities		(2,025)	-
Net increase/ (decrease) in cash and cash equivalents		18,174	(4,616)
Cash and cash equivalents at the beginning of the financial year		16,643	21,259
Cash and cash equivalents at the end of the financial year	4.2	34,817	16,643

* - The Group has initially applied AASB 16, AASB 15 and AASB 1058 at 1 July 2019. Under the transition method chosen, comparative information has not been restated. Refer to Note 6.6.

The accompanying notes form part of these financial statements.

Vision Australia Limited and controlled entities

Note to the financial statements for the year ended 30 June 2020

1. About this report

1.1 Reporting Entity

Vision Australia Limited ("the Company") is a company limited by guarantee, incorporated in Australia and operating in Australia.

The Company's registered office and its principal place of business are as follows:

454 Glenferrie Road
KOOYONG Vic 3144
Tel: 1300 84 74 66

The financial statements of Vision Australia consolidated entity ("the Group") consist of Vision Australia Limited and its controlled entities.

1.2 Basis of preparation

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and Australian Accounting Standards - Reduced Disclosure Requirements, and comply with other requirements of the law including Section 15(1) and 15(2) of the WA Charitable Collections Act 1946 and Section 24(2) of the Charitable Fundraising Act (NSW) 1991.

These financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a not-for-profit entity.

The financial report was authorised for issue by the Directors on 26 August 2020.

Rounding off of amounts

Vision Australia Limited is a Company of the kind referred to in ASIC corporations (Rounding in Financial / Directors' Reports) instrument 2016/191. In accordance with that instrument, amounts in the Directors' Report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

2. Results for the year

2.1 Revenue

An analysis of the consolidated entity's revenue for the year is as follows:

	2020 \$'000	2019 \$'000
<u>Revenue from contracts under AASB 15</u>		
Revenue from sale of goods	21,777	17,392
Revenue from services rendered	13,773	11,145
Government grant income	29,660	36,514
Legacies, gifts in wills and donations	228	1,092
Other income	897	1,049
	66,335	67,192
<u>Revenue recognised under AASB 1058</u>		
Legacies, gifts in wills and donations	45,406	38,347
JobKeeper grant income	7,147	-
	52,553	38,347
<u>Other revenue</u>		
Interest income	467	477
Dividend revenue	4,231	4,542
Rental income	895	1,187
	5,593	6,206
Total Revenue	124,481	111,745
<u>Disaggregation of revenue from contracts under AASB 15</u>		
Government - Block	23,937	30,827
Government - Individualised	37,996	30,948
Non-government	4,402	5,418
	66,335	67,192
Non-AASB 15 revenue	58,146	44,553
Total Revenue	124,481	111,745

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

2.1 Revenue (Cont'd)

Accounting Policy

The Group has applied AASB 15 and AASB 1058 from 1 July 2019.

Policy applicable from 1 July 2019

Revenue from contracts (AASB 15)

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. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability. None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Grant income

Grant income arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised when control of each performance obligations is satisfied. The performance obligations are varied based on the agreement. Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the revenue is recognition based on either cost or time incurred which best reflects the transfer of control. Where specifically designated grant revenue and the designated expenditure for such grants during the year has not occurred or is incomplete and there is likely to be an obligation to repay, the resulting amount is carried forward and recognised in contract liability and will be brought to account in future years as the funds are expended.

Legacies, gifts in wills and donations

Revenue from specifically designated gifts in wills, where the designated expenditure for such gifts in wills during the year has not occurred or is incomplete, and where there is an obligation to repay the funds, the resulting amount will be transferred to contract liabilities and will be brought to account in future years as the funds are expended.

Contract liabilities

The contract liabilities primarily relates to unexpended grant income, legacies, gifts in wills and donations for which revenue will be recognised over time as the fund are expended. Contract liabilities also includes unexpended grant income, legacies, gifts in wills and donations which the Group has not utilised for the designated expenditure and there is an obligation to repay the unutilised funds.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

2.1 Revenue (Cont'd)

Accounting Policy (Cont'd)

Revenue from contracts (AASB 15) (Cont'd)

Rendering of services

Services revenue is recognised when the performance obligations have been met. Where the consideration for services consists of a recurring fixed amount over the term of the contract (e.g. monthly or annual payment) and the client receives and consumes the benefits of the services as the Group provides them then revenue is recognised on a straight line basis over the term of the contract.

Sale of goods and disposal of assets

Revenue from sales of goods comprises revenue earned from the sale of goods purchased for resale and gifts donated for resale. Sales revenue is recognised when the control of goods passes to the customer which is at the time that the goods are physically transferred.

Revenue from the sale of goods and disposal of other assets is recognised when all the following conditions are satisfied:

- (a) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Group; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed (point in time).

Revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Legacies, gifts in wills and donations

Revenue from estates is recognised when the Group gains control of the contribution. The deemed cost of marketable securities is the market value of such securities at the date of transfer. Revenue from donations is recognised at the time of receipt. No amounts are included in the financial report for services donated by volunteers.

