Enhancing not-for-profit reporting

Part B: Enhancing financial reporting (Australia)

October 2019

charteredaccountantsanz.com

CHARTERED ACCOUNTANTS™
AUSTRALIA + NEW ZEALAND

Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand is a professional body comprised of over 120,000 diverse, talented and financially astute members who utilise their skills every day to make a difference for businesses the world over.

Members are known for their professional integrity, principled judgment, financial discipline and a forward-looking approach to business which contributes to the prosperity of our nations.

We focus on the education and lifelong learning of our members, and engage in advocacy and thought leadership in areas of public interest that impact the economy and domestic and international markets.

We are a member of the International Federation of Accountants, and are connected globally through the 800,000-strong Global Accounting Alliance and Chartered Accountants Worldwide which brings together leading Institutes in Australia, England and Wales, Ireland, New Zealand, Scotland and South Africa to support and promote over 320,000 Chartered Accountants in more than 180 countries.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents 788,000 current and next generation professional accountants across 181 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications to students and business.

1489-NOV-19

Contents

1. Introduction 5

2. Recommendations to enhance NFP financial reporting 7

3. Guidance when producing a financial report: frequently asked questions 10

4. Example financial report – The Nonquestus Charity 19

Appendix 1: Example transition disclosures for AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of NFP Entities*, AASB 16 *Leases and associated amending standards* 59

Appendix 2: Example disclosures for a company limited by guarantee that is not a charity and reports under the Corporations Act 67

Acknowledgements

CA ANZ acknowledges and appreciates the insights and contributions from the Australian Charities and Not-for-profits Commission (ACNC).

CA ANZ also acknowledges the time and expertise donated by the members of the CA ANZ NFP Advisory Committee. We also acknowledge and thank Australian Baker Tilly network member, Pitcher Partners, for donating its time and expertise to undertake a detailed review of the financial statements in Part B: Enhancing financial reporting (Australia).

1. Introduction

This part of the publication ***Enhancing not-for-profit reporting*** *focusses on guidance and recommendations to enhance financial reporting for Australian Not-for-profits (NFPs). Although financial reporting is largely dictated by legislation and accounting standards, many opportunities exist to enhance the clarity and usefulness of financial reports*[1].

This part contains the following sections:

1 Recommendations to enhance NFP financial reporting

2 Guidance when producing a financial report: frequently asked questions

3 Example financial report – The Nonquestus Charity and Auditor's report

Appendix 1: Example transition disclosures for AASB 15 *Revenue from Contracts with Customers,* AASB 1058 *Income of NFP Entities,* AASB 16 *Leases* and associated amending standards

Appendix 2: Example disclosures for a company limited by guarantee that is not a charity and reports under the Corporations Act.

Key changes since the 2016 edition

Part B: Enhancing financial reporting (Australia):

- Updated for recent findings from the Australian Charities and Not-for-profits Commission (ACNC) and Australian Securities & Investments Commission (ASIC)
- Updated for the most recent changes to accounting standards, including AASB 9 *Financial Instruments,* AASB 15 *Revenue from contracts with customers,* AASB 16 *Leases and AASB 1058 Income of Not-for-profit entities.*
- Illustrates a de-cluttered and streamlined financial report.
- Includes example transitional disclosures for AASB 15, AASB 16 and AASB 1058 in Appendix 1.

Future developments

Reforms are underway to the Australian financial reporting framework, designed to better match each type of entity to its reporting obligations. This section summarises these developments as at September 2019.

Changing the reporting entity assessment

No immediate proposals have been published by the AASB at the date of issuing this publication proposing changes to the ability of NFPs to prepare special purpose financial reports.

However, the AASB has foreshadowed that by 2021 the use of special purpose financial reports for lodgment with regulators will no longer be permissible whenever those regulators require reports that comply with Australian accounting standards. Instead, these entities will need to prepare a general purpose financial report (GPFR). However, the tiered approach to these GPFRs will continue with requirements based on the size and complexity of the entities involved. The AASB is currently liaising with NFP regulators, including the ACNC, to identify appropriate and sector specific reform requirements for the NFP sector. Its initial discussions suggest that three or more tiers might be required to ensure reporting requirements are appropriate for the size and complexity of the entity and its planned approach will be consulted on during 2020.

1 'Financial report' is terminology that is used within the Corporations Act and the ACNC Act, whereas the Australian Accounting Standards use 'financial statements'. As the illustrative example included in this publication is a company limited by guarantee and a registered charity, the Corporations Act and ACNC Act terminology has been used throughout this section.

For NFP organisations currently preparing special purpose financial reports

At the date of this publication (October 2019), the AASB has released proposals to require additional disclosures for those entities currently preparing special purpose financial reports [ED 293]. The proposals will require NFP entities that prepare special purpose financial reports to add the following disclosures as part of the basis of preparation:

a The basis on which the decision to prepare such statements was made;
b Where the entity has subsidiaries, investments in associates or investments in joint ventures – disclose whether or not (and the reasons why if they have not) they have been consolidated or equity accounted in accordance with the relevant standards OR if the assessment has not been made as to whether any interests in entities give rise to subsidiaries, investments in associates or joint ventures the entity should state this fact; and
c Disclose an explicit statement as to whether or not the accounting policies applied comply with all the recognition and measurement requirements of accounting standards and if not, an indication of where they do not apply.

Planned amendments to the Reduced Disclosure Regime

In the meantime, NFPs should watch planned amendments to AASB 1053 *Application of Tiers of Australian Accounting Standards* and the new simplified disclosure regime which will be made available to NFPs until the longer term reforms are in place. These proposals to replace the RDR framework with a simplified disclosure regime will impact NFPs and have been released by the AASB in ED 295.

Revised definition of Not-for-Profit

At the time of writing the AASB has also released ED 291 *Not-for-Profit Entity Definition and Guidance* developing a new definition for "not-for-profit" that will support discrete reporting frameworks for for-profits and not-for–profit entities. The proposed definition has two parts:

- The primary objective of an NFP is to provide goods or services for community or social benefit; and
- The provision of any equity is to support that objective rather than for a financial return to equity holders.

Learn more:

1 Read the Perspective article "The future of special purpose reporting by Amir Ghandar CA Reporting and Assurance Leader CA ANZ (June 2019)" at: https://www.charteredaccountantsanz.com/news-and-analysis/insights/perspective-articles
2 Refer to information about the Australian financial reporting framework reform at: https://www.charteredaccountantsanz.com/member-services/technical/reporting/australian-financial-reporting-framework-reform
3 Refer to the AASB website at aasb.gov.au for the latest developments on these initiatives, including the paper "Not-for-Profit Private Sector Financial Reporting Framework"

2. Recommendations to enhance NFP financial reporting

The following recommendations are designed to enhance the quality of financial reporting by NFPs. These recommendations are based on observations of NFP financial reports, ACNC recommendations including from their publication "Lessons on reporting to the Australian Charities and Not-for-profits Commission" and ASIC findings from 31 December 2018 financial reports.

De-clutter by applying the 3 Rs:

- **Remove** immaterial or irrelevant financial report disclosures that have built up over time. This helps to remove irrelevant or redundant disclosures, generally leading to a shorter report
- **Re-order** and re-label accounting policies and detailed notes so that they better reflect the key financial measures and focus on areas of most relevance to the entity. This can include using section headers and call-out boxes to highlight key matters for the period such as critical accounting judgements or estimates
- **Re-write** technical wording into plain English, whilst still fully complying with relevant accounting standard and regulatory requirements.

CA ANZ Perspective report: De-cluttering financial reports
Bernie Szentirmay, CA, Partner KPMG and Simon Dubois, CA, Senior Manager KPMG
October 2015

Enhancing financial reporting: overall recommendations

1. **Streamline and de-clutter your financial report**	▶ At a time when NFPs are competing for donations and grants, de-cluttering your financial report can be an effective technique to increase stakeholder engagement by improving its structure and making it more concise.
2. **Determine whether you have to lodge financial reports with a regulator**	▶ Whether or not you have to lodge a financial report with a regulator will depend on the relevant legislation and any relevant tiers. ▶ The ACNC publish information relevant for charities indicating 'errors' identified by them as part of their financial reporting surveillance activities. They include charities incorrectly classifying their size based on their revenue, evident when the Annual Information Statement is inconsistent with the financial report. **Tip:** refer to Decision Tree 1 for guidance on the tiers

3. Ensure you adopt the appropriate reporting framework	▶ In determining the appropriate reporting framework, ie whether to prepare a SPFR or GPFR, consider whether your NFP is a reporting entity and whether the report meets stakeholders' needs with regard to: • the number, diversity and location of stakeholders • the level of direct involvement by stakeholders in the day-to-day management of the NFP • the community impact of NFP activities • the extent to which the NFP is reliant on government or philanthropic grants and donations. **Tip:** refer to Decision Tree 2 as you determine whether your NFP is a reporting entity and therefore required to prepare a GPFR. If your NFP is not a reporting entity it may be appropriate to lodge special purpose financial reports.
4. Consider adopting the reduced disclosure regime	▶ If your NFP is presenting a GPFR and seeking to reduce complexity, consider adopting AASB 1053 *Application of Tiers of Australian Accounting Standards* and apply the reduced disclosure regime, or its impending replacement (see future developments).
5. Fully disclose the Basis of Accounting for special purpose financial reports	▶ If your NFP is presenting an SPFR, ensure the Basis of Accounting note explains the extent to which the accounting standards have been adopted in the preparation of the financial report. ▶ For charities reporting under the *Australian Charities and Not-for-profits Commission Act 2012* and the *Corporations Act 2001*, five minimum standards must be applied: AASB 101, 107, 108, 1048, 1054, and these need to be disclosed in your Basis of Accounting. These standards identify the format of the financial report, the financial statements to be included, accounting policies, cash flow requirements and certain note disclosures.
6. Include the relevant legislation in the Basis of Accounting	▶ Where financial statements are prepared in accordance with certain legislation requirements, that legislation must be referred to in the basis of preparation note within the financial statements. For example, common errors identified by the ACNC indicate that a number of charities do not reference the *Australian Charities and Not-for-profits Commission Act 2012* when disclosing the reporting framework.
7. Include all associated declarations and reports with your financial report	▶ Remember the financial report is generally not the only document that must be prepared and lodged. Ensure the appropriate responsible entity/director declaration, audit or review report are included too where relevant.
8. Assess whether asset values are impaired	▶ Impairment continues to be the most significant area of concern for regulators. Ensure the carrying value of your NFP's assets is not greater than their recoverable amount. Recoverable amount can be determined using the higher of fair value or value in use. ▶ Annually review impairment indicators in order to determine whether a recoverable amount calculation is necessary, and, if necessary, undertake and document a recoverable amount calculation following the requirements of AASB 136 *Impairment of Assets.*
9. Consider designating equity investments at fair value through other comprehensive income (FVOCI)	▶ Under AASB 9 *Financial Instruments* organisations can, on initial recognition, make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. This would protect NFPs from significant market downturns impacting the operating results of the NFP.
10. Review the classification of liabilities – current or non-current	▶ Undertake a review of terms and conditions of liabilities, especially borrowings, to ensure the correct classification of liabilities. ▶ AASB 101 *Presentation of Financial Statements* requires a current classification when "the liability does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date". ▶ Any of the following scenarios may mean the unconditional right to defer settlement does not exist: • An annual review clause in the banking agreement. • Current facilities expiring within 12 months of the end of the financial year. • Breach of any terms/covenants.

