

CATHOLIC PROFESSIONAL STANDARDS LIMITED

ABN 11 616 062 714

**Financial Statements for the Year Ended
30 June 2020**



CATHOLIC PROFESSIONAL STANDARDS LIMITED

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 June 2020

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CATHOLIC PROFESSIONAL STANDARDS LIMITED

CORPORATE DIRECTORY

ABN:

11 616 062 714

Registered Office and Principal Place of Business:

Level 13, 200 Queen Street
MELBOURNE VIC 3000

Directors:

The Hon. Geoffrey Giudice AO

Ms Patricia Faulkner AO

Professor The Hon. Michael Lavarch AO

Dr Robyn Miller

Dr Ruth Shean

Dr Kerrie Tuite

The Hon. John Watkins AM

Secretary:

Ms Sheree Limbrick

Auditors:

McLean Delmo Bentleys Audit Pty Ltd
Level 3, 302 Burwood Rd
Hawthorn Vic 3122

CATHOLIC PROFESSIONAL STANDARDS LIMITED

DIRECTORS' REPORT

The Directors of Catholic Professional Standards Limited submit herewith the annual report of the company for the financial year ended 30 June 2020. The directors report as follows:

Information about the Directors

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

| Name | Qualifications |
|----------------------------------|--|
| The Hon. Geoffrey Giudice AO | Bachelor of Laws Bachelor of Arts |
| Ms Patricia Faulkner AO | Master of Business Admin Bachelor of Arts (Economics) Diploma of Education HonDLaw |
| Prof The Hon. Michael Lavarch AO | Professor of Law Solicitor, Supreme Court of Queensland and High Court of Australia Bachelor of Laws |
| Dr Robyn Miller | Doctor of Philosophy Master of Family Therapy Graduate Diploma of Family Therapy Bachelor of Social Science (Social Work) |
| Dr Ruth Shean | Doctor of Philosophy Master of Education |
| Dr Kerrie Tuite | Doctor of Education Master of Education Bachelor of Arts Certificate of Teaching |
| The Hon. John Watkins AM | Master of Arts Bachelor of Laws Diploma of Education HonDLitt |

The above-named directors held office during the whole of the financial year and since the end of the financial year to the date of this report unless otherwise stated.

Ms Sheree Limbrick

Company Secretary

CATHOLIC PROFESSIONAL STANDARDS LIMITED

DIRECTORS' REPORT

Principal Activities

Catholic Professional Standard Ltd (CPSL) has been established to develop, promote, audit and report on safeguarding standards that assist Catholic Church authorities to care for, protect and support all individuals who engage with ministries and works of the Catholic Church in Australia, especially children and vulnerable adults.

In 2019-20, the Company continued delivering services to Catholic Church entities including:

- Delivery of training to Church leaders to increase awareness of their safeguarding responsibilities.
- Delivery of training to Church entities to assist them in implementing appropriate child safe measures within their ministries and organisations.
- Undertaking audits of child safeguarding practices within Catholic entities and publishing the results of those audits.
- Working with Catholic organisations to provide advice, support and expertise to increase their awareness and capacity to provide safe environments for children.
- Commencing the expansion of the National Catholic Safeguarding Standards to include protections for vulnerable adults who engage with the ministries and works of the Catholic Church in Australia.
- Promoting the National Catholic Safeguarding Standards, the work of CPSL and the need for institutional protections for children via conference presentations, webinars, newsletter, media appearances and social media.

Operating Results

The net operating loss for the year after income tax expense was \$292,834 (2019 profit \$815,459).

COVID-19 impacts

The Company has remained focused on its purposes and aims, and has adapted its services in response to the COVID-19 pandemic in Q4 of FY2020 by:

- Performing audits remotely and online, e.g. review of policies, procedures and documents, discussions and interviews with key staff on safeguarding processes in diocesan entities, parishes and religious institutes.
- Conducting safeguarding training sessions and events online.

Continuing service delivery in response to COVID-19 has impacted fee for service income as fees for online training are significantly lower than for face to face delivery.