Fundraising

Revenue in relation to fundraising is recognised at the time the funds are received.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

2.1 Revenue (Cont'd)

Accounting Policy (Cont'd)

Other revenue

Contributions of assets

Revenue arising from the contribution of assets is recognised when the Group gains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Group and the amount of the contribution can be measured reliably. Revenue from contributed assets is recorded at fair value at the date that control of the assets is assumed by the Group.

Revenue is measured at the fair value of the consideration received or receivable.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount or revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Gains and losses from the sale of investments are recorded at the time of sale.

Other income

Other income including rental income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the income can be reliably measured.

Policy applicable before 1 July 2019

General and Specific Grant Income

General grant revenue is recognised at the time of receipt. Where specifically designated grant revenue and the designated expenditure for such grants during the year has not occurred or is incomplete and there is likely to be an obligation to repay, the resulting amount is carried forward and recognised in contract liability and will be brought to account in future years as the funds are expended.

Revenue is measured at the fair value of the consideration received or receivable.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

2.1 Revenue (Cont'd)

Accounting Policy (Cont'd)

Policy applicable before 1 July 2019 (Cont'd)

Donations, Gifts in Wills and Estates

Revenue from estates is recognised when the Group gains control of the contribution. The deemed cost of marketable securities is the market value of such securities at the date of transfer. Revenue from specifically designated gifts in wills, where the designated expenditure for such gifts in wills during the year has not occurred or is incomplete, and where there is an obligation to repay the funds, the resulting amount will be transferred to trade and other payables and will be brought to account in future years as the funds are expended. Revenue from donations is recognised at the time of receipt.

Fundraising

Revenue in relation to fundraising is recognised at the time the funds are received.

Sale of Goods and Disposal of Assets

Revenue from the sale of goods and disposal of other assets is recognised when all the following conditions are satisfied:

- (a) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Group; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

Rendering of Services

Revenue is recognised when the contract outcome can be reliably measured, control of the right to be compensated for the services determined and the stage of completion can be readily measured.

The stage of completion is determined for revenue for time and material contracts at the contractual rates as labour hours delivered and direct expenses incurred. Services revenue is recognised when services have been delivered.

Contributions of Assets

Revenue arising from the contribution of assets is recognised when the Group gains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Group and the amount of the contribution can be measured reliably. Revenue from contributed assets is recorded at fair value at the date that control of the assets is assumed by the Group.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

2.1 Revenue (Cont'd)

Accounting Policy (Cont'd)

Policy applicable before 1 July 2019 (Cont'd)

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount or revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Gains and losses from the sale of investments are recorded at the time of sale.

Other Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the income can be reliably measured.

2.2 Net gain/ (loss) on disposal of assets

Surplus/ (Deficit) for the year has been arrived at after crediting/ (charging) the following gains and losses on disposal of assets:

	2020 \$'000	2019 \$'000
Loss on disposal of property, plant and equipment and intangible assets	(82)	(42)
Gain on disposal of assets held for sale	16,793	-
	16,711	(42)

Total realised gain on equity investments through other comprehensive income amounts to \$3,499,000 (2019: \$1,244,000).

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

3. Members' assets

3.1 Trade and other receivables

	2020 \$'000	2019 \$'000
<u>Current</u>		
Trade receivables ⁽ⁱ⁾	2,175	3,995
Allowance for doubtful debts	(642)	(1,073)
	1,533	2,922
Interest and dividends receivable	473	1,029
Accrued income	2,910	810
Net goods and services tax recoverable	59	161
	4,975	4,922
<u>Non-current</u>		
Sundry debtors	6	8

- (i) The credit period provided by Vision Australia Limited on sales of goods and services is 30 days from the date of the invoice. No interest is charged on the trade receivables. An allowance has been made for estimated irrecoverable amounts from the sale of goods and services, determined by reference to specific debtor balances.

Receivables past due but not impaired are considered collectible despite being outside Vision Australia Limited's standard terms of trade as there are a number of debtors (typically business and government) that pay in 60 – 90 day cycles. This results in amounts being in the 90+ day category.

Accounting Policy

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

3.2 Other financial assets

	2020 \$'000	2019 \$'000
<u>Current</u>		
Financial assets measured at amortised cost:		
Interest bearing deposits	5,847	1,160
	5,847	1,160
<u>Non-current</u>		
Financial assets designated at fair value through other comprehensive income:		
Australian equities	45,393	42,706
International equities	47,034	44,031
Interest bearing securities	26,971	30,776
Alternative assets	23,774	14,311
	143,172	131,824

The market value of investments declined by \$7,588,000 due to high volatility in the current COVID-19 environment. The market value of investments had increased by \$4,380,000 from July 2019 to the end of February 2020 and have declined by \$11,968,000 since then to 30 June 2020. Subsequent to year end, there has been no indicators which will significantly impact the market valuation and the results of the Group.

Accounting Policy

Financial assets

All financial assets are recognised and derecognised on trade date where purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Financial assets are classified into either amortised cost or fair value depending on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at Fair Value through Profit or Loss (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. There were no financial assets at FVTPL during or at year end.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses are recognized in profit or loss any gain or loss on derecognition is recognised in profit or loss.