11. Assess whether there is an economic dependency on grants	▶ If your NFP receives grants, consider the impact on your financial performance and position if the grants were not received. If the NFP's financial performance and/or financial position would be adversely affected, include a note in the financial report disclosing the economic dependence.
12. Disclose estimates and accounting policy judgements specific to your organisation	▶ Estimates and judgements disclosed should be specific to your NFP – many NFPs appear to be using a generic note which is not recommended. The disclosure requirements are principles based and need to include all information necessary for your stakeholders to understand the estimates and judgements made and their effect on your NFP. This may include key assumptions, reasons for judgements, alternative treatments and appropriate quantification. **Tip:** at the time of writing (September 2019) the AASB has issued ED 296 proposing changes to the requirements about disclosure of accounting policies.
13. Disclose expenses by nature or function, and avoid classifying large amounts as 'other' or 'administration expenses'	▶ Be consistent in the way you describe and disclose your expenses; either by nature OR function. Cost of sales is an example of an expense classified by function whereas employee benefits and depreciation are expenses classified as nature. ▶ For meaningful disclosure, avoid classifying large amounts as 'Other' or 'Administration expenses'.
14. Consider whether the going concern basis is appropriate	▶ If your NFP is considering future changes in structure such as mergers or amalgamations, this may mean your organisation is no longer a going concern.
15. Determine and disclose your accounting policy for donated goods and services	▶ Apply AASB 1058 *Income of Not-for-Profit Entities* when determining the nature and extent of goods and services donated or transferred for significantly less than fair value, including volunteer services. If these transfers are material, develop and disclose an appropriate accounting policy. **Tip:** Example financial report – The Nonquestus Charity includes sample disclosures you could adapt to your NFP.
16. Include comprehensive investment disclosures if your NFP has a significant investment portfolio	▶ If your NFP holds a significant investment portfolio consider the disclosure requirements of the financial instruments standards, even if you are applying the reduced disclosure regime in accordance with AASB 1053. In particular, consider disclosing your organisation's sensitivity to market price risks associated with these assets. ▶ NFPs choosing to adopt AASB 1053 are not required to comply with a number of the requirements of AASB 7 *Financial Instruments: Disclosures,* particularly those relating to the nature and extent of risks arising from financial instruments. NFPs with significant investment portfolios contemplating adoption of AASB 1053 should consider whether excluding disclosures from their financial report may detract from its quality.
17. If you are considering merging consider the accounting implications	▶ If your NFP is considering a merger, ensure you are aware of the accounting implications of the transaction when negotiating terms. ▶ Australian Accounting Standards do not recognise mergers and require one organisation to be designated as the acquirer and account for the transaction as a business combination.
18. Disclose related-party transactions	▶ If you are presenting a GPFR, AASB 124 *Related Party Disclosures* requires, at a minimum, key management personnel remuneration to be disclosed in total where the organisation pays salaries or wages. As every organisation is unique the related party disclosures of nature, amount and balances outstanding must be specific to your organisation – a generic note will not meet the requirement of the standard.

3. Guidance when producing a financial report: frequently asked questions

This section answers a number of frequently asked questions in relation to NFP financial reports.

When is a financial report required?

Financial reporting by NFPs is generally governed by legislation:

- NFPs that are registered charities:
  - the *Australian Charities and Not-for-profits Commission Act 2012* for registered charities and/or:
  - the state/territory incorporated associations legislation for incorporated associations.
- NFPs that are not registered charities:
  - the *Corporations Act 2001* for companies limited by guarantee; or
  - the state/territory incorporated associations legislation for incorporated associations.

Refer to Decision Tree 1 which illustrates when a financial report is required.

What are the requirements for ACNC registered charities?

The ACNC Act requires registered charities with revenue of $250,000 or more who are not basic religious entities to prepare and lodge a financial report with the ACNC.

If revenue is between $250,000 and $1 million, the charity can elect to have the financial report reviewed rather than audited, but if revenue is greater than $1 million, an audited financial report must be lodged.

Tip: for the most up to date information on reporting requirements for ACNC registered charities refer to www.acnc.gov.au. For a summary of the reporting requirements of each of the state/territory acts including interaction with the ACNC requirements refer to Part A "Legislative requirements".

What are the requirements for companies limited by guarantee?

NFP entities that are structured as companies limited by guarantee and are **not** registered with the ACNC are governed by the *Corporations Act 2001.* Section 285A of the *Corporations Act 2001* sets out the reporting framework applicable to the three tiers of companies limited by guarantee:

Companies limited by guarantee

Companies with revenue of less than $250,000 do not need to prepare or lodge any financial reports. This exemption does not apply to deductible gift recipients within the meaning of the *Income Tax Assessment Act 1997.*

Companies with revenue of more than $250,000 but less than $1 million are required to prepare and lodge a financial report but they may elect to have that report reviewed rather than audited.

Companies with revenue of $1 million or more must lodge an audited financial report.

What are the requirements for incorporated associations?

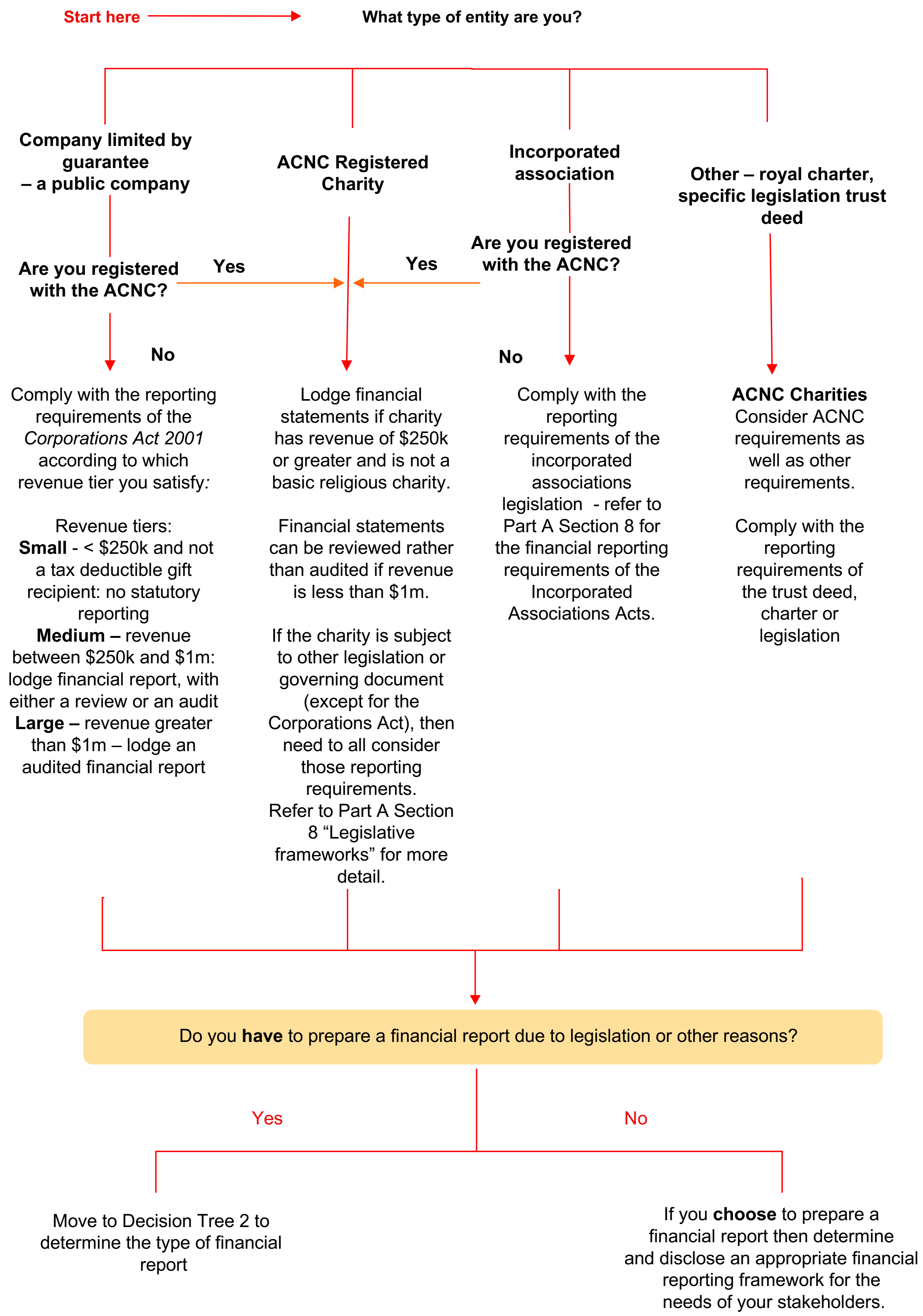
The various state and territory association incorporations acts provide an alternative means of incorporation for NFPs. There are eight such acts and each has different financial reporting and auditing requirements and different criteria for applying differential reporting or audit requirements. Any NFP that is an incorporated association should be familiar with the financial reporting and auditing provisions of the legislation that applies to them.

A summary of the financial reporting and auditing provisions of each state and territory association incorporations acts is provided in Part A "Legislative requirements".

Incorporated associations that are also registered with the ACNC will also need to lodge a financial report with the ACNC. Most states and territories have now harmonised their reporting requirements with the ACNC. At the time of writing (September 2019) incorporated associations in Queensland and Western Australia remain subject to transitional provisions.

Tip: for up to date information on the interaction between state legislation and the ACNC requirements refer to www.acnc.gov.au.

Decision Tree 1: Do you have to prepare a financial report?



What type of financial report – general purpose or special purpose?

There are two types of financial report:

1 General purpose financial report (GPFR)
2 Special purpose financial report (SPFR)

Which type is appropriate for an NFP depends on whether it is a reporting entity, i.e. an entity for whom it is reasonable to expect the existence of users who would rely on the general purpose financial statements for the purpose of allocating resources. Statement of Accounting Concept 1 *Definition of a Reporting Entity* (SAC 1) issued by the AASB sets out detailed considerations as to whether an entity has to prepare a GPFR or can prepare a SPFR.

The NFP's board or other governing body decides on the type of financial report to present to the NFP's stakeholders. When making that decision, the board must consider the needs of the users and relevant legislative requirements.

- A GPFR is intended to meet the needs of users not in a position to demand reports tailored to meet their particular information needs and include full compliance with all relevant Australian Accounting Standards. A GPFR includes financial statements that are presented separately or within another public document such as an annual report or prospectus.
- The alternative, a SPFR, is defined as "a financial report other than a general-purpose financial report".

Decision Tree 2 will help the governing bodies of NFPs determine whether a GPFR or SPFR will meet their stakeholders' needs. We strongly recommend that boards, chief executives and the senior finance executives of NFPs discuss the financial reporting and auditing requirements for their organisations with their professional advisers.

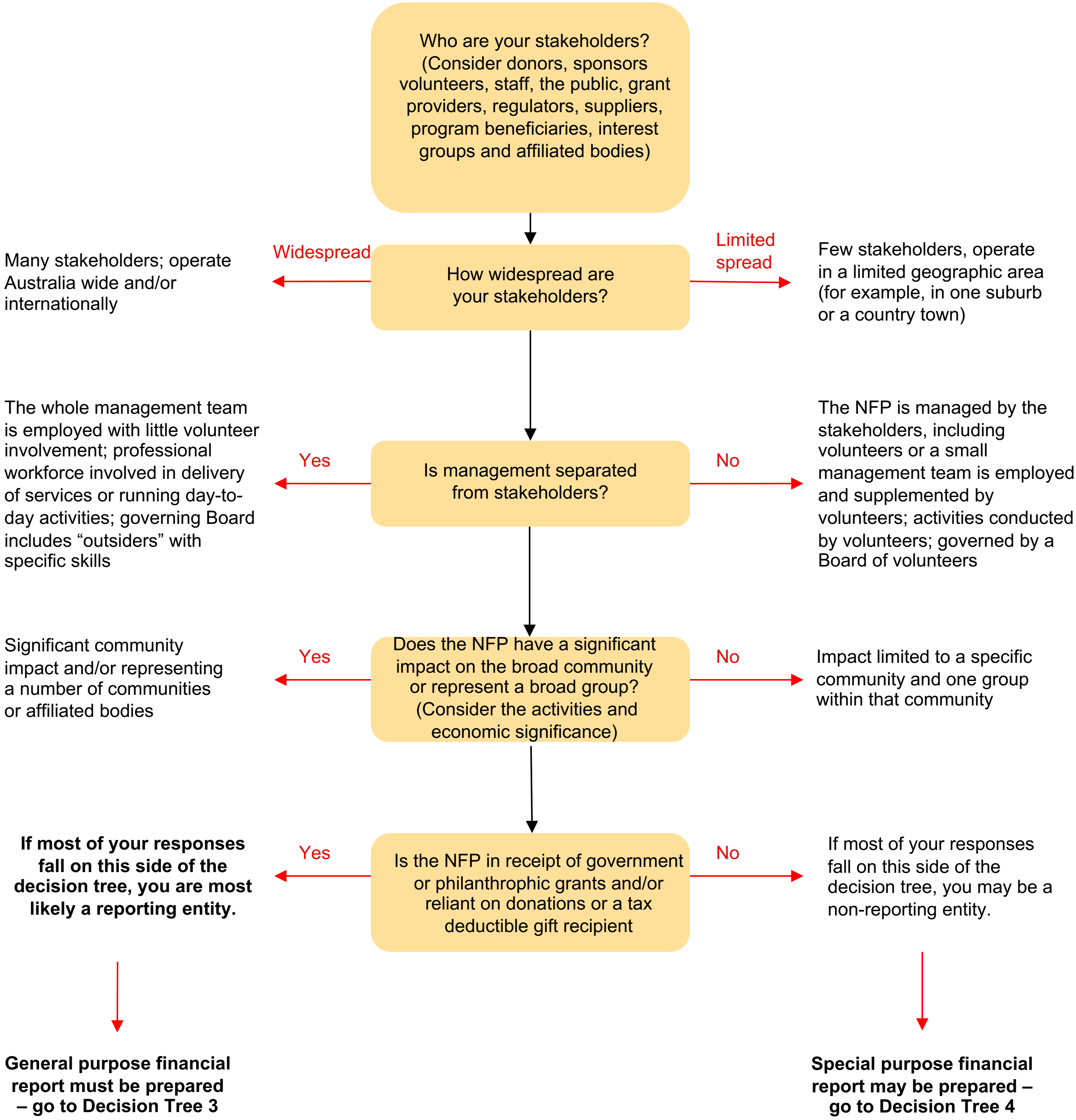
If a decision is reached to prepare a SPFR, we recommend this decision is recorded in the minutes, with appropriate rationale, and the decision is revisited on an annual basis.