The Company has had to delay and postpone training events and audits in response to diocesan entities, parishes and religious institutes implementing their own COVID-19 responses.

Dividends Paid or Recommended

No dividends were paid or recommended during the financial year (2019: nil).

After Balance Date Events

The Members have confirmed their intention to continue the operations of the Company. Discussions are continuing between the Members and the Company in relation to various matters, including:

- New company name;
- Amended constitution, new Board, and corporate governance;
- Retaining and amending some or all of CPSL's current Principal Activities; and
- Future of management and staff.

CATHOLIC PROFESSIONAL STANDARDS LIMITED

DIRECTORS' REPORT

Future developments

In the opinion of the Directors, given the Members have confirmed their intention to continue the operations of the Company notwithstanding CPSL receives a new name, amended constitution, a new Board, and will continue with some or all of its current Principal Activities, the Company can operate in its current form as a going concern.

Meetings of Directors

During the financial year ten meetings of Directors were held. Attendances were as follows:

| Name | Role | No. eligible to attend | No. attended | % |
|----------------------------------|-------------------|------------------------|--------------|------|
| The Hon. Geoffrey Giudice AO | Chair | 10 | 8 | 80% |
| Patricia Faulkner AO | Deputy Chair | 10 | 9 | 90% |
| Prof The Hon. Michael Lavarch AO | Director | 10 | 10 | 100% |
| Dr Robyn Miller | Director | 10 | 9 | 90% |
| Dr Ruth Shean | Director | 10 | 10 | 100% |
| Dr Kerrie Tuite | Director | 10 | 9 | 90% |
| The Hon. John Watkins AM | Director | 10 | 9 | 90% |
| Sheree Limbrick | Company Secretary | 10 | 10 | 100% |

Indemnifying Officers or Auditor

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company, secretary and all executive officers of the company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director, secretary or officer of the company, other than conduct involving a wilful breach of duty in relation to the company. The contract of insurance prohibits the disclosure of the premium amount.

Apart from the insurance premium noted above, no indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is an officer or auditor of the company.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 21 of this report.

This Directors report is signed in accordance with a resolution of the Directors.



The Honorable Geoffrey Giudice AO

Chair

Dated: 2 November 2020

CATHOLIC PROFESSIONAL STANDARDS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

| | Notes | 2020 \$ | 2019 \$ |
|--|-------|------------------|----------------|
| Income | | | |
| Members Contribution/Levy | 2 | 1,248,151 | 2,775,731 |
| Service Income | 2 | 266,352 | 163,207 |
| Interest Received | 2 | 576 | 435 |
| Other Income | 2 | 158,000 | - |
| | | 1,673,079 | 2,939,373 |
| Expenses | | | |
| Cost of rendering services | | (474,349) | (519,455) |
| Administration expense | | (144,625) | (173,315) |
| Staff costs | 2 | (909,863) | (1,026,881) |
| Director fees & related costs | 2 | (313,818) | (300,544) |
| Occupancy expense | | - | (79,769) |
| Depreciation and amortisation | 2 | (115,875) | (11,042) |
| Auditor's Remuneration | | (6,537) | (12,500) |
| Finance costs | | (846) | (408) |
| | | (1,965,913) | (2,123,914) |
| Surplus/(deficit) for the year | | (292,834) | 815,459 |
| Other comprehensive income | | | |
| Other comprehensive income for the year (net of tax) | | - | - |
| Total comprehensive income for the year | | (292,834) | 815,459 |

The above Income Statement should be read in conjunction with the accompanying notes to the financial statements.