Financial Liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

3.2 Other financial assets (Cont'd)

(i) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, or cancelled, or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

(ii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

Non-derivative financial assets - Financial instruments and contract assets

The Group measures loss allowances at an amount equal to lifetime expected credit losses (ECLs), except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

3.2 Other financial assets (Cont'd)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at Fair Value through Other Comprehensive Income (FVOCI) are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

3.3 Inventories

	2020 \$'000	2019 \$'000
Goods available for sale at cost	3,370	2,897
Provision for stock obsolescence	(205)	(173)
Net inventories	3,165	2,724

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a weighted average basis. Manufactured goods include an appropriate portion of fixed and variable overhead expenses. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

3.4 Assets held for sale

	2020 \$'000	2019 \$'000
Assets held for sale ⁽ⁱ⁾	-	13,932

- (i) Assets held for sale in 2019 comprised properties at 17 Saratoga St, Barwon Heads and 346 Macaulay Rd, Kensington. The 17 Saratoga St, Barwon Heads property was settled on 16 July 2019 for \$745,000 and 346 Macaulay Rd, Kensington property was settled on 2 December 2019 for \$30,300,000.

Accounting Policy

Assets classified as held for sale are measured at the lower of carrying amount or fair value less costs to sell and are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for such a sale and the sale is highly probable. The sale of the asset must be expected to be completed within one year from the date of classification, except in circumstances where sale is delayed by events or circumstances outside the Group's control and the Group remains committed to a sale.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

3.5 Property, plant and equipment

	Land at cost	Buildings at cost	Furniture, plant and equipment at cost	Motor vehicles at cost	Computers at cost	Capital work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount							
Balance at 30 June 2019	28,150	63,437	13,198	26	4,714	1,534	111,059
Additions	-	-	136	-	205	2,563	2,904
Transfers	-	870	-	-	-	(870)	-
Transfer to intangible assets	-	-	-	-	-	(2,411)	(2,411)
Disposals ⁽ⁱⁱ⁾	(790)	(1,466)	(98)	-	(65)	-	(2,419)
Balance at 30 June 2020	27,360	62,841	13,236	26	4,854	816	109,133
Accumulated depreciation and impairment							
Balance at 30 June 2019	(3,370)	(17,310)	(11,318)	(19)	(3,857)	-	(35,874)
Disposals ⁽ⁱⁱ⁾	40	1,279	89	-	56	-	1,464
Impairment reversals charged to retained surplus ⁽ⁱ⁾	2,109	1,239	-	-	-	-	3,348
Impairment expenses charged to retained surplus ⁽ⁱ⁾	(50)	-	-	-	-	-	(50)
Depreciation expense	-	(3,174)	(455)	(3)	(592)	-	(4,224)
Balance at 30 June 2020	(1,271)	(17,966)	(11,684)	(22)	(4,393)	-	(35,336)
Net book value							
As at 30 June 2019	24,780	46,127	1,880	7	857	1,534	75,185
As at 30 June 2020	26,089	44,875	1,552	4	461	816	73,797

- (i) Impairment charges and reversal in the current financial year was determined by comparing the carrying value of the land and buildings to a recent independent external valuation report.

The valuation performed by the independent valuers has been reported on the basis of 'significant valuation uncertainty' due to COVID-19. The market valuation is current at the date of valuation given the volatility in the market. Subsequent to year end, there has been no indicators which will significantly impact the results of the Group with the adoption of the external property valuation reports that would impact the reversal of previous impairments.

- (ii) Disposals include the sale of the property at 2A Mouritz St and 2 Burton St, Warragul which was settled on 30 June 2020 for \$1,100,000.

Accounting Policy

Recognition and measurement

Land is recorded at cost less accumulated impairment. Buildings, leasehold improvements, plant and equipment, motor vehicles and computers are stated at cost less accumulated depreciation and accumulated impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

3.5 Property, plant and equipment (Cont'd)

Accounting Policy (Cont'd)

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the cost each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The following rates are used in the calculation of depreciation in the current and comparative year:

Buildings	2%
Leasehold Improvements	20%
Furniture, Plant and Equipment	10-15%
Motor Vehicles	15%
Computer Equipment	3 years

Leasehold Improvements are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

All repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Useful lives of property, plant and equipment and intangible assets are reviewed annually. Any reassessment of useful lives in a particular year will affect the depreciation and amortisation expense (either increasing or decreasing) through to the end of the reassessed useful life for both the current and future years.

Impairment of non-current assets other than financial assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of value in use and fair value less costs to sell. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss recognised immediately in the statement of profit or loss and other comprehensive income. If the recoverable amount of a previously impaired asset is estimated to be greater than its carrying amount, a reversal of an impairment loss is recognised immediately in the statement of profit or loss to the extent of the impairment previously recorded against that asset.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

3.6 Intangible assets

	Audio Masters \$'000	Computer Software \$'000	Customer List \$'000	Total \$'000
Gross carrying amount				
Balance at 30 June 2019	9,348	13,614	937	23,899
Transfer from work-in-progress	-	2,411	-	2,411
Additions	184	-	-	184
Disposals	-	(109)	-	(109)
Balance at 30 June 2020	9,532	15,916	937	26,385
Accumulated amortisation and impairment				
Balance at 30 June 2019	(8,179)	(8,515)	(468)	(17,162)
Disposals	-	3	-	3
Amortisation expense	(432)	(1,667)	(469)	(2,568)
Balance at 30 June 2020	(8,611)	(10,179)	(937)	(19,727)
Net book value				
As at 30 June 2019	1,169	5,099	469	6,737
As at 30 June 2020	921	5,737	-	6,658