If the governing body determines a GPFR is appropriate, a further decision has to be made about whether the GPFR should apply the reduced disclosure regime.

Tip: the AASB is currently undertaking a project to review the reporting framework and therefore boards or governing bodies should monitor the progress of this project as it is likely to result in fewer NFPs being able to prepare SPFRs. The AASB is likely to release proposals for consultation on this issue during 2020.

Decision Tree 2: Special or general purpose financial report

While determining whether an NFP is a reporting entity, and therefore must prepare GPFR or may prepare SPFR is a matter of judgement, the factors below can help the Board/governing body in their determination.



What is the reduced disclosure regime (RDR) for general-purpose financial reports?

AASB 1053 *Application of Tiers of Australian Accounting Standards* creates two tiers of GPFRs:

Tier 1	Requires compliance with all recognition, measurement and disclosure requirements in the Australian accounting standards. Tier 1 is mandatory for for-profit entities in the private sector that have public accountability (i.e. listed entities and financial institutions) and to the Australian, state, territory and local governments.
Tier 2 (RDR)	Requires compliance with all the recognition and measurement requirements of Australian accounting standards but allows substantially reduced disclosure requirements. Tier 2 may be applied by all NFPs, although an NFP may elect, or may be required by regulation or statute, to apply Tier 1 reporting.

This means the numbers recorded in the primary financial statements (result for the year, net assets and cash flow statement) are the same in both tiers – the difference between the tiers relates to the quantity of disclosures. Many of the less meaningful disclosures such as financial risk management and the list of standards issued that are not yet effective may be removed from Tier 2 reports.

You can see which disclosures are not required in an RDR general-purpose financial report prepared under AASB 1053, as the disclosure paragraphs you can remove in an RDR report are shaded in each relevant Australian Accounting Standard.

Decision Tree 3 illustrates the process for adopting the reduced disclosure requirements of Tier 2, or preparing Tier 1 general-purpose financial reports.

The AASB is currently proposing to further reduce the disclosures required by a Tier 2 entity, replacing RDR with a simplified disclosure regime based on the international IFRS for SME's standard. The revisions will apply to both for profit and not for profit entities and are expected to be issued for annual reporting periods beginning on or after 1 July 2020 but available for early adoption. Its plans have been exposed as ED 295 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.* The AASB website www.aasb.gov.au will provide more information on these proposals as they progress.

What needs to go into special-purpose financial reports (SPFR)?

SPFRs are prepared to meet the needs of the intended users. However, there are some best practices around the contents of these financial reports.

Lodging under the Corporations Act

Entities required to lodge a financial report under the *Corporations Act 2001* should be aware of the requirements of ASIC Regulatory Guide 85 (RG85) *Reporting requirements for non-reporting entities,* and other NFP entities may wish to use this document as reference for best practice.
RG 85 requires entities preparing special-purpose financial reports to comply with all recognition and measurement requirements in the Australian Accounting Standards as well as the following standards in their entirety:

- AASB 101 *Presentation of Financial Statements*
- AASB 107 *Statement of Cash Flows*
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- AASB 1048 *Interpretation of Standards*
- AASB 1054 *Australian Additional Disclosures*

This means the numbers reported for the financial performance, financial position and cash flow of the entity will be the same as those reported for entities preparing general-purpose financial reports. However, preparers of special-purpose financial reports have some discretion about the disclosures included.

Lodging with the ACNC

The ACNC mandates compliance with the same standards as ASIC, but does not specify that all recognition and measurement criteria be applied. However, a 'true and fair' determination is required by the board or governing body both by the ACNC Act and the Corporations Act.

Refer to Decision Tree 4 for guidance on the contents of special-purpose financial reports.

Decision Tree 3: Content of general purpose financial report

There are two types of GPFR; GPFR applying the accounting standards in full, and GPFR (RDR) which apply the accounting standards but with fewer disclosures.

Start here

Does your NFP want to elect to take advantage of the reduced disclosure regime (RDR)? i.e. full compliance with recognition and measurement rules but with reduced disclosures

No

Prepare a general purpose financial report

Yes

Does the NFP's constitution or other governing document prevent the use of an RDR?

Yes

No

Record Board/governing body resolution regarding decision to elect to adopt Tier 2 reduced disclosure requirements and disclose the adoption in the notes to the financial statements.

Apply all recognition and measurement requirements from the Australian Accounting Standards.

Review the disclosures permitted to be removed and decide which to remove.

The accounting standards highlight any disclosures not required in an RDR financial report. Entities may choose to remove all of these disclosures or only some of them, subject to any true and fair requirement in respect of the financial statements in relevant legislation and AASB 101 fair presentation requirement.

Once the entity removes any disclosures permitted under the RDR regime, the financial report is deemed to be prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements.

Add any additional disclosures if relevant for compliance with:
- Any applicable fundraising legislation
- The Australian Council for International Development (ACFID) code (see Part A Section 6 for more information)

Prepare an RDR general purpose financial report

Alert: at the time of publishing this edition the AASB is introducing changes to the RDR reporting requirements. Refer to the AASB website at aasb.gov.au for the latest requirements.

Decision Tree 4: What to include in a special purpose financial report?

Alert: at the time of publishing this edition the AASB is introducing changes to special purpose reporting requirements. Refer to the AASB website at aasb.gov.au for the latest requirements.

Start here → **Determine your basis of incorporation**

Company limited by guarantee – a public company

Make sure you comply with the reporting requirements of the *Corporations Act 2001* having regard to the "tiering" of companies limited by guarantee (see Section 8 of Part A)

Incorporated association

Understand the reporting requirements of the Associations Incorporation legislation (See Section 8 of Part A)

ACNC registered charity

Comply with the financial reporting requirements of ACNC Act. (See section 8 of Part A)

Other – royal charter, specific legislation trust deed

Understand the reporting requirements of the trust deed, charter or legislation

Adopt the following as minimum requirements in the special purpose financial statements:

• Compliance with classification, recognition and measurement guidance of Accounting Standards and other mandatory reporting requirements (Note 1 below)
• Mandatory Australian Accounting Standards application for companies reporting under the Corporations Act (see Note 2 below)

Record Board resolution regarding the view that the entity is not a reporting entity, the accounting reporting framework used in the preparation of the financial statements and the appropriateness of the framework for the needs of the users.

Ensure basis of preparation note included in financial statements that provides details of the compliance with Australian Accounting Standards and the values and disclosures present fairly the financial performance, position and cash flows of the entity.

Add any additional disclosures if relevant for the compliance with:
- Any applicable fundraising legislation
- The Australian Council for International Development (ACFID) code (see Part A Section 6 for more information)

Finalise report and send to stakeholders

Note 1: Companies limited by guarantee and ACNC registered charities must comply with the following minimum accounting standards. Other entities, can adopt these as best practice if they wish. The mandatory standards to be adopted include:

- AASB 101 *Presentation of Financial Statements*
- AASB 107 *Statement of Cash Flows*
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors.*
- AASB 1048 *Interpretation of Accounting Standards.*
- AASB 1054 *Australian Additional Disclosures*

Note 2: Companies limited by guarantee who are not registered with the ACNC should comply with the guidance requirements of the ASIC Regulatory Guide 85 *Reporting for Non-Reporting Entities* and other entities may wish to comply with this as best practice. RG 85 requires that companies comply with the recognition, classification and measurement requirements of all Australian Accounting Standards.

Is any additional information required in the financial report in addition to the disclosure requirements of the Australian Accounting Standards?

If your NFP's activities are subject to fundraising legislation, there may be additional information required by that legislation that should be included in the financial report. These vary by state/territory.

Tip: Not-for-Profit Law has a range of resources available to assist organisations navigate the fundraising laws, available at www.nfplaw.org.au

If your NFP subscribes to the Australian Council for International Development (ACFID) Code, the information necessary to satisfy the requirements of the ACFID Code should be included in the financial report.

Tip: refer to Part A "CID Codes of Conduct" for more information on the ACFID Code.

If your funding agreements require certain disclosures, these should be included in the financial report.

Where can I find out more about implementation issues for new accounting standards and other reporting changes?

- Refer to the CA ANZ website at www.charteredaccountantsanz.com for more information and articles on the new standards.
- View the AASB website for AASB Staff FAQs: AASB 15 *Revenue from Contracts with Customers,* AASB 1058 *Income of Not-for-Profit Entities* and AASB 16 *Leases:* https://www.aasb.gov.au/admin/file/content102/c3/NFP_Staff_FAQs_03-19.pdf

4. Example financial report – The Nonquestus Charity

The following example financial report for the year ended 31 December 2019 is for a fictional charitable NFP, The Nonquestus Charity.

Important Information

The example financial report is provided for illustrative purposes only, dealing with the most likely disclosure requirements of an NFP charity. It does not purport to show all possible accounting and disclosure requirements and should not be regarded as a comprehensive checklist of accounting and disclosure requirements.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular NFP entity. Although every attempt has been made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No-one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

The example financial report is based on Australian Accounting Standards that were on issue at 1 May 2019 and that apply to annual reporting periods beginning on or after 1 January 2019.

Background to example financial report

Nonquestus is a company limited by guarantee and is registered with the ACNC. Its activities involve:

- the provision of residential, day and respite care to sufferers of the disease 'malaise'
- the provision of emergency aid to children who are suffering from 'malaise'
- advocacy and information including prevention and education programs for malaise.

Funding and income

Nonquestus' activities are funded by grants and donations, legacies from deceased estates and charitable foundations. Health care activities are supported by grants from the federal, state and local governments and patient fees.

A building appeal has been active for the last two years to raise funds for a new health care facility. The appeal has raised $1.3 million over the 2018 and 2019 years specifically for this purpose.

In addition to its fundraising activities, Nonquestus operates a trading enterprise that employs several the people it assists. This enterprise is conducted through an online platform and shops that sell both donated goods and goods purchased for sale.

Nonquestus' investment funds are managed by an investment manager under a mandate that includes a risk profile and target return.

Based on the terms and conditions of the grants and other funding arrangements of Nonquestus, some of the revenue streams are within AASB 15 *Revenue from Contracts with Customers* and others are within AASB 1058 *Income of NFP Entities.*

Expenditure on activities

Nonquestus dissects its expenditure into costs associated with the generation of funds, expenditure on its charitable activities, and support and administration costs.

Costs of generating funds include fundraising and building appeal costs, costs of goods sold (costs of sales) and investment management fees. Nonquestus pays close attention to the ratio of fundraising costs to funds raised. The charity has been investing in its fundraising activities and considers that there is a time lag between this investment and increased income from donations and grants

Expenditure on charitable activities includes costs associated with the provision of health care, childcare and emergency costs and costs incurred in providing programs and education about malaise.

Nonquestus is provided the use of office buildings in two capital cities at significantly below market value rent.

Reporting requirements

Nonquestus is a company limited by guarantee, registered with the ACNC. Therefore it is required to comply with the reporting provisions of the *Australian Charities and Not-for-profits Commission Act 2012* and not the financial reporting requirements of the Corporations Act 2001.

