

VICTORIAN COUNCIL OF CHURCHES INC.

Registration Number A0036552E

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

VICTORIAN COUNCIL OF CHURCHES INC.

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VICTORIAN COUNCIL OF CHURCHES INC.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 \$	2020 \$
Revenue	5	905,674	181,155
Expenses			
Executive Salary		92,875	88,475
Casual Staff Salary		4,895	2,310
Staff Superannuation		9,594	5,171
Work Cover Premiums		1,294	1,395
Accounting Fees		2,838	1,640
Audit Fees		2,750	3,500
Bank Charges		129	686
Book Purchases		-	16
Computers – Supply		12,600	-
Conferences & Special Events		82	-
Consultancy		625	-
Contractors		15,511	-
Donations		10	70
Dues & Subscriptions		618	1,460
Equipment < \$1,000		-	188
Equipment Maintenance		-	131
Hospitality		1,899	1,864
Insurance		6,888	3,949
Legal Fees		-	1,370
Office Costs		11,921	25,991
Photocopying & Printing		3,019	3,407
Postage		553	1,408
Promotion & advertising		72	-
Rent		10,952	19,916
Software Costs		2,995	3,794
Stationery		570	1,049
Telephone, Fax, etc.		1,008	3,527
Travel		586	1,065
Other expenses		-	113
Total operating expenses		184,284	172,495
Operating profit/(loss) for the year		721,390	8,660
Other Comprehensive Income:			
Gain/(loss) on the revaluation of investment portfolio		109,710	3,599
Total comprehensive profit/(loss) for the year		831,100	12,259

The accompanying notes form part of these financial statements.

VICTORIAN COUNCIL OF CHURCHES INC.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Note	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	6	8,890	311,013
Trade and other receivables	7	1,489	19,378
Prepayments		-	3,381
TOTAL CURRENT ASSETS		10,379	333,772
NON-CURRENT ASSETS			
Other financial assets	8	1,414,048	277,846
TOTAL NON-CURRENT ASSETS		1,414,048	277,846
TOTAL ASSETS		1,424,427	611,618
CURRENT LIABILITIES			
Trade and other payables	9	3,748	1,890
Provisions	10	-	20,149
TOTAL CURRENT LIABILITIES		3,748	22,039
TOTAL LIABILITIES		3,748	22,039
NET ASSETS		1,420,679	589,579
EQUITY			
Asset revaluation reserve		137,556	27,846
Retained Earnings		1,283,123	561,733
TOTAL EQUITY		1,420,679	589,579

The accompanying notes form part of these financial statements.

VICTORIAN COUNCIL OF CHURCHES INC.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

2020

	Asset Revaluation Reserve	Retained Earnings	Total Equity
	\$	\$	\$
At 1 January 2020	24,247	553,073	577,320
Net profit for the year	-	8,660	8,660
Other comprehensive income	3,599	-	3,599
At 31 December 2020	27,846	561,733	589,579

2021

	Asset Revaluation Reserve	Retained Earnings	Total Equity
	\$	\$	\$
At 1 January 2021	27,846	561,733	589,579
Net profit for the year	-	721,390	721,390
Other comprehensive income	109,710	-	109,710
At 31 December 2021	137,556	1,283,123	1,420,679

The accompanying notes form part of these financial statements.

VICTORIAN COUNCIL OF CHURCHES INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 \$	2020 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		881,131	155,297
Interest received		24,543	25,858
Cash payments in the course of operations		(181,305)	(174,065)
Net cash flow from operating activities	11	724,369	7,090
CASH FLOW FROM INVESTING ACTIVITIES			
Transfers to investments		(1,026,492)	-
Net cash flow from investing activities		(1,026,492)	7,090
Net (decrease)/increase in cash and cash equivalents held		(302,123)	7,090
Cash and cash equivalents at beginning of financial year		311,013	303,923
Cash and cash equivalents at end of financial year	6	8,890	311,013

The accompanying notes form part of these financial statements.

VICTORIAN COUNCIL OF CHURCHES INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1: REPORTING ENTITY

This general purpose financial report is prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Reform Act 2012 (Victoria) and the Australian Charities and Not-for-profits Commission Act 2012. The Executive has determined that the Victorian Council of Churches Inc. ("Council") is a reporting entity.

The Council gathers together in pilgrimage Churches which confess the Lord Jesus Christ as God and Saviour according to the Scriptures; seeks to fulfil together their common calling to the glory of the one God, Father, Son and Holy Spirit; and commit themselves:

- (a) to deepen their relationship with each other in order to express more visibly the unity willed by Christ for his Church; and
- (b) to work together towards the fulfilment of their common mission of witness, proclamation and service.

NOTE 2: BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASB's") – Reduced Disclosure Requirements including Australian Interpretations adopted by the Australian Accounting Standards Board ("AASB").

(b) Basis of measurement

The financial report has been prepared on an accruals basis and is based on historical cost convention and does not take into account changing money values, or except where specifically stated, current valuations of non-current assets.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Council's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(e) New or amended Accounting Standards and Interpretations adopted

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Revenue

Revenue from voluntary donations and bequests is recognised when received.

If Government grants are received with conditions attached, that must be satisfied before the Association is eligible to the contribution, the recognition of the grant is deferred until those conditions are satisfied.

VICTORIAN COUNCIL OF CHURCHES INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Income Tax

The Council is a tax-exempt entity for the purposes of Division 50 of the Income Tax Assessment Act 1997. In addition, the Council is a rebateable employer for the purposes of section 65J of the Fringe Benefits Assessment Act 1986.