Accounting Policy

Intangible assets acquired by the Group have finite useful lives and are measured at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their useful lives as follows in the current and comparative year:

Audio Masters	5 years
Computer Software	3 years
Customer List	2 years

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

4. Financing and capital structure

4.1 Trade and other payables

	2020 \$'000	2019 \$'000
<u>Current</u>		
Trade payables	1,111	815
Accrued expenses and other creditors	4,368	5,308
Payroll liabilities	6	19
Deposit received from sale of property	-	3,067
Funds held in Trust	1,074	1,168
	6,559	10,377
<u>Non-current</u>		
Endowment and scholarship funds	3	3
	3	3

Accounting Policy

The standard credit period on purchases is 30 days from the end of the month in which the invoice is received. No interest is charged on trade payables.

Financial liabilities are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Refer Note 3.2 for further details on financial liabilities.

4.2 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	2020 \$'000	2019 \$'000
Cash at bank	12,415	9,602
At call accounts	22,402	7,041
Cash and cash equivalents	34,817	16,643
Financing lease facilities available		
Amount used	-	-
Amount unused ⁽ⁱ⁾	1,000	1,000
	1,000	1,000

(i) There is no line or unused limit fee associated with this facility. The \$1,000,000 facility relates to vehicle leasing facility with the Bank.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

4.2 Cash and cash equivalents (Cont'd)

Accounting Policy

Cash comprises cash on hand and demand deposits with maturities of 3 months or less. Cash equivalents are short-term, highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

4.3 Contingent liabilities

At 30 June 2020 Vision Australia Limited had a bank guarantee facility available for leased properties as follows:

	2020 \$'000	2019 \$'000
Amount used	739	730
Amount unused	511	520
Total facility	1,250	1,250

4.4 Commitments

During the year ended 30 June 2020, the Group committed to incur capital expenditure of \$450,000 (2019: \$250,000). These commitments are expected to be settled in financial year 2021.

4.5 Leases

The Group has a number of properties under operating leases. The leases typically run for a period of 2 – 5 years, with an option to renew after that date. These leases contain either annual CPI pricing or annual fixed rate increment where the lease payments are adjusted at each anniversary date and undergo a market rent review on renewal of an option.

These leases were entered into prior to 1 July 2019 and were classified as operating leases under AASB117.

Some of these leases contain extension options exercisable by the Group. Where practicable, the Group seeks to include extension option in leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension option. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or changes in circumstances within its control.

The Group also has short-term and low-value leases with contract terms of one to two years or month to month basis. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

4.5 Leases (Cont'd)

Peppercorn lease

In December 2018, the Australian Accounting Standards Board (AASB) issued an amending standard that provides a temporary exemption for not-for-profit entities from the requirement to fair-value the right-of-use assets arising from peppercorn lease contracts.

The exemption is optional, allowing entities to measure and recognise right-of-use assets arising from peppercorn leases at fair value if they choose to do so, or at cost (based on actual payments). For the purposes of AASB 16, peppercorn lease also includes leases with lease payments that are more than nominal but significantly below market value.

The Group has elected to exercise the exemption on the leased land from Department of Education & Training at Coorparoo, QLD. The lease term is 99 years and commenced on 1 July 2010. The annual rent is \$1 and is not subject to annual rental review. No significant restrictions on the use of the underlying assets has been identified by the Group.

Information about leases for which the Group is a lessee is presented below.

4.5.1 Right-of-use assets

	Property \$'000	Total \$'000
Balance at 1 July 2019	7,070	7,070
Depreciation expense	(1,935)	(1,935)
Balance at 30 June 2020	5,135	5,135

4.5.2 Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below

	< 1 year (\$'000)	1 – 5 years (\$'000)	> 5 years (\$'000)	Total undiscounted lease liabilities (\$'000)	Lease liabilities included in the Consolidated Statement of Financial Position
Current					
30 June 2020	2,066	-	-	2,066	1,878
Non – current					
30 June 2020	-	3,369	257	3,626	3,430

Amounts recognised in profit or loss

	\$'000
2020 – Leases under AASB 16	
Interest on lease liabilities	263
Expenses relating to low-value	61
Expenses relating to short-term assets	470
2019 – Leases under AASB 117	
Lease expenses	3,554

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

4.5 Leases (Cont'd)

Amounts recognised in the consolidated statement of cash flows

	2020 \$'000
Total cash outflows for leases	2,025

Extension options

Some property leases contain extension option exercisable by the Group up to further three years before the end of the non-cancellable contract period.

The Group has estimated that the potential future lease payments, should it exercise the further extension option, would result in an increase in lease liability of \$2,208,000.

Information about leases for which the Group is a lessor is presented below.

4.5.3 Operating leases

Leasing arrangements

Operating leases relate to subleases on rental properties and lease for telecommunications towers located on Vision Australia Trust, wholly owned subsidiary, land. Subleases are provided on the same terms and conditions as the head lease.