CATHOLIC PROFESSIONAL STANDARDS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

| | Notes | 2020 \$ | 2019 \$ |
|--------------------------------------|-------|------------------|------------------|
| Current assets | | | |
| Cash and cash equivalents | 3 | 835,938 | 1,156,589 |
| Trade and other receivables | 4 | 94,699 | 142,581 |
| Other Assets | 5 | 61,517 | 58,573 |
| Right-of-use assets | 6 | 33,711 | - |
| Total current assets | | 1,025,865 | 1,357,743 |
| Non-current assets | | | |
| Property, plant and equipment | 7 | - | - |
| Total non-current assets | | - | - |
| Total assets | | 1,025,865 | 1,357,743 |
| Current liabilities | | | |
| Trade and other payables | 8 | 350,673 | 451,448 |
| Provisions | 9 | 60,751 | 37,396 |
| Lease liabilities | 10 | 34,951 | - |
| Total current liabilities | | 446,375 | 488,844 |
| Non-current liabilities | | | |
| Provisions | 9 | 9,480 | 3,440 |
| Total non-current liabilities | | 9,480 | 3,440 |
| Net assets | | 570,010 | 865,459 |
| Equity | | | |
| Accumulated funds | 11 | 570,010 | 865,459 |
| Total equity | | 570,010 | 865,459 |

The above Balance Sheet is to be read in conjunction with the accompanying notes to the financial statements.

CATHOLIC PROFESSIONAL STANDARDS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

| | Retained Earnings \$ | Total equity \$ |
|---------------------------------------|----------------------------|-----------------------|
| <i>Balance at 1 July 2018</i> | 50,000 | 50,000 |
| Surplus/(deficit) for the year | 815,459 | 815,459 |
| <i>Balance at 30 June 2019</i> | 865,459 | 865,459 |
| Adjustment from adoption of AASB 16 | (2,615) | (2,615) |
| Surplus/(deficit) for the year | (292,834) | (292,834) |
| <i>Balance at 30 June 2020</i> | 570,010 | 570,010 |

The above Statement of Changes In Equity is to be read in conjunction with the accompanying notes to the financial statements.

CATHOLIC PROFESSIONAL STANDARDS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

| | Notes | 2020 \$ | 2019 \$ |
|--|-----------|------------------|------------------|
| <i>Operating activities</i> | | | |
| Receipts from members/customers | | 1,717,441 | 2,744,057 |
| Payments to suppliers and employees | | (1,920,572) | (1,620,180) |
| Interest received | | 576 | 435 |
| Interest paid | | (846) | (408) |
| <i>Net cash inflow from operating activities</i> | 12 | (203,401) | 1,123,904 |
| <i>Investing activities</i> | | | |
| Payments for property, plant and equipment | | (597) | (11,042) |
| <i>Net cash outflow from investing activities</i> | | (597) | (11,042) |
| <i>Financing activities</i> | | | |
| Repayment of lease liabilities | | (116,653) | - |
| <i>Net cash inflow / (outflow) from financing activities</i> | | (116,653) | - |
| <i>Net increase in cash and cash equivalents</i> | | (320,651) | 1,112,862 |
| Cash and cash equivalents held at the beginning of the financial period | | 1,156,589 | 43,727 |
| <i>Cash and cash equivalents at the end of the financial period</i> | 3 | 835,938 | 1,156,589 |

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes to the financial statements.

CATHOLIC PROFESSIONAL STANDARDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1 Summary of Significant Accounting Policies

Catholic Professional Standards Limited is registered on the Australian Business Register as an Australian Public Company and is registered with the Australian Charities and Not-for-Profits Commission as a charity.

The Company was incorporated on 23 November 2016.

(a) Basis of Preparation

The Directors have prepared the financial statements on the basis that Catholic Professional Standards Limited is a non-reporting entity because there are no users dependent on its financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of Catholic Professional Standards Limited. Catholic Professional Standards Limited is a not-for-profit entity for financial reporting purposes under the Australian Accounting Standards and the Australian Charities and Not-for-profits Commission.

Subsequent to Balance Date, the Members have confirmed their intention to continue the operations of the Company. The Company will receive a new name, an amended constitution, and a new Board. The newly named entity will continue with some or all of the current Principal Activities of CPSL. As a consequence of this development, the Board and management has made an assessment of the Company's ability to continue as a going concern in presenting the 2019-2020 financial statements.