(c) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(d) Trade and Other Receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(e) Property, Plant and Equipment

Property, plant and equipment are only recognised where the Council holds ownership of the asset or has legal rights to control the asset's future use. Each class of asset is stated at historical cost less depreciation at a rate of 25.00%. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Council. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

(f) Impairment

At each reporting date the Council assesses whether there is objective evidence that a financial instrument has been impaired. If any such indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(g) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(h) Trusts & Projects

Liabilities are recognised for amounts received in anticipation of expenses relating to specific projects; where such expenses have not yet been fully committed. The expectation being that, were amounts not to be fully committed, they would be liable for return to the remitter.

(i) Provisions

Annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future

VICTORIAN COUNCIL OF CHURCHES INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Provisions (continued)

Long service leave (continued)

wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(j) Goods and Services Tax (GST)

Revenue, 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 the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(k) New Accounting Standards and Interpretations issued that are not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Council for the annual reporting period ended 31 December 2021. The Council has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTE 4: CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Coronavirus (COVID-19) pandemic

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

Estimation of useful lives of assets

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

VICTORIAN COUNCIL OF CHURCHES INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	\$	\$
NOTE 5: REVENUE		
Member Contributions	117,660	114,396
Affiliation Fees	2,600	1,700
Bequests Received	750,000	-
Cash Flow Boost	-	20,000
JobKeeper Subsidy	9,600	10,800
Donations	730	-
Interest	25,004	22,259
Emergencies Ministry - Cost Recovery	-	12,000
Other income	80	-
	905,674	181,155
NOTE 6: CASH AND CASH EQUIVALENTS		
Cash on hand	-	29
Cash at bank	8,890	37,740
Cash Management Account	-	273,244
	8,890	311,013
NOTE 7: TRADE AND OTHER RECEIVABLES		
Trade Receivables	-	18,600
GST Receivable	1,489	-
Loans – VCCEM	-	778
	1,489	19,378
NOTE 8: OTHER FINANCIAL ASSETS		
Investment – Enhanced Income Trust	9,964	-
Investment – Growth Portfolio	682,134	277,846
Investment – International Equities Trust	721,950	-
	1,414,048	277,846
NOTE 9: TRADE AND OTHER PAYABLES		
Trade Creditors	-	1,005
Credit Card	1,248	885
Accrued Expenses	2,500	-
	3,748	1,890

VICTORIAN COUNCIL OF CHURCHES INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
NOTE 10: PROVISIONS		
CURRENT		
Provision - Annual Leave	-	9,430
Provision – Long Service Leave	-	9,942
Provision – MBA	-	777
	<u>-</u>	<u>20,149</u>

During the year, entitlement provisions were paid out. There are no permanent employees as at 31 December 2021.

NOTE 11: CASH FLOW INFORMATION

Reconciliation of operating result to net cash from operating activities		
Net surplus	721,390	8,660
Changes in assets and liabilities:		
(Increase)/decrease in receivables	17,889	3,012
(Increase)/decrease in prepayments	3,381	-
Increase/(decrease) in payables	1,858	1,704
Increase/(decrease) in provisions	(20,149)	(6,286)
Net cash from / (used in) operating activities	<u>724,369</u>	<u>7,090</u>

NOTE 12: KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to officers and other members of key management personnel of the Council is set out below:

Aggregated compensation	<u>102,469</u>	<u>120,081</u>
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NOTE 13: REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by DFK Kidsons Partnership, the auditor of the Council:

Review of the financial statements	2,000	2,000
Advice on employee entitlements	750	-
	<u>2,750</u>	<u>2,000</u>

VICTORIAN COUNCIL OF CHURCHES INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 14: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Council had no contingent liabilities and contingent assets as at 31 December 2021 and 31 December 2020.

NOTE 15: EVENTS AFTER THE REPORTING PERIOD

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

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Council's operations, the results of those operations, or the Council's state of affairs in future financial years.

VICTORIAN COUNCIL OF CHURCHES INC.

STANDING COMMITTEE DECLARATION

In the opinion of the Standing Committee the financial report as set out on pages 3 to 12:

1. Presents a true and fair view of the financial position of Victorian Council of Churches Inc. as at 31 December 2021 and its performance for the financial year ended on that date in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the Associations Incorporation Reform Act 2012 (Victoria), the Australian Charities and Not-for-profits Commission Act 2012 and other mandatory professional reporting requirements; and
2. At the date of this declaration, there are reasonable grounds to believe that Victorian Council of Churches Inc. will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Standing Committee and is signed for and on behalf of the Standing Committee by:



Dr Graeme Blackman
President



Ashok Jacob
Treasurer

6 April 2022

**INDEPENDENT REVIEW REPORT TO THE MEMBERS OF THE
VICTORIAN COUNCIL OF CHURCHES INC.**

Conclusion

We have reviewed the accompanying financial report of Victorian Council of Churches Inc., which comprises the Statement of Financial Position as at 31 December 2021, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the declaration by the Standing Committee.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Victorian Council of Churches Inc. does not give a true and fair view of the Council's financial position as at 31 December 2021 and of its performance for the year then ended on that date in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our review of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Standing Committee's Responsibility for the Financial Report

The Standing Committee is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and for such internal control as management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* including: giving a true and fair view of the Council's financial position as at 31 December 2021 and its performance for the year ended on that date and complying with Australian Accounting Standards – Reduced Disclosure Requirements.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

DFK Kidsons Partnership

DFK KIDSONS PARTNERSHIP
Chartered Accountants

6 April 2022
Melbourne

M L Port

M L Port
Partner