	2020 \$'000	2019 \$'000
Non-cancellable operating lease receivables ⁽ⁱ⁾		
Not longer than 1 year	199	463
Longer than 1 year and not longer than 5 years	190	71
Longer than 5 years	-	-
	389	534

(i) For 2020 financial year, the operating leases are disclosed under AASB 16 whilst the 2019 are disclosed under AASB 117.

Accounting Policy

The Group has applied AASB 16 from 1 July 2019. The Group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117. The details of accounting policies under AASB 117 are disclosed separately.

Policy applicable from 1 July 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of identified asset, the Group uses the definition of a lease in AASB 16.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

4.5 Leases (Cont'd)

Accounting Policy (Cont'd)

Policy applicable from 1 July 2019 (Cont'd)

This policy is applied to contracts entered into, on or after 1 July 2019.

The Group as lessee

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives.

The right-of-use asset is subsequently depreciated from the commencement date to the end of the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy and adjustment for certain remeasurements of lease liability. The right-of-use asset is assessed for impairment indicators at each reporting date.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the interest rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected to apply the exceptions to lease accounting for leases of low value assets and short term leases. For these leases, the company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all risks and rewards incidental to the ownership of the underlying assets. If that is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of the assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

4.5 Leases (Cont'd)

Accounting Policy (Cont'd)

Policy applicable from 1 July 2019 (Cont'd)

The accounting policies applicable to the Group as a lessor in the comparative period were not different from AASB 16.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Policy applicable before 1 July 2019

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4.6 Financial instruments

	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	34,817	34,817	16,643	16,643
Trade receivables	1,533	1,533	2,922	2,922
Other receivables	3,448	3,448	2,008	2,008
Interest bearing deposits	5,847	5,847	1,160	1,160
Shares – equity securities	52,593	52,593	43,510	43,510
Managed trusts and funds – equity securities	63,608	63,608	57,538	57,538
Interest bearing securities	26,971	26,971	30,776	30,776
	188,817	188,817	154,557	154,557
Financial liabilities				
Trade payables	1,111	1,111	815	815
Lease liabilities	5,308	5,308	-	-
	6,419	6,419s	815	815

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

4.6 Financial instruments (Cont'd)

Accounting Policy

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

4.6 Financial instruments (Cont'd)

Accounting Policy (Cont'd)

Financial risk management

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit, Finance and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit, Finance and Risk Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit, Finance and Risk Committee.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. Refer Note 3.1.

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions.

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

- Foreign exchange risk: There is no direct foreign exchange risk and the Group has not hedged its exposure arising from foreign exchange.
- Interest rate risk - Income earned on cash at bank are at floating interest rates.
- Equity price risk - the Group is exposed to equity price risk, which arises from investments in equity securities and managed funds. The management of the Group monitors the proportion of its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Audit, Finance and Risk Committee.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

5. Employee remuneration

5.1 Provisions

Current

	2020 \$'000	2019 \$'000
Annual leave	3,129	2,770
Long service leave	3,560	3,557
Other leave	100	74
Other employee provisions	514	1,066
Total current employee benefits ⁽ⁱ⁾	7,303	7,467
<u>Non-current</u>		
Employee benefits	1,844	1,663

- (i) The current provision for employee benefits includes \$2,729,194 (2019: \$2,642,235) of vested long service leave entitlements accrued but not expected to be taken in full within 12 months.

Accounting Policy

A liability is recognised 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is immaterial).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Liabilities recognised in respect of short term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows (based on Australian Corporate Bond Rates) to be made by the Group in respect of services provided by employees up to reporting date.

Defined contribution plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

As the defined benefit plan is a multi-employer plan, the defined benefit plan is accounted for as if it were a defined contribution plan. The obligation is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

5.1 Provisions (Cont'd)

Accounting Policy (Cont'd)

Termination benefit

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

5.2 Retirement benefit plans

Vision Australia Limited is a member of Health Super Pty Ltd multi-employer defined benefit superannuation plan and is required to contribute a specified percentage of payroll costs to fund the retirement benefits of 1 (2019: 1) employee.

As some members of the fund are current and former members of other employers, for the purposes of applying AASB 119 Employee Benefits, the fund actuary does not believe there is sufficient information available to allocate obligations, assets and costs between the members of the fund.

In accordance with the requirements of AASB 119, given the lack of sufficient information available, the plan is accounted for as if it were a defined contribution plan. Vision Australia Limited made total contributions to the plan of \$6,000 (2019: \$6,000) during the year which are recognised as an expense in the statement of profit or loss and other comprehensive income.

5.3 Key management personnel remuneration and related party disclosures

The aggregate compensation of the key management personnel of the Group is set out below:

	2020 \$	2019 \$
Short term employee benefits	2,218,751	2,855,320
Post-employment benefits	184,922	231,480
Other long term employee benefits	271,671	298,141
Termination and other benefits	86,228	198,307
	2,761,572	3,583,248

5.3.1 Parent entity

The parent entity of the Group is Vision Australia Limited.

5.3.2 Ownership interest in related parties

Details and ownership interest held in subsidiaries are disclosed in Note 6.1 to the financial statements.

5.3.3 Loan disclosures

There were no loans between Vision Australia Limited and its Directors or executives.