Therefore, the 2019-20 financial statements have been prepared on assumptions that the Company is a going concern.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the Directors have determined are appropriate to meet the needs of Members, such accounting policies are consistent with the previous period unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

The following significant accounting policies, which are consistent with the policies applied in the previous period unless otherwise stated, have been adopted in the preparation of the financial statements.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with a bank or financial institution and highly liquid investments with short periods to maturity which are readily convertible to cash and which are subject to insignificant risk of changes in value.

(c) Financial Instruments

As at 30 June 2020, Catholic Professional Standards Limited does not carry Financial Instruments on its Balance Sheet in the form of shares, derivatives, loans or investments. Should these be acquired by Catholic Professional Standards Limited in the future, the appropriate disclosures as prescribed by AASB 9 Financial Instruments will apply.

(d) Receivables

Accounts receivable and other debtors include amounts due from members, donors and any outstanding grant receipts. Receivables expected to be collected within twelve months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(e) Payables

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

CATHOLIC PROFESSIONAL STANDARDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1 Summary of Significant Accounting Policies

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

Catholic Professional Standards Limited is a member of the Catholic GST Religious Group, which was established by Federal legislation in 2000. All transactions between members of the Catholic GST Religious Group and Catholic Professional Services Limited will not be subject to GST except for training fees where GST is charged to all customers.

(g) Income tax

No provision for income tax has been raised as Catholic Professional Standards Limited is exempt from income tax under Section 50.5 of the Income Tax Assessment Act 1997.

(h) Right of Set-Off - Trade Receivables and Trade Payables

Goods and services acquired by Catholic Professional Standards Limited (Trade Creditors) are completely funded by its Member Organisations, principally the ACBC.

Amounts due from the ACBC (Trade Receivables) are therefore applied towards the settlement of Trade Creditors. This process constitutes a right to contra Trade Receivables and Trade Payables on Catholic Professional Standards Limited's Balance Sheet, whereby its Member Organisations assume responsibility for this set-off.

(i) Revenue

Revenue for Catholic Professional Standards Limited is derived from contributions and membership fees on Catholic authorities in Australia, fees for service, sales of publications and registrations fees for events.

The following recognition criteria relates to the different items of revenue the company receives:

Contributions/Service Income

Contributions are recognised when the company has a right to receive the contribution. Fees for service revenue is recognised once the service has been provided. Revenue from the sale of goods is recognised once the goods have passed hands.

Registration fees are recognised once the event has been held.

Interest revenue

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

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

(j) Impairment of Assets

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

Where it is not possible to estimate the recoverable amount of an individual asset, Catholic Professional Standards Limited estimates the recoverable amount of the cash-generating unit to which the asset belongs.

CATHOLIC PROFESSIONAL STANDARDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1 Summary of Significant Accounting Policies

(k) Critical accounting judgements, estimates and assumptions

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the Directors in the application of Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Key Estimates: Impairment

The Directors assess impairment at each reporting date by evaluating conditions specific to Catholic Professional Standards Limited that may lead to impairment of assets. Should an impairment exist, the determination of the recoverable amount of the asset may require incorporation of a number of key estimates. No impairment indicators were present at 30 June 2020.

(l) New and amended Accounting Standards that are effective for the current year

Standard or interpretation

AASB 15 Revenue from Contracts with Customers

AASB 15 requires an entity to recognise revenue when the entity satisfies performance obligations by transferring promised goods or services to a customer.

The company has assessed the impact at transition and there are no adjustments to the financial statements.

AASB 1058 Income of Not-for-Profit Entities

AASB 1058 Income of Not-for-Profit Entities clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities.

The company has assessed the impact at transition and there are no adjustments to the financial statements.

AASB 16 Leases

AASB 16 eliminates the operating and finance lease classifications for lessees currently the model under AASB 117 Leases for lessees. It instead requires an entity to recognise most leases on its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right-of-use asset in its statement of financial position for most leases.