Entities registered with the ACNC are not required to prepare a directors' report unless it is required by their constitution. If the responsible persons want to include a report, the content should be tailored to their requirements based on information considered useful to the user. We suggest that the report is called the Responsible Persons' Report rather than referring to a Directors' Report, which has Corporations Act connotations.

Part A *Enhancing performance reporting* provides guidance on the non-financial information your NFP may choose to include in your annual report.

General purpose financial report

The example GPFR that follows has **not** adopted Tier 2 Reduced Disclosure Requirements. To assist those entities that elect to prepare a Tier 2 general purpose financial report under Australian Accounting Standards – Reduced Disclosure Requirements, we have highlighted the disclosures that may be removed by adopting entities by shading the text in grey.

Additional disclosures required to be made by Tier 2 reporters are shown as white text on a black background.

Format of Statement of Profit or Loss and Other Comprehensive Income

Nonquestus presents its Statement of Profit or Loss and Other Comprehensive Income as one statement. AASB 101.81 gives a choice as to whether the statement of profit or loss or other comprehensive income for a period is presented in a single statement or in two statements. If an entity elects to follow the two statement approach:

- the first statement is a "Statement of profit or loss", including all line items from "Revenue" to "Net profit/surplus or loss/deficit for the year".
- The second statement is a "Statement of other comprehensive income", beginning with "Net profit/surplus or loss/deficit for the year" and including all line items to "Other comprehensive income for the year".

Transition to AASBs 15, 16 and 1058

The example financial report is presented as if all accounting standards effective up to 31 December 2019 have been adopted and 2019 is not a transition year.

Transition disclosures for AASB 15 *Revenue from Contracts with Customers,* AASB 1058 *Income of NFP Entities* and AASB 16 *Leases* are shown in Appendix 1 rather than in the body of the financial report. NFPs adopting these standards for the first time will need to add these disclosures about the impact of the changes in accounting policy to their financial report – the example financial report indicates where these disclosures could be included.

The standards don't mandate where you include the change in the accounting policy note. If the changes are significant, you may decide it is appropriate to disclose the impact with the initial accounting policies, at the end of the notes if it is less significant or elsewhere in the report.

Abbreviations

The following abbreviations have been used in the explanatory notes and citations included in the report:

AASB 7	Australian Accounting Standard AASB 7 *Financial Instruments: Disclosures*
ACNC Reg s60.15	Australian Charities and Not-for-profits Commission Regulation 2013, section 60.15
Corp 300B	*Corporations Act 2001*, section 300B
Int 1031	Australian Accounting Interpretation 1031 *Accounting for the Goods and Services Tax (GST)*
Note	An explanation of how the accounting standards have been interpreted in arriving at the illustrative disclosure. These can be found at the end of the financial report.

The Nonquestus Charity

(A company limited by guarantee and registered with the ACNC)

Annual financial report
For the year ended 31 December 2019

Contents to financial report

Corporate information.. 23

Statement of profit or loss and other comprehensive income 24

Statement of financial position 25

Statement of changes in funds.. 26

Statement of cash flows..27

Notes to the financial report 28

Responsible persons' declaration.. 54

Independent auditor's report.. 55

The Nonquestus Charity

(A company limited by guarantee and registered with ACNC)

Note 1 Corporate information

ABN 00 000 000 000

Directors

The following directors were in office at the date of this report.

A Borodin (Chair)

B Britten

M Bruch

B Lees

A Shankar

E Elgar

E Greig

H Purcell

F Schubert

Company Secretary

Fiona Summersun LLB

Registered office and principal place of business

Charity House
132 Charybyle Street
Melbourne, VIC 3000

Banker

Helpful Bank

Collins Street

Melbourne, VIC 3000

Auditor

Auditor & Co
Chartered Accountants
Melbourne VIC 3000

The Nonquestus Charity

(a company limited by guarantee and registered with the ACNC)

Financial report for the year ended 31 December 2019

Reference		Note	2019 $000	2018 $000
AASB 101.51(c),(e) AASB 101.113				
AASB 101.10(b), .81A, .82	**Statement of profit or loss and other comprehensive income[2]**			
AASB 101.82(a)	**Revenue from continuing operations**			
AASB 101.85	Donations and gifts		4,820	4,676
	Capital grants		350	-
	Operating grant revenue		4,078	3,951
	Healthcare revenue		3,323	1,879
	Sales of goods		540	340
	Total revenue from continuing operations	**2.1**	**13,111**	**10,846**
	Other income			
	Investment income			
	Interest		250	300
AASB 7.11A(d)	Dividends		130	175
	Net gain on foreign exchange		20	-
	Net gain on financial investments carried at fair value through profit or loss		150	-
	Net gain on disposal of fixed assets		20	30
AASB 101.82(a)	**Total revenue and other income**		**13,681**	**11,351**
	Expenditure	2.2		
AASB 101.99	Fundraising and appeal costs		235	360
	Cost of sales		270	155
	Health care expenses		3,010	3,159
	Research grants		1,500	750
	Child support and emergency costs		2,629	2,575
	Program costs		3,910	3,510
	Management and administration		311	269
	Interest expense	6.4	25	28
AASB 101.85, .87	**Total expenditure**		**11,890**	**10,806**
	Net surplus for the year		**1,791**	**545**
	Other comprehensive income			
AASB 101.82A	**Items that will not be reclassified subsequently to profit or loss**			
	Revaluation of property, plant and equipment	5.1	240	670
	Net fair value changes in equity instruments classified as Fair Value through Other Comprehensive Income	4.3	260	20
	Other comprehensive income for the year		**500**	**690**
AASB 101.81A(c)	**Total comprehensive income for the year**		**2,291**	**1,235**

The statement of financial position is to be read in conjunction with the attached notes.

The Nonquestus Charity

(a company limited by guarantee and registered with the ACNC)

Financial report for the year ended 31 December 2019

		Note	2019 $000	2018 $000
AASB 101.51(c),(e) .113				
AASB 101.10(a)	**Statement of financial position**			
	Assets			
	Current assets			
AASB 101.54(i)	Cash and cash equivalents	4.1	4,940	3,200
AASB 101.54(h)	Receivables	4.2	1,465	1,750
AASB 15.105	Contract assets	2.3a	300	250
AASB 101.54(g)	Inventories	2.4	300	400
	Other current assets	2.3b	203	160
	Total current assets		**7,208**	**5,760**
	Non-current assets			
AASB 101.54(a)	Property, plant and equipment	5.1	5,500	4,000
AASB 101.54(d)	Financial investments	4.3	2,615	3,115
AASB 16.47(a)	Right of use assets	6.2	328	381
	Total non-current assets		**8,443**	**7,496**
	Total assets		**15,651**	**13,256**
	Liabilities			
	Current liabilities			
AASB 101.54(k)	Trade creditors and other payables	4.4	965	905
AASB 15.105	Contract liabilities and other revenue received in advance	2.3	596	834
AASB 16.47(b)	Lease liabilities	6.3	49	46
	Employee benefits	3.2	155	115
	Other current liabilities	2.3c	70	60
	Total current liabilities		**1,835**	**1,960**
	Non-current liabilities			
AASB 15.105	Contract liabilities and other revenue received in advance	2.3	425	147
AASB 16.47(b)	Lease liabilities	6.3	305	354
	Employee benefits	3.2	25	20
AASB 101.54(l)	Provisions	7.1	175	180
	Total non-current liabilities		**930**	**701**
	Total liabilities		**2,765**	**2,661**
	Net assets		**12,886**	**10,595**
	Funds			
	Accumulated funds		10,676	8,885
	Asset revaluation reserve		1,910	1,670
	Fair value through OCI reserve		300	40
	Total funds		**12,886**	**10,595**

The statement of financial position is to be read in conjunction with the attached notes.

The Nonquestus Charity

(a company limited by guarantee and registered with the ACNC)

Financial report for the year ended 31 December 2019

AASB 101.10(c)

Statement of changes in funds

AASB 101.51(c)

		Note	Accumulated funds $000	Asset revaluation reserve $000	Fair value through OCI reserve $000	Total funds $000
AASB 101.106(d)	**Balance at 31 December 2017**		8,340	1,000	20	9,360
AASB 101.106(d)(i)	Net surplus		545	-	-	545
AASB 101.106(d)(ii)	Other comprehensive income		-	670	20	690
AASB 101.106(d)	**Balance at 31 December 2018**		8,885	1,670	40	10,595
AASB 101.106(d)(i)	Net surplus		1,791	-	-	1,791
AASB 101.106(d)(ii)	Other comprehensive income		-	240	260	500
AASB 101.106(d)	**Balance at 31 December 2019**		10,676	1,910	300	12,886

The statement of changes in funds is to be read in conjunction with the attached notes.

		Note	2019 $000	2018 $000
AASB 101.10(d), .11, .51 Note 3	**Statement of cash flows**			
AASB 107.10,18, Aus 20.2	**Cash flows from operating activities**			
	Cash receipts in the course of operations		13,543	10,895
AASB 107.31	Dividend income		130	175
AASB 107.31	Interest income		250	300
AASB 107.14	Payments to suppliers and employees		(11,340)	(9,807)
	Lease payments from short-term leases		-	-
	Lease payments for leases of low-value assets		(60)	(60)
	Variable lease payments not included in the lease liability		(2)	(2)
	Net cash flows from operating activities	4.1	**2,521**	**1,501**
AASB 107.10, .21	**Cash flows from investing activities**			
AASB 107.16(b)	Proceeds from sales of property, plant and equipment		130	170
AASB 107.16(a)	Purchase of property, plant and equipment		(1,750)	(1,000)
AASB 107.16(c)	Purchase of investments		-	(200)
AASB 107.16(d)	Proceeds from disposal of investments		910	-
	Net cash flows used in investing activities		**(710)**	**(1,030)**
AASB 107.10, .17, .21	**Cash flows from financing activities**			
AASB 107.17(e)	Lease payments (principal and interest)		(71)	(71)
	Net cash flows used in financing activities		**(71)**	**(71)**
	Net increase (decrease) in cash and cash equivalents		1,740	400
	Cash and cash equivalents at beginning of year		3,200	2,800
	Cash and cash equivalents at end of year	4.1	**4,940**	**3,200**

The statement of cash flows is to be read in conjunction with the attached notes.

The Nonquestus Charity

(a company limited by guarantee and registered with the ACNC)

Financial report for the year ended 31 December 2019

Index to notes to and forming part of the financial report

AASB 101.113	Note		Page
		Section 1: About Nonquestus	29
	1.1	Corporate information	29
	1.2	Basis of preparation	29
		Section 2: Programs, Goods and Services	31
	2.1	Revenue	31
	2.2	Expenses	34
	2.3	Contract balances	35
	2.4	Inventories	38
		Section 3: Governing Body, Employees and Other Related Parties	38
	3.1	Employee benefits expense	38
	3.2	Employee provisions	38
	3.3	Related party transactions	39
		Section 4: Financial assets and liabilities (excluding lease liabilities)	39
	4.1	Cash and cash equivalents	39
	4.2	Trade and other receivables	40
	4.3	Financial investments	42
	4.4	Trade creditors and other payables	42
	4.5	Bank facilities	43
	4.6	Financial risk management	43
		Section 5: Long-term non-financial assets (excluding leases)	47
	5.1	Property, plant and equipment	47
		Section 6: Leases	49
	6.1	Terms and conditions of leases	49
	6.2	Right of use assets	50
	6.3	Lease liabilities	50
	6.4	Lease impact in the statement of profit and loss and other comprehensive income	50
		Section 7: Future obligations and outlook	52
	7.1	Provisions	52
	7.2	Commitments	52
	7.3	Contingencies	53
	7.4	New standards and interpretations not yet adopted	53

AASB 101.112

Notes to and forming part of the financial report

Section 1: About Nonquestus

1.1 Corporate information

AASB 101.138(a)

The Nonquestus Charity is a company limited by guarantee, incorporated and domiciled in Australia.

AASB 101.138(b)
Note 4

The principal activities of the Company include:

- the provision of residential, day and respite care to sufferers of the disease 'malaise'
- the provision of emergency overseas aid to children in areas experiencing famine or war who are suffering from 'malaise'
- advocacy and information including prevention and education programs for malaise.
- advocacy and information on causes supported by Nonquestus.

Note 5

The company is a registered charity with the Australian Charities and Not-for-Profit Commission which holds deductible gift recipient status and is exempt from income tax.

AASB 110.17
AASB 1054.8(b)

The financial report of the not-for-profit company The Nonquestus Charity (the company) for the year ended 31 December 2019 was authorised for issue in accordance with a resolution of the directors on 23 March 2020.