5.3.4 Director transactions

Some Directors receive services from Vision Australia Limited as clients on a normal commercial basis and pay the applicable fees, if any, for those services. No fees were paid to Directors in their capacity as Directors except for the Chair who has been remunerated as approved by the members under clause 1.4 of the Constitution totalling \$32,128 (2019: \$28,267).

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

6. Other information

This section covers other information that is not directly related to items in the financial statements and significant accounting policies not disclosed elsewhere and other statutory information.

6.1 Subsidiaries

The consolidated financial statements include the financial statements of Vision Australia Limited and the subsidiaries listed in the following table.

Name of entity	Country of incorporation	Ownership interest	
		2020 %	2019 %
Parent entity			
Vision Australia Ltd	Australia		
Subsidiaries			
Vision Australia Foundation	Australia	100%	100%
Vision Australia Trust	Not incorporated	100%	100%
Seeing Eye Dogs Australia Pty Limited	Australia	100%	100%
5RPH Pty Ltd	Australia	100%	100%
6RPH Pty Ltd	Australia	100%	100%
Quantum Technology Pty Ltd	Australia	100%	100%
Investment in equity-accounted investees			
Community Digital Radio (Darwin) Pty Limited	Australia	25%	-

Community Digital Radio (Darwin) Pty Limited

The Group owns 25% interest in Community Digital Radio (Darwin) Pty Ltd (CDR). CDR was set up as a requirement of Federal digital radio legislation for community broadcasters, to hold a community radio license in Darwin. CDR had no transactions recorded during the year, except for company registration fees. All costs associated with the implementation of digital radio service are funded under the Federal Government funding for community digital radio.

Accounting Policy

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

6.1 Subsidiaries (Cont'd)

Accounting Policy (Cont'd)

Basis of Consolidation (Cont'd)

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs).

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

6.1 Subsidiaries (Cont'd)

Accounting Policy (Cont'd)

Basis of Consolidation (Cont'd)

Investments in equity-accounted investees

The Group's interests in equity-accounted investees comprise interest in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

6.2 Parent entity disclosures

The accounting policies of the parent entity, which have been applied in determining the financial information below, are the same as those applied in the consolidated financial statements.

	2020 \$'000	2019 \$'000
Financial performance of the parent entity		
Surplus/ (Deficit) for the year	839	(14,568)
Total comprehensive income/ (loss) for the year	676	(14,709)
Financial position of the parent entity		
Current assets	24,670	14,295
Total assets	171,708	147,312
Current liabilities	(23,700)	(20,991)
Total liabilities	(40,363)	(22,656)
Net assets	131,345	124,656
Total equity of the parent entity comprising of		
Asset revaluation reserve	4,204	4,858
Retained surplus	127,141	119,798
Total equity attributable to Vision Australia Limited	131,345	124,656

- (i) Included in total assets are amounts owing by wholly owned subsidiary company, Vision Australia Trust, of \$662,000 (2019: \$3,955,000). The amount owing is classified as non-current asset as the parent entity does not intend to recall the loan in the next 12 months.
- (ii) Included in total assets are amounts owing by wholly owned subsidiary company, Quantum Technology Pty Ltd, of \$151,000 (2019: \$140,000). The amount owing is classified as current asset and are to be settled in cash within one month of the reporting date.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

6.2 Parent entity disclosures (Cont'd)

- (iii) The parent entity leases properties from its subsidiary – Vision Australia Trust. The adoption of AASB 16 from 1 July 2019 has resulted in the parent entity recognising right-of-use assets and lease liabilities on these internally leased properties. At 30 June 2020, the right-of-use assets recognised is \$13,167,000 and lease liabilities of \$13,658,000. These balances are eliminated in the Group consolidated statement of financial position.

All outstanding balances with the parent entity are on an arm's length basis.

The contingent liabilities (Note 4.3) and the commitments for expenditure (Note 4.4) of the Group are in relation to the parent entity.

6.3 Remuneration of external auditors

	2020 \$	2019 \$
Audit of the financial report - KPMG		
- Statutory audit procedures	85,456	80,540
- AASB16, AASB15 and AASB1058 related procedures	14,000	-
- Acquisition related procedures	-	28,000
	99,456	108,540
Other services - KPMG		
- Other assurance services	15,858	21,380
- Tax compliance services	7,500	45,500
- Other services	16,000	13,200
	39,358	80,540
Total auditor remuneration	138,814	188,620

6.4 Subsequent events

The outbreak of Coronavirus (COVID-19) was declared a "Global Pandemic" by the World Health Organisation (WHO) on 11 March 2020 which has resulted in the current financial markets being highly volatile. Refer to Note 3.2 and Note 3.5 for the impact of this on the Group's financial report.

Subsequent to year end and given recent developments in Victoria State, a continued lockdown can result in further decline in service delivery and impact the returns on investment. The impact of the continued lockdown is not quantified due to a number of variable factors in the current environment. The Company continues to reassess its operating model to ensure sustainability.

Other than the matter above, in the opinion of the Directors, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years, and the Directors are of the view that the Group will continue as a going concern.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

6.5 Information required by the Charitable Fundraising Act 1991 (NSW) & the Charitable Collections Act (1946) [Section 15] WA

Fundraising appeals conducted under the Charitable Fundraising Act 1991 (NSW) and the Charitable Collections Act (1946) [Section 15] WA, included direct mail, telemarketing, face-to-face, regular giving, special events, trusts and foundations, major gifts, corporate giving, community fundraising and gifts-in-wills.