There are some optional exemptions for leases with a period of 12 months or less and for low value leases. The application date of this standard is for annual reporting periods beginning on or after 1 January 2019.

AASB 16 has been adopted by the company for the year ended 30 June 2020.

CATHOLIC PROFESSIONAL STANDARDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1 Summary of Significant Accounting Policies

The company has chosen the modified retrospective application of AASB 16. Consequently, the company has not restated the comparative information.

On initial application of AASB 16, for all leases (except as noted below), the company has:

- Recognised right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments that are not paid at the initial application date, discounted by using the incremental borrowing rate;
- Recognised depreciation of right-of-use assets and interest on lease liabilities in the statement of profit and loss;

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- The amount expected to be payable by the lessee under residual value guarantees;
- Lease payments applicable under extension options if reasonably certain to exercise. The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The company applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

For the full impact assessment of adopting AASB 16 Leases, please refer to Note 6 Right-of-use assets, Note 10 Lease liabilities & adjustment to Note 11 Accumulated Funds.

CATHOLIC PROFESSIONAL STANDARDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

| | 2020 | 2019 |
|--|------------------|------------------|
| | \$ | \$ |
| 2 Surplus for the year | | |
| The surplus for the year has been arrived at after crediting / charging the following items: | | |
| (a) Revenue from continuing operations | | |
| Members Contribution/Levy | 1,248,151 | 2,775,731 |
| <u>Service Income</u> | | |
| Membership Audit Fees | 169,597 | 90,333 |
| Fee For Service | 96,755 | 72,874 |
| | 266,352 | 163,207 |
| <u>Other revenue</u> | | |
| Interest received | 576 | 435 |
| Other Income | 158,000 | - |
| Total revenue | 1,673,079 | 2,939,373 |
| (b) Expenses | | |
| Surplus for the year includes the following specific expenses: | | |
| <u>Depreciation</u> | | |
| Depreciation - Computer Equipment and Software | - | 11,042 |
| Depreciation - Office Equipment | 597 | - |
| Depreciation - Right-of-use assets | 115,278 | - |
| Total depreciation | 115,875 | 11,042 |
| <u>Staff costs</u> | | |
| Wages and salaries | 729,120 | 881,756 |
| Defined contribution plans | 68,740 | 81,625 |
| Other costs | 112,003 | 63,500 |
| Total staff costs | 909,863 | 1,026,881 |
| Rental expenses on operating leases | - | 79,769 |
| <u>Director fees & related costs</u> | | |
| Director Fees | 302,850 | 240,000 |
| Board Meeting & Travel Costs | 10,968 | 60,544 |
| Director fees & related costs | 313,818 | 300,544 |

CATHOLIC PROFESSIONAL STANDARDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

| | | 2020 | 2019 | |
|----------|--|-----------------|-------------------------|----------------|
| | | \$ | \$ | |
| 3 | Cash and Cash equivalents | | | |
| | Cash at bank | 835,938 | 1,156,589 | |
| | | 835,938 | 1,156,589 | |
| 4 | Trade and other receivables | | | |
| | Trade and other receivables | 84,302 | 118,235 | |
| | GST receivable | 10,397 | 24,346 | |
| | | 94,699 | 142,581 | |
| 5 | Other Assets | | | |
| | Receivables - Related Parties | 55,564 | 55,564 | |
| | Prepayments | 5,953 | 3,009 | |
| | | 61,517 | 58,573 | |
| 6 | Right-of-use assets | | | |
| | Right-of-use assets - Property | 27,908 | - | |
| | Right-of-use assets - Office Equipment | 5,803 | - | |
| | | 33,711 | - | |
| | | <u>Property</u> | <u>Office Equipment</u> | <u>Total</u> |
| | | \$ | \$ | \$ |
| | Cost as at 1 July 2019 | 158,145 | 10,938 | 169,083 |
| | Additions | - | - | - |
| | Cost as at 30 June 2020 | 158,145 | 10,938 | 169,083 |
| | Accumulated depreciation as at 1 July 2019 | 18,605 | 1,488 | 20,094 |
| | Depreciation for the year | 111,632 | 3,646 | 115,278 |
| | Accumulated depreciation as at 30 June 2020 | 130,237 | 5,134 | 135,371 |
| | Carrying value as at 1 July 2019 | 139,540 | 9,449 | 148,989 |
| | Carrying value as at 30 June 2020 | 27,908 | 5,803 | 33,711 |