AASB 101.138(a)
Note 4

The registered office of the company and its principal place of business is:

Charity House
132 Charybyle Street
Melbourne, VIC 3000

Note 6

Members guarantee

The company is limited by guarantee. In the event of the company being wound up, the constitution states that each member is required to contribute a maximum of $20 towards meeting any outstanding obligations of the company. At 31 December 2019, the number of members was 125 (2018: 120).

Note 7

Economic dependency

The company is dependent upon the ongoing receipt of grants from the Federal Department of Health and State Departments of Human Services to ensure the continuance of its health care services.

AASB 101.117

1.2 Basis of preparation

(a) Basis of preparation

AASB 1054.RDR 7.1,9
Note 8

The general-purpose financial report has been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, Australian Accounting Standards – Reduced Disclosure Requirements, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

Where an accounting policy is specific to one note, the policy is included in the note to which it relates.

Notes to and forming part of the financial report

AASB 101.117

Historical cost convention

The financial report has been prepared on the basis of historical cost (which is based on the fair value of the consideration given in exchange for assets) except for the following.

- Land and buildings are measured at fair value less accumulated depreciation on buildings and any impairment losses.
- Equity instruments are measured at fair value.

AASB 101.51(d),(e)

Currency and rounding of amounts

The financial report is presented in Australian dollars, which is the company's functional and presentation currency.

All values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

AASB 101.79(b)

Details of reserves included in Statement of Changes in Funds

Fair value through other comprehensive income reserve

This reserve records fair value changes at each reporting date on equity instruments classified at fair value through other comprehensive income.

Asset revaluation reserve

This reserve is used to record movements in the fair value of freehold land and buildings.

AASB 101.122,125

Significant accounting judgements, estimates and assumptions

Note 9

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Specific accounting judgements and estimates are discussed in the relevant note.

Goods and services tax (GST)

Int 1031.7

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office, in which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Int 1031.8

Receivables and payables are recognised inclusive of GST.

Int 1031.9

The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables.

Int 1031.10, .11

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities that is recoverable from or payable to the Australian Taxation Office is classified as operating cash flows.

Transition to AASBs 15, 16 and 1058

If Nonquestus is adopting AASB 1015, 16 and/or 1058 for the first time in 2019 there needs to be a change in accounting policies note, explaining and quantifying the impact of the change. If these changes are significant it could be appropriate to include the note here.

Refer to Appendix 1 for sample transition note disclosure.

If Nonquestus is adopting AASB 15 and/or 1058 for the first time in 2019 and applying the modified retrospective transition method the new accounting policies and disclosures will be applied and presented for 2019 (per the example). The 2018 year accounting policies and disclosures will be as presented as was done in the 2018 financial report. Therefore, new disclosures for 2019 will not need comparative disclosures in the first year of adoption.

Notes to and forming part of the financial report

Section 2: Programs, Goods and Services

Note 10

2.1 Revenue

		2019 $000	2018 $000
AASB 15.113(a)	**Revenue from contracts with customers – AASB 15 *Revenue from Contracts with Customers***		
	Sale of goods	540	340
	Rendering of services	5,943	4,774
		6,483	**5,114**
AASB 1058.26	**Revenue recognised under AASB 1058 Income of *NFP entities***		
	Grant income	1,458	1,056
	Donations and gifts	2,270	2,446
	Building appeal	400	900
	Legacies	2,150	1,330
	Capital grants	350	-
		6,628	**5,732**
	Revenue from continuing operations	**13,111**	**10,846**
AASB 15.114	**(a) Disaggregation of revenue from contracts with customers**		
	Revenue from contracts with customers has been disaggregated based on type of goods or services provided and source of funds.		
	Type of good or service		
	Health care services	3,323	1,879
	Information, education and advocacy programs	1,808	2,268
	Sale of goods	540	340
	Emergency care	812	627
		6,483	**5,114**
	Revenue recognised under AASB 1058	6,628	5,732
	Revenue from continuing operations	**13,111**	**10,846**

If Nonquestus is adopting AASB 15 and/or 1058 for the first time in 2019 and applying the modified retrospective transition method the new accounting policies and disclosures will be applied and presented for 2019 (per the example). The 2018 year accounting policies and disclosures will be as presented as was done in the 2018 financial report. Therefore, new disclosures for 2019 will not need comparative disclosures in the first year of adoption.

Notes to and forming part of the financial report

Source of funds

2019	Revenue from contract with customers (AASB 15)	Revenue under AASB 1058	Total
Government	3,823	1,024	
Philanthropic organisations	1,056	4,554	
Corporates	259	1,050	
Patients	1,200	-	
Other	145	-	
	6,483	**6,628**	**13,111**

2018	Revenue from contract with customers (AASB 15)	Revenue under AASB 1058	Total
Government	2,879	1,258	5,081
Philanthropic organisations	998	3,912	4,968
Corporates	157	-	259
Patients	1,000	-	1,200
Other	80	562	707
	5,114	5,732	10,846

Note 10

(d) Revenue recognition policy for revenue from contracts with customers (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.

The customer for these contracts is the fund provider.

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

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

AASB 15.117 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.

AASB 15.119(b) None of the revenue streams of the company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

If Nonquestus is adopting AASB 15 and/or 1058 for the first time in 2019 and applying the modified retrospective transition method the new accounting policies and disclosures will be applied and presented for 2019 (per the example). The 2018 year accounting policies and disclosures will be as presented as was done in the 2018 financial report. Therefore, new disclosures for 2019 will not need comparative disclosures in the first year of adoption.

Notes to and forming part of the financial report

AASB 15.119.124

Revenue from healthcare / emergency care

Where the consideration for healthcare services and emergency care consists of a recurring fixed amount over the term of the contract (e.g. monthly or annual payment) and the patient receives and consumes the benefits of the services as the Company provides them then revenue is recognised on a straight line basis over the term of the contract.

Costs are recognised on an accrual basis.

Where the Company charges initial admission fees on receipt, these fees do not relate to a performance obligation and they are combined with other goods and services transferred to the customer. The revenue is recognised over the expected life of the contract with the patient (i.e. the time that the patient is expected to remain at the facility).

AASB 15.119.124

Information, education and advocacy – 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. This is generally the case for the monies received for information, education and advocacy.

The performance obligations are varied based on the agreement but may include management of education events, vaccinations, presentations at symposiums.

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.

AASB 15.119.124

Sales of goods

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.

The company offers a 14 days money back guarantee on sales of goods.

None of the items sold have any warranty attached to them.

AASB 1058.9

(e) Revenue recognition policy for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Note 11

Grant income

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but maybe property which has been donated or sold to the company at significantly below its fair value.

Once the asset has been recognised, the Company recognises any related liability amounts (e.g. provisions, financial liabilities).

Once the assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability.

AASB 1058.15, 16, 32

Capital grants

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

AASB 1058.35

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

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

If Nonquestus is adopting AASB 15 and/or 1058 for the first time in 2019 and applying the modified retrospective transition method the new accounting policies and disclosures will be applied and presented for 2019 (per the example). The 2018 year accounting policies and disclosures will be as presented as was done in the 2018 financial report. Therefore, new disclosures for 2019 will not need comparative disclosures in the first year of adoption.

Notes to and forming part of the financial report

Revenue from fundraising

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the company gains control of the asset.

Legacies

Legacies are recognised when the company is notified of an impending distribution or the legacy is received, whichever occurs earlier.

Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares or property at the date the company becomes legally entitled to the shares or property.

Building appeal

Donations to the building appeal are recognised as revenue on receipt.

In-kind donations

Facilities donated for occupancy by patients or children in care are included at the fair value to the company where this can be quantified, and a third party is bearing the cost.

Note 12 — No amounts are included in the financial report for services donated by volunteers.

AASB 15.123

Significant estimates and judgements relating to 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 company, review of the proposal documents prepared during the grant application phase and consideration of the terms and conditions.

Grants received by the company 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.

		Note	2019 $000	2018 $000
AASB 101.97	**2.2 Expenses**			
AASB 7.20(b)	Interest expense on lease liability	6.4	25	28
AASB 101.104	Depreciation	5.1	263	243
AASB 101.82(ba)	Impairment loss on trade receivables	4.2	30	-
Note 18	Costs of sales includes the following items recognised as an expense			
AASB 102.36(d)	Goods for sale		200	113
AASB 102.Aus36.1(c)	Goods for distribution		70	42
AASB 1054.10	Auditor's remuneration			
	Amounts paid to Auditor & Co for:			
	The audit of the financial report		25	23
	Grant acquittal audits		6	9

If Nonquestus is adopting AASB 15 and/or 1058 for the first time in 2019 and applying the modified retrospective transition method the new accounting policies and disclosures will be applied and presented for 2019 (per the example). The 2018 year accounting policies and disclosures will be as presented as was done in the 2018 financial report. Therefore, new disclosures for 2019 will not need comparative disclosures in the first year of adoption.

Notes to and forming part of the financial report

Expenses accounting policy

Note 13

All expenditure is accounted for on an accruals basis and has been classified under headings reflecting the relevant function of the company which incurred the cost. Where costs cannot be directly attributed to a particular category, they have been allocated to activities on a basis consistent with use of the resources, for example, premises overheads have been allocated on a floor area basis, and other overheads have been allocated on the basis of the head count.

Fundraising and appeal costs are those incurred in seeking voluntary contributions through donation and do not include costs of disseminating information relating to the activities carried out by the company.

Cost of sales relates to the cost to the company of inventory items sold during the year.

Health care costs are those costs directly incurred to provide care to those in health facilities.

Research grants are amounts granted to institutions in Australia that specialise in research into the causes and treatment of 'malaise'. Grant expense is recognised when paid to the institution or when there is an obligation to make payment under a contract.

Child support and emergency costs comprise amounts paid to overseas and Australian aid organisations chosen by the company to assist in the provision of emergency aid to children who are suffering from 'malaise'.

Program costs are those costs directly incurred in providing programs to support the objectives of the company other than those specified.

Management and administration costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements including investment management fees.

2.3 Contract balances

AASB 15.116(a)

(a) Contract assets and liabilities

The Company has recognised the following contract assets and liabilities from contracts with customers:

	2019 $'000	2018 $'000
Contract assets		
Work performed on programs not yet able to be invoiced	300	250
	300	**250**
Contract liabilities		
Grant monies received in advance	725	580
Capital grants received to acquire or construct an asset to be controlled by the company (AASB 1058.31)	218	375
Payments for healthcare received prior to treatment	78	26
	1,021	981

If Nonquestus is adopting AASB 15 and/or 1058 for the first time in 2019 and applying the modified retrospective transition method the new accounting policies and disclosures will be applied and presented for 2019 (per the example). The 2018 year accounting policies and disclosures will be as presented as was done in the 2018 financial report. Therefore, new disclosures for 2019 will not need comparative disclosures in the first year of adoption.

Notes to and forming part of the financial report

AASB 15.118
Note 14

There have been no significant changes in contract assets or contract liabilities during the current or comparative periods.

Contract asset and liabilities accounting policy

Contract assets

Contract assets arise when work has been performed on a particular program and goods or services have been transferred to the customer but the invoicing milestone has not been reached and the rights to the consideration are not unconditional.

If the rights to the consideration are unconditional then a receivable is recognised.

No impairment losses were recognised in relation to these assets during the year (2018: $nil).

Contract liabilities

Contract liabilities generally represent the unspent grants or other fees received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided, or the conditions usually fulfilled within 12 months of receipt of the grant / fees.

Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is presented as non-current.

Where the monies are received for the company to acquire or construct an item of property, plant and equipment which will be controlled by Nonquestus then the funds are recognised as a contract liability and amortised to revenue as and when the obligation is satisfied.

AASB 15.116(b)

	2019 $'000	2018 $'000
Revenue recognised during the year that was included in the contract liability balance at the beginning of the period		
• Grant monies received in advance	480	460
• Capital grants received to acquire or construct an asset to be controlled by the company	350	-
• Payments for healthcare received prior to treatment	26	42
	856	**502**

AASB 15.120 /
AASB 058.33

Unsatisfied performance obligations

The following table shows the aggregate amount of the transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations resulting from healthcare services and grant monies received in advance.

	2019 $'000	2018 $'000
Grant income for programs	1,354	790
Capital grants received to acquire or construct an asset to be controlled by the company	243	593
Healthcare	92	41
	1,689	**1,424**

The Company expects to recognise the revenue from the healthcare services within the next 12 months and the revenue for programs within the next 3 years.