6.5.1 Details of aggregated gross income and total expenses of fundraising activities

	2020 \$'000	2019 \$'000
Income		
Gifts-in-wills	19,842	12,524
Direct marketing appeals	15,554	15,836
Philanthropic gifts	9,092	8,392
Corporate giving	28	677
Community fundraising	381	1,086
Events	1,482	1,745
Total income	46,379	40,260
Total fundraising expenses	(11,719)	(14,747)
Net surplus from fundraising activities	34,660	25,513
Net margin from fundraising activities	75%	63%

6.5.2 Application of funds for charitable purposes

The surplus from fundraising appeals is applied to offset deficits that would have otherwise been incurred by Vision Australia Limited. The consolidated surplus is available to spend on providing services, programs and goods to people who are blind or have low vision.

	2020 \$'000	2019 \$'000
Operating surplus/ (deficit)	28,267	(7,965)
Operating deficit excluding surplus from fundraising activities	(6,393)	(33,478)

6.5.3 Fundraising appeals conducted jointly with traders

A trader is an entity who conducts a fundraising appeal partly for their own benefit. Fundraising appeals in which traders were engaged were regular giving campaigns, lotteries and Carols by Candlelight.

	2020 \$'000	2019 \$'000
Revenue	13,383	13,554
Total payments to traders	(4,433)	(6,065)
Other direct expenses	(2,017)	(1,715)
Gross contribution	6,933	5,774
Payments to traders / Revenue	33%	45%

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

6.6 Significant accounting policies

Basis of preparation

The consolidated financial report has been prepared on the basis of historical cost, except for financial assets that are measured at fair value through other comprehensive income, as explained in the accounting policies throughout this report. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that were within the scope of AASB 117 in 2019 financial year.

Critical judgements in applying accounting policies

Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- future increases in wages and salaries;
- future interest rates;
- future on-cost rates; and
- experience of employee departures and period of service

Liabilities recognised in respect of long term employee benefits are measured as the present value.

Revenue

For many of the grant agreements received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgement involving discussions with several parties at the Group, review of the proposal documents prepared during the grant application phase and consideration of the terms and conditions. Grants received by the Group have been accounted for under both AASB 15 and AASB 1058 depending on the terms and conditions and decisions made. If this determination was changed then the revenue recognition pattern would be different from that recognised in this financial report.

Leases

Management judgement is applied in determining the lease term – whether the Group is reasonably certain to exercise extension options.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

6.6 Significant accounting policies (Cont'd)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition costs are recognised in profit or loss as incurred.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. 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 are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Consolidated 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 ATO is classified as operating cash flows.

Income tax

Under Section 50-5 of the Income Tax Assessment Act 1997, the Group is exempt from income tax.

Changes in significant accounting policies

The Group initially applied the following accounting standards from 1 July 2019.

- AASB 15 Revenue from Contracts with Customers
- AASB 1058 Income of Not-for-Profit Entities
- AASB 16 Leases

A number of other new or revised standards, amendments to standards and interpretations are also effective from 1 July 2019 but they do not have a material impact on the Group's consolidated financial statements.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

6.6 Significant accounting policies (Cont'd)

Changes in significant accounting policies (Cont'd)

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces AASB 118 Revenue, AASB 111 Construction Contracts and related interpretations. Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at point in time or over time – requires judgement.

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities. The standard replaces all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously prescribed by AASB 1004 Contributions.

The Company 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 111 Construction Contracts, AASB 118 Revenue, AASB 1004 Contributions and related interpretations. Accordingly, the information presented for 2019 has been represented to reflect the disclosure requirements of AASB 15 and AASB 1058.

The Group has assessed all its revenue stream in accordance with the requirements of AASB 15 and AASB 1058 and concluded that there is no material impact of applying these new accounting standards on the consolidated financial statements.

In addition to the above changes in accounting policies, the Group has amended the presentation of revenue to align them with the requirements of AASB 15 and AASB 1058, refer Note 2.1 above.

AASB 16 Leases

The Group applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for the year ended 30 June 2019 is not restated – i.e. it is presented, as previously reported, under AASB 117 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements of AASB 16 have not generally been applied to comparative information.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

6.6 Significant accounting policies (Cont'd)

Changes in significant accounting policies (Cont'd)

AASB 16 Leases (cont'd)

a) *Definition of a lease*

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under AASB Interpretation 4 *Determining whether an Arrangement contains Lease*. The Group now assesses whether a contract is or contain a lease based on the definition of a lease, as explained in note 4.5 above.

On transition to AASB 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and AASB Interpretation 4 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

b) *As a lessee*

As a lessee, the Group leases properties which were previously classified as operating leases under AASB 117 based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to the ownership of the underlying asset to the Group. Under AASB 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on the consolidated statement of financial position.