CATHOLIC PROFESSIONAL STANDARDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

| | 2020 | 2019 |
|---|----------------|----------------|
| | \$ | \$ |
| 7 | | |
| Property, Plant and Equipment | | |
| <u>Computer Equipment and Software</u> | | |
| At cost | 23,460 | 23,460 |
| Accumulated depreciation | (23,460) | (23,460) |
| | - | - |
| <u>Office Equipment</u> | | |
| At cost | 9,125 | 3,314 |
| Accumulated depreciation | (9,125) | (3,314) |
| <i>Total plant and equipment</i> | - | - |
| 8 | | |
| Trade and other payables | | |
| Trade and other payables | 35,590 | 98,226 |
| Sundry creditors | 305,178 | 345,915 |
| Accrued expenses | 9,905 | 7,307 |
| | 350,673 | 451,448 |
| 9 | | |
| Provisions | | |
| Opening balance at beginning of year | 40,836 | - |
| Additional provisions raised during year | 29,395 | 40,836 |
| Amounts used | - | - |
| <i>Balance at end of the year</i> | 70,231 | 40,836 |
| <u>Analysis of Total Provisions</u> | | |
| CURRENT | 60,751 | 37,396 |
| NON CURRENT | 9,480 | 3,440 |
| <i>Total Provisions</i> | 70,231 | 40,836 |

CATHOLIC PROFESSIONAL STANDARDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

| | 2020 | 2019 |
|--------------------------------------|---------------|----------|
| | \$ | \$ |
| 10 Lease liabilities | | |
| Lease liabilities - Property | 29,154 | - |
| Lease liabilities - Office Equipment | 5,797 | - |
| | 34,951 | - |

| | <u>Property</u> | <u>Office Equipment</u> | <u>Total</u> | |
|---|-----------------|-------------------------|------------------|----------|
| | \$ | \$ | \$ | |
| Lease liabilities as at 1 July 2019 | 142,235 | 9,369 | 151,604 | - |
| Additions | - | - | - | - |
| Interest | 2,959 | 194 | 3,153 | - |
| Rent relief | (2,375) | - | (2,375) | - |
| Repayment of lease liabilities | (113,665) | (3,766) | (117,431) | - |
| Lease liabilities as at 30 June 2020 | 29,154 | 5,797 | 34,951 | - |

Initial adoption of AASB 16 on 1 July 2019:

| | | |
|--|------------------|----------------|
| Right-of-use assets | Property | 139,540 |
| | Office Equipment | 9,449 |
| Lease liabilities | Property | (142,235) |
| | Office Equipment | (9,369) |
| Adjustment to Accumulated Funds | | (2,615) |

11 Accumulated Funds

| | | |
|--------------------------------------|----------------|----------------|
| Opening balance at beginning of year | 865,459 | 50,000 |
| Adjustment from adoption of AASB 16 | (2,615) | - |
| Surplus for the financial year | (292,834) | 815,459 |
| Balance at end of the year | 570,010 | 865,459 |

CATHOLIC PROFESSIONAL STANDARDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

| | 2020 | 2019 |
|--|------------------|------------------|
| | \$ | \$ |
| 12 Note to the Statement of Cash Flow | | |
| Reconciliation of Cash Flow from ordinary activities after related income tax: | | |
| Profit from ordinary activities after related income tax | (292,834) | 815,459 |
| Depreciation - Property, plant and equipment | 597 | 11,042 |
| Depreciation - Right-of-use assets | 115,278 | - |
| <u>Change in assets and liabilities</u> | | |
| (Increase)/decrease in trade and other receivables | 47,882 | (142,581) |
| (Increase)/decrease in other assets | (2,944) | (52,300) |
| Increase/(decrease) in creditors | (100,775) | 451,448 |
| Increase/(decrease) in provisions | 29,395 | 40,836 |
| <u>Net cash inflow / (outflow) from operating activities</u> | (203,401) | 1,123,904 |

13 Contingent Liabilities

There are no contingent liabilities or contingent assets of a material nature as at balance date.