The asset being constructed using the capital grant will be completed in the next 6 months.

If Nonquestus is adopting AASB 15 and/or 1058 for the first time in 2019 and applying the modified retrospective transition method the new accounting policies and disclosures will be applied and presented for 2019 (per the example). The 2018 year accounting policies and disclosures will be as presented as was done in the 2018 financial report. Therefore, new disclosures for 2019 will not need comparative disclosures in the first year of adoption.

Notes to and forming part of the financial report

(b) Other current assets – arising under contracts with customers

		2019 $'000	2018 $'000
	Return asset	45	35
AASB 15.128(a)	Contract cost asset – Costs to fulfil a contract	158	125
		203	**160**
AASB 15.128(b)	*Amortisation of contract cost asset*		
	Amortisation of contract cost asset recognised in expenses	53	35

Other current assets – arising under contracts with customers accounting policy

Return asset

The right to return goods asset represents the Company's right to recover products from customers where customers exercise their right of return under the Company's 14 day returns policy and the goods are in a saleable condition

AASB 15.127

Costs to fulfil a contract

Where costs are incurred to fulfil a contract, they are accounted for under the applicable accounting standard), otherwise if the costs:

- relate directly to a contract;
- generate or enhance resources that will be used to satisfy performance obligations in the future and
- are expected to be recovered

then they are capitalised as contract costs assets. The contract cost asset is released to expenses on the same basis as the associated revenue is recognised..

These costs would include items such as expenses to set up programs, employ relevant staff, prepare and print materials and information portals.

(c) Other current liabilities – arising under contract with customers

	2019 $'000	2018 $'000
Refund liability	70	60
	70	**60**

The refund liability relates to the right of return offered to retail sales customers under the Company's 14 day returns policy.

Notes to and forming part of the financial report

AASB 102.36, Aus 36.1

2.4 Inventories

	Note	2019 $000	2018 $000
Goods purchased for resale	2(g)	240	320
Donated goods held for distribution	2(g)	60	80
		300	**400**

Inventories accounting policy

Inventories comprise goods for resale and goods for distribution at nil or nominal consideration as part of the company's charitable activities. Inventories may be purchased or received by way of donation.

Goods for resale

Inventories of goods purchased for resale are carried at the lower of cost or net realisable value. No value is ascribed to goods for resale that have been donated to the company where the fair value is individually immaterial. The cost of bringing each item to its present location and condition is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Goods held for distribution

Donated goods and goods purchased for significant below fair value which are held for distribution are initially recognised at their current replacement cost at date of acquisition. Current replacement cost is the cost the company would incur to acquire the goods held for distribution at reporting date.

Inventories of goods purchased at fair value and held for distribution are initially recognised at cost. The cost of bringing each product to its present location and condition is determined on a first-in, first-out basis. Cost is adjusted, when applicable, for any loss of service potential. Loss of service potential may be indicated by a current replacement cost lower than the original acquisition cost or obsolescence of goods held for distribution.

Section 3: Governing body, employees and other related parties

AASB 101.104

3.1 Employee benefits expense

Note 15

		2019 $000	2018 $000
	Wages and salaries	6,050	5,820
	Workers' compensation insurance and payroll taxes	700	650
AASB 119.53	Defined contribution superannuation plan expense	500	480
	Movements in employee benefits provisions	35	22
	Total employee benefits expense	**7,285**	**6,972**

3.2 Employee provisions

	2019	2018
Annual leave – current	110	80
Long-service leave – current	45	35
Long-service leave – non-current	25	20
Total current employee benefits	**180**	**135**

AASB 101.61

A portion of long service leave and the entire annual leave balance have been classified as a current liability since the company does not have an unconditional right to defer settlement of these liabilities for at least 12 months after the end of the reporting period. The company expects that 50% of the annual leave liability and 70% of the long-service liability will be paid after 12 months following the end of the reporting period

Notes to and forming part of the financial report

Employee benefits accounting policy

Employee benefits comprise wages and salaries, annual leave, non-accumulating sick leave, long-service leave and contributions to superannuation plans.

Liabilities for short-term employee benefits expected to be wholly settled within 12 months of the reporting date in respect of employees' services up to the reporting date are recognised at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The liability for long-term benefits is measured as 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 anticipated future 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 corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Note 16

The company pays contributions to certain defined contribution superannuation plans. Contributions are recognised in the statement of profit or loss and other comprehensive income when they are due. The company has no obligation to pay further contributions to these plans if the plans do not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods.

3.3 Related parties and related-party transactions

(a) Directors' compensation

The directors act in an honorary capacity and receive no compensation for their services. During the year, travel expenses totalling $6,233 (2018: $5,500) incurred by the directors in fulfilling their role were reimbursed.

AASB 124.18

(b) Transactions with director-related entities

During the year, payments of $8,000 (2018: $7,500) were made to Leviculus Printers for printing works. Mrs R Wagner, a director of the company, is also a director of Leviculus Printers. This service was provided under normal commercial terms and conditions.

No amounts are payable to or receivable from directors or director-related entities at the reporting date.

AASB 124.17

(c) Key management personnel compensation

The compensation paid to key management personnel during the year:	2019 $000	2018 $000
Short-term employee benefits	376	335
Post-employment benefits	30	30
Total compensation	**406**	**365**

Section 4: Financial assets and liabilities (excluding lease liabilities)

AASB 107.45

4.1 Cash and cash equivalents

	2019 $000	2018 $000
Cash at bank and in hand	1,540	200
Short-term deposits	3,400	3,000
	4,940	**3,200**

Notes to and forming part of the financial report

AASB 1054.16

(a) Cash flow information

Note 17

Reconciliation of net surplus for the year to net cash flows from operations

	2019 $000	2018 $000
Net surplus for the year	1,791	545
Profit from sale of investments measured at fair value through profit and loss	(150)	(-)
Profit on sale of property, plant and equipment	(20)	(30)
Depreciation of property, plant and equipment	433	323
Lease interest shown as financing	25	28
(Increase)/decrease in assets		
Inventories	100	(25)
Trade and other receivables	315	39
Contract assets	(50)	(92)
Other assets	(43)	(20)
Increase/(decrease) in liabilities		
Trade creditors	60	234
Contract liabilities	40	373
Employee benefit	45	30
Provisions	(5)	86
Other liabilities	10	10
Net cash flow from operations	**2,521**	**1,501**

Cash accounting policy

AASB 107.8.46

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less where the investment is convertible to known amounts of cash and is subject to insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash at bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the company's cash requirements. These deposits earn interest at market rates.

AASB 101.78(b)

4.2 Trade and other receivables

	2019 $000	2018 $000
Trade receivables	1,095	1,442
Less: Provision for impairment	(40)	(17)
	1,055	1,425
Other debtors	225	205
Prepayments and other accrued income	185	120
	1,465	**1,750**

Notes to and forming part of the financial report

Trade and other receivables accounting policy

Trade receivables, which comprise amounts due from sales of merchandise and from services provided to residents and unconditional amounts owed for work performed under grant agreements are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Normal terms of settlement vary from seven to 90 days.

No collateral is held in respect of these receivables.

All the above impairment losses relate to receivables arising from contracts with customers.

AASB 7.35(m)

Provision for impairment – expected credit loss

The company applies the simplified approach to providing for expected credit losses prescribed by AASB 9 *Financial Instruments*, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision which incorporate forward looking expected credit loss information is shown below:

31 December 2019	**Note 16 Current**	**> 30 days overdue**	**> 60 days overdue**	**> 90 days overdue**	**Total**
Expected loss rate (%)	0.5	2	17.7	30	-
Gross carrying amount ($'000)	792	207	96	50	1,095
ECL provision ($'000)	4	4	17	15	40
31 December 2018					
Expected loss rate (%)	0.3	2	5	-	
Gross carrying amount ($'000)	919	400	123	-	1,442
ECL provision ($'000)	3	8	6	-	17

Reconciliation of changes in the provision for impairment of receivables

	2019 $000	**2018 $000**
Balance at 1 July	17	30
Impairment losses recognised	30	-
Amounts written off as uncollectible		
Directly to expenses	(3)	-
Movement through provision	(4)	(13)
Unused amounts reversed		
Balance at 31 December	40	17

AASB 7.35H

Notes to and forming part of the financial report

Impairment of receivables accounting policy

The company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or when the trade receivables are over 2 years past due, whichever occurs first.

Contract assets relate to work performed under grant agreements which have not been invoiced. The counterparties to the agreements are Government departments or large philanthropic organisations, the credit risk of these organisations is deemed to be low and therefore the expected credit loss is nil.

AASB 7. 11A

4.3 Financial investments

	2019 $000	2018 $000
Listed investments:		
Fixed interest securities	850	1,600
Shares	1,235	695
Managed equity investments	530	820
	2,615	**3,115**

Classified as:		
Fair value through profit or loss (FVTPL)	850	1,600
Fair value through other comprehensive income (FVOCI)	1,765	1,515
	2,615	**3,115**

All financial investments are actively traded in financial markets and the fair value is determined by reference to quoted market bid prices at the close of business on the reporting date.

Shares have no fixed maturity date or coupon rate.

Fixed interest securities include corporate bonds, convertible notes and hybrid securities that have coupon rates varying from 5% to 7% and maturity dates ranging from September 2020 to October 2023. The market value of these securities fluctuates from time to time.

Managed equity investments are managed by third parties on behalf of the company and other investors. The funds hold a variety of equity investments, which generate a return based on income from those investments and changes in the market value of the investments. The company's investments in the funds can be redeemed on an at-call basis at the market value of the investment at the date of redemption less certain fees and charges.

AASB 101.74

4.4 Trade creditors and other payables

	2019 $000	2018 $000
Trade creditors	525	665
Other creditors	150	100
Accruals and deferred income	290	140
	965	**905**

Notes to and forming part of the financial report

Trade creditors and other payables accounting policy

AASB 7.29(a) Trade creditors and other payables represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid. These amounts are usually settled in 30 days.

4.5 Bank facilities

AASB 107.50 (a) The company has in place an unsecured bank overdraft facility of $500,000. The facility was not utilised during 2018 and 2019 and remains unused at the reporting date.

4.6. Financial risk management

AASB 7.21 **Financial instruments accounting policies**

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

On initial recognition, all financial instruments are measured at fair value plus transaction costs except for financial assets through profit or loss.

Financial Assets

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

Classification

On initial recognition, the company classifies its financial assets into the following categories, instruments measured at:

- amortised cost
- fair value through profit or loss – FVTPL
- fair value through other comprehensive income – equity instrument (FVOCI – equity).

Measured at amortised cost

The company measures receivables, cash and cash equivalents at amortised cost since these financial assets meet the relevant criteria in AASB 9, being that they are held to collect contractual cash which give rise to solely payments of principal and interest.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income (FVOCI) – Equity

The company holds investments directly in listed shares and through a managed equity investment fund and the company has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These equity investments are carried at fair value with changes in fair value recognised in other comprehensive income – FVOCI reserve. On disposal any balance in the reserve is transferred to accumulated funds and is not reclassified to profit or loss.

Dividends relating to these investments are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Fair value through profit or loss

Fixed interest securities are measured at fair value through profit and loss with changes in fair value at each reporting period being recognised directly in surplus for the year.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Impairment of financial assets measured at amortised cost

Impairment of financial assets is determined on an expected credit loss (ECL) basis for financial assets measured at amortised cost and contract assets arising under AASB 15.

The company has used the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

When estimating ECL, the company 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 company's historical experience and informed credit assessment and including forward looking information.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in the result for the year. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Notes to and forming part of the financial report

Financial liabilities

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

The financial liabilities of the company comprise trade creditors, other payables and lease liabilities.

Investment income

Investment income comprises interest and dividends. Interest income is recognised as it accrues, using the effective interest method.

Dividends from investments are recognised when the right to receive a dividend has been established.

AASB 7.31, .32

Financial risk management – objectives and policies

The company's financial instruments comprise:

- cash and cash equivalents
- listed investments
- receivables
- lease liabilities and
- payables.

The main risks arising from the company's financial instruments are liquidity risk, credit risk and market price risk. The company does not use derivative instruments to manage risks associated with its financial instruments.