On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at either their carrying value as it AASB 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application or an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases assessed by the Group as low value assets;
- excluded initial direct costs from the measurement of the right-of-use assets at date of initial application; and
- used hindsight when determining the lease term.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

6.6 Significant accounting policies (Cont'd)

Changes in significant accounting policies (Cont'd)

AASB 16 Leases (cont'd)

c) Impact on financial statements

On transition to AASB 16, the Group recognised additional right-of-use assets and lease liabilities and recognising any difference in retained earnings.

	1 July 2019 \$'000
Right-of-use assets	7,070
Lease liabilities	7,070

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 4.19%.

	1 July 2019 \$'000
Operating lease commitments at 30 June 2019 as disclosed under AASB 117 in the Group's consolidated financial statement	5,185
- recognition exception for low value assets	(168)
- recognition exception for leases less than 12 months lease term	(463)
- extension option reasonably certain to be exercised	3,162
- discounting lease payment using incremental borrowing rate	(646)
Lease liabilities recognised at 1 July 2019	7,070

New and revised Standards affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are effective for the current reporting period.

There are no other new or revised standards and interpretations adopted materially affecting the reported results or financial position.

Vision Australia Limited and controlled entities

Notes to the financial statements for the year ended 30 June 2020 (Cont'd)

6.6 Significant accounting policies (Cont'd)

Standards and interpretations in issue not yet adopted

A number of new or revised standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2020 and early application is permitted; however the Group has not early adopted the new or revised standards, amendments to standards and interpretations in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

Standard or interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Amendments to Australian Accounting Standards – References to the Conceptual Framework	1 January 2020	30 June 2021
Definition of a Business (Amendments to AASB 3)	1 January 2020	30 June 2021
Definition of Material (Amendments to AASB 101 and AASB 108)	1 January 2020	30 June 2021
AASB 17 – Insurance Contracts	1 January 2021	30 June 2022
AASB 1060 – General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 entities	1 July 2021	30 June 2022

Vision Australia Limited and controlled entities

Directors' declaration

In the opinion of the Directors of Vision Australia Limited:

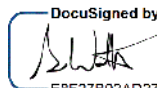
- (a) the Company is not publicly accountable;
- (b) the consolidated financial statements and notes set out on pages 16 to 55 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and in compliance with the Charitable Fundraising Act (NSW) 1991 and Charitable Collections Act (WA) 1946, including:
 - (i) giving 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;
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (c) 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 the Directors:

On behalf of the Directors:

DocuSigned by:

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Andrew Moffat
Director
28 August 2020

DocuSigned by:

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Sara Watts
Director
28 August 2020

Vision Australia Limited and controlled entities

Declaration by Chief Executive Officer in respect of fundraising activities

I, Ron Hooton, Chief Executive Officer of the Vision Australia Limited, declare in my opinion:

- (a) the consolidated financial statements give a true and fair view of all income and expenditure of the Vision Australia Limited with respect to fundraising appeal activities for the financial year ended 30 June 2020;
- (b) the consolidated statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 June 2020;
- (c) the provisions of the Charitable Fundraising Act (NSW) 1991 and Regulations, the Charitable Collections Act (WA) 1946, Charitable Collections Regulations (WA) 1947 and the conditions attached to the authority have been complied with the for the financial year ended 30 June 2020; and
- (d) the internal controls exercised by the Vision Australia Limited are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

DocuSigned by:

Ron Hooton

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Ron Hooton

Chief Executive Officer

28 August 2020



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

To: the directors of Vision Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2020 there have been:

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

KPMG

KPMG

Antoni Cinanni
Partner
Melbourne
28 August 2020



Independent Auditor's Report

To the members of Vision Australia Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report**, of the Vision Australia Limited (the Company) and its controlled entities (the group).

In our opinion, the accompanying Financial Report of the Group is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2020, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Consolidated statement of financial position as at 30 June 2020;
- ii. Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- iii. Notes including a summary of significant accounting policies;
- iv. Directors' declaration of the Company; and
- v. Declaration by the Chief Executive Officer in respect of fundraising appeals of the Company.

The Group consists of Vision Australia Limited (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

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

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other information

Other Information is financial and non-financial information in Vision Australia Limited and its controlled entities' annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

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

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC.
- ii. Preparing the Financial Report in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations and with Section 15(1) and 15(2) of the WA Charitable Collections Act 1946 and Regulations 1947 ("the Acts and Regulations").
- iii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iv. Assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

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

We also:

- i. 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.
- ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Group's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Group'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 registered Group to cease to continue as a going concern.
- v. 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 the Directors of the registered Company 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.

In addition we have:

- i. Obtained an understanding of the internal control structure for fundraising appeal activities.
- ii. Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Acts and Regulations.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.

Report on Other Legal and Regulatory Requirements

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

- i. the Financial Report gives a true and fair view of the Group's financial result of fundraising appeal activities for the financial year ended 30 June 2020;
- ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2019 to 30 June 2020, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- iii. money received as a result of fundraising appeal activities conducted during the period from 1 July 2019 to 30 June 2020 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- iv. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

Opinion pursuant to the Charitable Collections Act (WA) 1946 and Charitable

In our opinion, the Company has complied, in all material respects, with the requirements of the *Charitable Collections Act (WA) 1946* and *Charitable Collections Regulations (WA) 1947* for the year ended 30 June 2020.



KPMG



Antoni Cinanni

Partner

Melbourne

28 August 2020