14 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

15 Capital Management

The Directors control the capital of Catholic Professional Standards Limited to ensure that adequate cash flows are generated to fund operations. The Directors are responsible for the overall risk management strategy.

The Directors effectively manage Catholic Professional Standards Limited's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

16 COVID-19

The Company has remained focused on its purposes and aims, and has adapted its services in response to the COVID-19 pandemic in Q4 of FY2020 by:

- Performing audits remotely and online, e.g. review of policies, procedures and documents, discussions and interviews with key staff on safeguarding processes in diocesan entities, parishes and religious institutes.
- Conducting safeguarding training sessions and events online.

Continuing service delivery in response to COVID-19 has impacted fee for service income as fees for online training are significantly lower than for face to face delivery.

The Company has had to delay and postpone training events and audits in response to diocesan entities and religious institutes implementing their own COVID-19 responses.

CATHOLIC PROFESSIONAL STANDARDS LIMITED
DIRECTORS' DECLARATION

Catholic Professional Standards Limited has determined that it is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

In the opinion of the Directors, the financial statements set out on pages 7 to 19:

1. Present a true and fair view of the financial position of Catholic Professional Standards Limited as at 30 June 2020 and its performance for the period ended on that date in accordance with the accounting policies described in Note 1 of the financial statements; and
2. In the Directors' opinion there are reasonable grounds to believe that Catholic Professional Standards Limited 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 Directors of Catholic Professional Standards Limited.



The Hon. Geoffrey Giudice AO

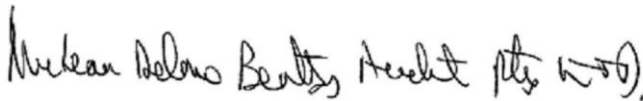
Chair

Dated: 2 November 2020

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 60-40 OF THE
AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012
TO THE DIRECTORS OF CATHOLIC PROFESSIONAL STANDARDS LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been no contraventions of:

- (i) 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) any applicable code of professional conduct in relation to the audit.



McLean Delmo Bentleys Audit Pty Ltd



**Martin Fensome
Partner**

Hawthorn
2 November 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CATHOLIC PROFESSIONAL STANDARDS LIMITED

Opinion

We have audited the financial report of Catholic Professional Standards Limited, which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the financial report of Catholic Professional Standards Limited is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- (a) giving a true and fair view of the Entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2013.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

In conducting our audit, we have complied with the independence requirements of the Australian Charities and Not-for-profits Commission Act 2012.

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Directors reporting responsibilities under the Australian Charities and Not-for-profits Commission Act 2012. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Australian Charities and Not-for-profits Commission Act 2012 and is appropriate to meet the needs of the members. The Directors' responsibility also includes such internal control as the Directors determine is necessary 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.

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CATHOLIC PROFESSIONAL STANDARDS LIMITED (CONTINUED)**

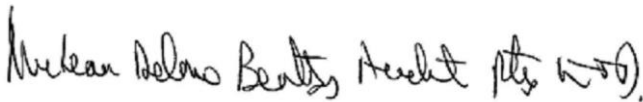
Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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.
- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



McLean Delmo Bentleys Audit Pty Ltd



Martin Fensome
Partner

Hawthorn
5 November 2020

Catholic Professional Standards Ltd (CPSL) respectfully acknowledges the Traditional Custodians of the land & waters of Australia. We pay respect to their Elders, past & present, & young leaders of today & the future. CPSL commits itself to the ongoing work of reconciliation with our Aboriginal families & communities.