The directors have overall responsibility for risk management, including risks associated with financial instruments. Risk management policies are established to identify and analyse the risks associated with the company's financial instruments, to set appropriate risk limits and controls and to monitor the risks and adherence to limits. The Audit and Finance Committee is responsible for monitoring the effectiveness of the company's risk management policies and processes and regularly reviewing risk management policies and systems, considering changes in market conditions and the company's activities. The Audit and Finance Committee is responsible for developing and monitoring investment policies.

AASB 7.33

This note presents information about the company's exposure to liquidity, credit and market price risk and its objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout this financial report.

AASB 7.39

Liquidity risk

Liquidity risk is the risk that the company will not be able to fund its obligations as they fall due.

AASB 7.39(c)

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate liquid funds or unused overdraft facilities are available to meet normal operating expenses for 120 days. When necessary, cash for unforeseen events such as relief activities following natural disasters is sourced from liquidation of available-for-sale financial investments.

AASB 7.39(a)

All trade and other payables are expected to be paid within 12 months, refer to note 6.3 for a maturity analysis of lease liabilities.

AASB 7.35A – 35N,36,38

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is exposed to two sources of credit risk – amounts receivable in respect of patients for healthcare services and other debtors and counterparty risk in respect of funds deposited with banks and other financial institutions.

The majority of amounts receivable are due from government departments or health insurance providers. All arrangements to provide health care are subject to contractual arrangements, which include settlement terms. Any amounts outstanding beyond the contracted period are followed up. Credit is only extended to patients not covered by these arrangements after credit evaluations are carried out.

The counterparties for contract assets are Government departments or large philanthropic organisations.

Funds are deposited only with those banks and financial institutions approved by the Board. Such approval is only given in respect of banks that hold AA ratings from Standard & Poor's or an equivalent rating from another reputable ratings agency.

Notes to and forming part of the financial report

AASB 7.36(a) *Exposure to credit risk*

AASB 7.34(a) The company's maximum exposure to credit risk at the reporting date is the carrying amount of financial assets per the statement of financial position.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Company and the customer or counter party to the transaction

The Company does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties, however all receivables and cash holdings are within Australia and therefore there is a significant geographical credit risk exposure.

None of the other receivables are past due at the reporting date.

AASB 7.33,40 **Market price risk**

Market price risk is the risk that changes in market prices such as interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The company is exposed to two sources of market price risk – fluctuations in interest rates and fluctuations in the value of its financial investments.

Interest rate risk

Interest rate risk refers to the risk that the value of financial instruments or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The company is exposed to interest rate fluctuations on its cash at bank and on deposit. The company actively monitors interest rates for cash at bank and on deposit to maximise interest income.

The following table summarises the interest rate profile of the company's interest-bearing financial instruments:

		Carrying amount	
	Note	2019	2018
		$000	$000
Fixed rate instruments			
Fixed interest securities	4.3	850	1,600
Lease liabilities	6.3	(354)	(400)
		496	**1,200**
Variable rate instruments			
Cash at bank	4.1	1,440	100
Short-term deposits	4.1	3,400	3,000
		4,840	**3,100**

Sensitivity analysis

No reasonably possible movement in interest rates at 31 December 2019 (31 December 2018), as assessed by the Directors based on current economic conditions, would cause a material effect on reported profit or equity.

Currency risks

As disclosed in Note 7.2, the company has entered undertakings to provide US$1 million to support care to be provided to children in the Democratic Republic of Congo suffering 'malaise'. These amounts have not been recognised in the financial report, as payment is conditional on the aid agency providing the care meeting certain conditions. The ultimate amount to be paid in respect of these undertakings is dependent on the exchange rate ruling on the date the undertaking is settled.

The company has adopted a policy not to hedge against any fluctuations in foreign currency exchange rates.

Notes to and forming part of the financial report

Equity price risk

Equity price risk arises from fluctuations in the market values of financial investments.

It is company policy to hold only those investments quoted on the Australian Securities Exchange. The company has engaged Fiducia Investments to advise on the management of its investment portfolio. The Board has approved risk and return parameters for financial investments and receives reports from Fiducia on a bimonthly basis regarding the performance of the investment portfolio. Buy, sell and portfolio rebalancing decisions are based on recommendations from Fiducia Investments and approved by the Audit and Finance Committee and/or the Board.

AASB 7.40(a)

The following table illustrates sensitivities to the Company's exposures to changes in the ASX 200 index. The table indicates the impact on how profit and equity values reported at the end of the reporting year would have been affected by changes in the index that the Directors considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

There is no profit impact, except for investments held at fair value through profit or loss. Equity would increase / decrease as a result of fair value movements through the FVOCI reserve.

	Market value ($000)	+10% impact ($000)	-10% impact ($000)
Fixed interest securities	850	85	(85)
Shares	1,235	124	(124)
Managed equity investments	530	53	(53)
	2,615	**262**	**(262)**

AASB 7.25

Fair values

All financial investments held are quoted on the Australian Securities Exchange and have quoted prices, therefore they are allocated to level 1 of the fair value hierarchy.

The fair value of payables and receivables approximate their carrying amount due to their short-term nature.

Notes to and forming part of the financial report

Section 5: Long-term non-financial assets (excluding leases)

AASB 116.73 **5.1. Property, plant and equipment**

		Freehold land and buildings $000	Plant and equipment $000	Computer equipment $000	Motor vehicles $000	Total $000
	Cost or fair value					
AASB 116.73(d)	**At 1 January 2018**	3,010	390	110	220	3,730
AASB 116.73(e)(i)	Additions	770	60	140	30	1,000
AASB 116.73(e)(iv)	Revaluation increment	670	–	–	–	670
AASB 116.73(e)(ix)	Disposals	(100)	(50)	–	(50)	(200)
AASB 116.73(d)	**At 31 December 2018**	**4,350**	**400**	**250**	**200**	**5,200**
AASB 116.73(e)(i)	Additions	1,460	180	100	10	1,750
AASB 116.73(e)(iv)	Revaluation increment	240	–	–	–	240
AASB 116.73(e)(ix)	Disposals	(300)	–	–	–	(300)
AASB 116.73(d)	**At 31 December 2019**	**5,750**	**580**	**350**	**210**	**6,890**
	Accumulated depreciation					
AASB 116.73(d)	**At 1 January 2018**	660	165	125	40	990
AASB 116.73(e)(vii)	Charge for year	170	50	25	25	270
AASB 116.73(e)(ix)	Disposals	(30)	(15)		(15)	(60)
AASB 116.73(d)	**At 31 December 2018**	**800**	**200**	**150**	**50**	**1,200**
AASB 116.73(e)(vii)	Charge for year	90	150	88	52	380
AASB 116.73(e)(ix)	Disposals	(190)	–	–	–	(190)
AASB 116.73(d)	**At 31 December 2019**	**700**	**350**	**238**	**102**	**1,390**
	Net carrying amount					
AASB 116.73(e)	**At 31 December 2019**	**5,050**	**230**	**112**	**108**	**5,500**
	At 31 December 2018	**3,550**	**200**	**100**	**150**	**4,000**

Property, plant and equipment accounting policies

AASB 116 .73(a) Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

AASB 116. Aus15.1 Any property, plant and equipment donated to the company or acquired for significantly below market value are recognised at fair value at the date the company obtains control of the assets.

Fair value of land and buildings are confirmed by independent valuations that are obtained with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the reporting date. Director valuations are used if an independent valuation does not take place during an annual reporting period.

Land and buildings are treated as a class of assets. When the carrying amount of this class of assets is increased as a result of a revaluation, the increase is credited directly to the revaluation reserve, except where it reverses a revaluation decrement previously recognised in the statement of profit or loss and comprehensive income, in which case it is credited to that statement.

When the carrying amount of land and buildings is decreased as a result of a revaluation, the decrease is recognised in the statement of profit or loss and other comprehensive income, except where a credit balance exists in the revaluation reserve, in which case it is debited to that reserve.

Notes to and forming part of the financial report

Depreciation

AASB 116.73(b) Items of property, plant and equipment (other than freehold land) are depreciated over their useful lives to the company, commencing from the time the asset is held ready for use. Depreciation is calculated on a straight-line basis over the expected useful economic lives of the assets as follows:

AASB 116.73(c)

Freehold buildings	2%
Plant and equipment	20%
Computer equipment	33⅓%
Motor vehicles	25%

Impairment

Impairment indicators over property, plant and equipment and right of use assets are considered at each reporting date. If indicators exist, then the recoverable amount of the relevant asset / cash-generating unit is determined.

The recoverable amount of property, plant and equipment is the higher of fair value less costs of disposal and value in use.

An impairment loss exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For plant and equipment and right of use assets, impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Impairment losses on land and buildings are treated as a revaluation decrement.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when the item is no longer used in the operations of the company.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the result for the year when the asset is derecognised.

Note 19 **Fair value disclosures – freehold land and buildings**

AASB 13.91a **Valuation techniques**

Level 3 fair values of freehold land and buildings are determined by an independent valuer every 3 years and a director's valuation in the intervening years.

The company engages Perlustro & Co, independent accredited valuers, to determine the fair value of its land and buildings. Fair value is the amount of "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". The highest and best use of the land and buildings are considered in determining the valuation. The effective date of the revaluation was 31 December 2018.

AASB 13.93i Based on updated information provided by Perlustro & Co at the reporting date, the Directors assessed the current carrying amount of the land and buildings using indexation factors and comparable market sales.

There is no change in the valuation technique since the prior year.

There is no evidence to indicate that the current use of the freehold land and buildings is not the highest and best use.

Notes to and forming part of the financial report

AASB 13.93b The valuations for freehold land and buildings are a level 3 value in the fair value hierarchy, i.e. based on unobservable inputs.

AASB 13.93c There have been no transfers between levels of the hierarchy during the year.

AASB 13.91b **Effect of level 3 valuation on profit or loss or other comprehensive income**

There was an increase in the valuation of the asset of $240,000 during the year which has been taken to other comprehensive income.

AASB 13.93a / AASB 13.93e **Reconciliation of level 3 assets**

	2019 ($000)	2018 ($000)
Balance at 1 July	3,550	2,350
Additions	1,460	770
Fair value movement recognised in other comprehensive income	240	670
Disposals	(300)	(100)
Depreciation	100	(140)
Balance at 31 December	5,050	3,550

Section 6: Leases

AASB 16.4 The Company has leases over buildings, vehicles and office equipment.

Note 20 The Company has chosen not to apply AASB 16 *Leases* to leases of intangible assets.

Information relating to the leases in place and associated balances and transactions are provided below.

AASB 16.59(a) **6.1 Terms and conditions of leases**

1. Buildings

Commercial lease

The Company leases corporate office buildings in Melbourne and Geelong for the corporate offices, the leases are between 6 and 10 years and one of the leases includes a renewal option to allow the company to review for up to twice the non-cancellable lease term at Nonquestus' discretion.

The Company includes options in the leases to provide flexibility and certainty to its operations and reduce costs of moving premises.

At commencement date and each subsequent reporting date, the Company assesses where it is reasonably certain that the extension options will be exercised.

There are $312,000 in potential future lease payments which are not included in lease liabilities as the Company has assessed that the exercise of the option is not reasonably certain

The corporate office leases contain annual CPI pricing where the lease payments are adjusted at each anniversary date and undergo a market rent review on renewal of an option.

AASB 16.Aus 59.1) *Concessionary leases*

The company has the right to use two buildings in regional Victoria for $1 per year, these buildings are required to be used for consulting with patients and providing educational and counselling sessions and other services for sufferers of malaise. The term of the leases is 20 years with a 20-year option.

AASB 16.Aus59.1 The company has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability.

2. Vehicles

The company leases vehicles which are used by medical staff to visit patients in regional and metropolitan areas, the lease terms vary from 2 – 5 years and the lease payments are fixed during the lease term.

3. Office equipment

Leases for office equipment such as laptops and printers are generally for a 3-year term and are treated as leases of low value assets.

Leases over significant office equipment such as photocopiers have a lease term of between 3 and 5 years and the lease payments have a fixed component and a variable component based on the number of photocopies made during the year.

The variable payments made during the year were $2,250 which resulted in total payments on the photocopier leases of approximately $6,000.

Notes to and forming part of the financial report

6.2 Right of use assets

Note 21

Reference		Buildings $'000	Vehicles $'000	Office equipment $'000	Total $'000
	Balance at 1 January 2018	398	23	12	433
AASB 16.53(a)	Depreciation charge	(44)	(6)	(3)	(53)
AASB 16.53(h)	Additions to right-of-use assets	-	-	-	-
	Reductions in right-of-use assets due to changes in lease liability	-	-	-	-
	Impairment of right-of-use assets	-	-	-	-
AASB 16.53(j)	Balance at 31 December 2018	354	17	9	381
AASB 16.53(a)	Depreciation charge	(44)	(6)	(3)	(53)
AASB 16.53(h)	Additions to right-of-use assets	-	-	-	-
	Reductions in right-of-use assets due to changes in lease liability	-	-	-	-
	Impairment of right-of-use assets	-	-	-	-
AASB 16.53(j)	**Balance at 31 December 2019**	**310**	**11**	**6**	**328**

6.3 Lease liabilities

AASB 16.58

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 Statement of Financial Position ($'000)
2019	71	311	60	442	354
2018	71	321	120	512	400

6.4 Lease impact in the statement of profit and loss and other comprehensive income

The amounts recognised in the statement of profit and loss and other comprehensive income relating to leases where the company is a lessee are shown below

Reference		2019 ($'000)	2018 ($'000)
AASB 16.53(b)	Interest on lease liabilities	25	28
AASB 16.53(e)	Variable lease payments not included in the measurement of lease liabilities	2	2
AASB 16.53(d)	Expenses relating to leases of low-value assets	60	75

Notes to and forming part of the financial report

Statement of cash flows

		2019 ($'000)	2018 ($'000)
AASB 16.53(g)	Total cash outflow for leases	133	148

AASB 101.117

Leases accounting policies

At inception of a contract, the company assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

The contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right, then there is no identified asset.

The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use

The Company has the right to direct the use of the asset i.e. decision-making rights in relation to changing how and for what purpose the asset is used.

The company has elected not to separate non-lease components from lease components have accounted for all leases as a single component.

At the lease commencement, the company 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 depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy. 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 rate implicit in the lease, however where this cannot be readily determined then the company's incremental borrowing rate is used.

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.

AASB 16.60 The company has elected to apply the exceptions to lease accounting for leases of low-value assets. For these leases, the company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Significant estimates and judgements

Lease term – the Directors considered the extension option on the commercial buildings and have determined that due to the market rent reviews and the remaining term of the non-cancellable lease term, it is not reasonably certain that the company will choose to exercise the option and therefore the lease payments that would arise during the optional extension periods have not been included in the lease liability.

Notes to and forming part of the financial report

Section 7: Future obligations and outlook

7.1. Provisions

	Note	2019 $000	2018 $000
Make-good provision under leases	2(p)	175	180
		175	180

AASB 137.84 (a) Movements in provisions

		Make-good provision under lease $000
AASB 137.84(a)	Balance at 1 July 2018	180
AASB 137.84(b)	Charge for the year	10
AASB 137.84(c)	Utilised during the year	(15)
AASB 137.84(d), (e)	Adjustments	-
AASB 137.84(a)	**Balance at 31 December 2019**	**175**

Provisions accounting policy and significant estimates and judgements

AASB 137.85 *Make-good provisions*

Costs required to return certain leased premises to their original condition as set out in the lease agreements are recognised as a provision in the financial report. The provision has been calculated as an estimate of future costs and discounted to a present value and is revised on an annual basis.

Since these future costs are based on the company's past experience with similar premises and estimates of likely restoration costs determined by the company's property manager, these estimates may vary from the actual costs incurred as a result of conditions existing at the date the premises are vacated.

7.2 Commitments

AASB 116.74(c) **(a) Capital expenditure commitments**

At reporting date, the company has entered into contracts for capital expenditure of $250,000 (2018: $190,000), which have not been provided for in the financial report. The amounts are payable:

	2019 $000	2018 $000
Within one year	110	90
One year or later and no later than five years	140	100
Later than five years	–	–
	250	**190**

Notes to and forming part of the financial report

(b) Committed funds

The company has the following commitments in relation to funds received. These amounts have not been recognised as liabilities since there is no enforceable obligation and the company can direct the funds elsewhere.

		2019 ($000)	2018 ($000)
	Building appeal	1,270	900
Note 22	Funds raised for the construction of new facilities in Heathcote.		
	Health care Unspent funds relating to Government grants received in respect of the health care operation and recognised on receipt under AASB 1058.	315	475
	Child support In 2016, a gift was received from the Liberalis Foundation to be used solely for child support projects. Since that date, additional gifts have been received for the same purpose.	1,480	2,505

(c) Overseas aid commitments

The company has entered undertakings to provide US$1 million (2018: Nil) to support care to be provided to children suffering 'malaise' in the Democratic Republic of Congo by another not-for-profit aid agency. These amounts have not been recognised in the financial report, as payment is conditional on that aid agency meeting certain terms and conditions. The ultimate amount to be paid in respect of these undertakings is dependent on the exchange rate ruling on the date the undertaking is settled.

AASB 137.89

7.3 Contingencies

Legacies with a probate value of $1,600,000 (2018: Nil) have not been included in the financial report, as the probate process is still ongoing and final confirmation of funds has not been received.

Directors are not aware of any contingent liabilities which could affect future results.

AASB 108.30

7.4 New standards and interpretations not yet adopted

Note 23

The following standards, amendments to standards and interpretations have been identified as those that may significantly impact the company in the period of initial application.

Standard	Effective date	Impact on the company

[Entities should complete the table above based on standards issued by the Australian Accounting Standards Board (AASB) at the date of signing of the financial report which are effective after the reporting date. Note that only relevant standards to the entity should be included.]

The Nonquestus Charity

(a company limited by guarantee and registered with the ACNC)

Responsible Persons' declaration for the year ended 31 December 2019

ACNC Reg s60.15	The Responsible Persons declare that, in the Responsible Persons' opinion:
	there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable
	the financial report and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.
Note 24	Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.

A Borodin

Responsible Person

24 March 2020

The Nonquestus Charity

(a company limited by guarantee and registered with the ACNC)

Auditor's' report for the year ended 31 December 2019

INDEPENDENT AUDITOR'S REPORT
To the members of The Nonquestus Charity

Note 25 **Opinion**

We have audited the financial report of The Nonquestus Charity, a company limited by guarantee (the Company) which comprises the statement of financial position as at 31 December 2019, the statement of profit and loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended and notes to the financial report, including significant accounting policies, and the Directors' declaration.

Note 26 In our opinion, the financial report of The Nonquestus Charity has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act), including:

- giving a true and fair view of the company's financial position as at 31 December 2019 and of its financial performance and cash flows for the year ended on that date
- complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

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

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

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

The Directors are responsible for other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2019 but does not include the financial report and our auditor's report thereon.

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

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

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

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC Act and for such internal control as the Directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole are 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.

Auditor's' report for the year ended 31 December 2019

Note 27

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement 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 Company'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 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 Company'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 Company 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 the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[Signature required]

Auditor & Co
Chartered Accountants

Gary Goodfellow
Partner
Melbourne, 24 March 2020

Explanatory notes to the Financial Report and Auditors Report

1. The corporate information is not mandatory but provides useful background information to the users of the financial report.

2. Instead of this presentation an entity may present a separate statement of profit or loss immediately preceding comprehensive income, which shall begin with profit/surplus or loss/deficit (AASB 101.10A).

3. Principal repayments for leases are classified as financing activities.

   The interest component of the lease payment may be classified as operating or financing cash flows.

   Nonquestus has chosen to disclose the interest components of the lease payment within financing cash flows.

4. The principal activities and registered office are only required in the notes to the financial report if the information is not disclosed in other information published with the financial report.

5. The taxation status of the organisation should be disclosed.

   The example financial report is that of a charity. It is recommended that the financial report of a charity disclose whether:

   - the charity is a charitable institution or a charitable fund for the purposes of Australian taxation legislation
   - the charity holds deductible gift recipient status.

   Australian taxation legislation provides tax exempt status to a number of different types of organisations, including community service, cultural, educational, employment, health, religious, resource development, scientific and sporting organisations and friendly societies. Such organisations that are not also charities can self-assess their tax status.

   It is recommended that organisations other than charities disclose their taxation status, whether that status is self-assessed or endorsed by the Australian Taxation Office and whether the organisation holds deductible recipient gift status.

   Some NFPs may not be tax exempt but operate for the mutual benefit of members. This fact should be disclosed fully, along with a relevant tax disclosure note. An income tax expense line item should be included on the face of the profit or loss in such circumstances with a Surplus disclosed after tax.

6. Disclosures regarding the amount members have undertaken to contribute in the event of a company limited by guarantee being wound up assist the users of the financial report in understanding the financial position of the company.

7. This disclosure is not mandatory but is recommended as best practice where there is dependence on another entity for significant levels of revenue.

8. Paragraph 5 of AASB 101 states: "This Standard uses terminology that is suitable for profit-oriented entities, including public sector business entities. Entities with not-for-profit activities in the private sector applying this Standard may need to amend the descriptions used for particular line items in the financial report and for the financial report themselves."

   AASB 1054.9 requires entities to include an explicit and unreserved statement of compliance with Australian Accounting Standards in the notes to the financial statements.

   An entity who complies with Australian Accounting Standards – Reduced Disclosure Requirements makes an explicit and unreserved statement of compliance with these standards (AASB 1054.RDR7.1).

   If an explicit and unreserved statement of compliance with either of these frameworks cannot be provided then an entity shall disclose the reporting framework, if any, under which the financial report is prepared. In order to assist the understanding of the users of the financial report then the financial report should be clear about the elements of the standards which have been complied with (for example – this financial report complies with the recognition and measurement requirements of all relevant Australian Accounting Standards).

9. AASB 101 requires the disclosure of significant estimates and assumptions made and judgement applied in preparing the financial report. This disclosure should be specific to the entity and may include areas such as:

   - useful life of property, plant and equipment
   - bad debt provisions
   - recognition of grant revenue or potential repayments.

   The estimates and judgements have been included in the relevant note in the financial report.

10. Revenue contracts will need to be assessed to determine whether they are in the scope of AASB 15 Revenue from *Contracts with Customers* or AASB 1058 *Income of NFP Entities* or both.

    A contract is within the scope of AASB 15 if and only if it is:

    - enforceable (e.g. can the fund provider require a refund if the funds aren't spent correctly or completely or can they compel the NFP entities to provide the services) and
    - contains sufficiently specific performance obligations, i.e. a transfer of goods or services external to the NFP entity and it is clear what the goods and services to be provided are. The more discretion that the NFP has over the funds received, the less likely the performance obligations will be sufficiently specific.

    Once the relevant standard has been determined the appropriate accounting policy for revenue can be applied.

Explanatory notes to the Financial Report and Auditors Report

11. An entity is encouraged to disclose information about externally imposed restrictions that limit or direct the purpose for which resources controlled by the entity may be used (AASB 1058.37).

12. It can be difficult to reliably measure the value of volunteer services and therefore most NFPs choose not to record volunteer services in the financial report.

    NFPs should consider disclose information about volunteers in the narrative section of the annual report to provide the reader with a better understanding of the NFP's activities.

    The value of volunteer contributions could be expressed in terms of staff equivalents and an indicative value of the hours provided.

13. In the interests of transparency, it is recommended the notes explain the basis of apportionment of costs between activities. Where the organisation operates under the auspices of any organisation that mandates the way costs are apportioned (for example, the Australian Council for International Development), this should be disclosed with an appropriate explanation.

14. Where there have been significant changes in contract asset or contract liability balances an explanation shall be provided of the change – including qualitative and quantitative information.

15. While this information is not required under the Reduced Disclosure Regime, we consider this note disclosure on employee benefits expense to be best practice and should be adopted regardless of whether Tier 1 or Tier 2 is adopted.

16. This example financial report does not deal with the situation where an NFP contributes to a defined benefit superannuation fund on behalf of its employees. Any NFP contributing to a defined benefit fund should seek specific advice on the recognition and substantial additional disclosure requirements of AASB 119 applicable to such a fund.

17. AASB 107 Aus20.2 requires NFPs that highlight the net cost of services in their income statement to include a reconciliation of cash flows arising from operating activities to the net cost of services as reported in the income statement.

18. Where impairment of receivables is material, this should be disclosed on the face of the statement of profit and loss and other comprehensive income.

19. AASB 13 is applicable only where an entity holds assets or liabilities at fair value, and the disclosures should be shown separately for each type of asset. Assets assessed as level 3 fair value in the hierarchy, i.e. unobservable inputs, have significant levels of disclosure.

20. Where an NFP is a lessor (including a sub-lessor) then refer to AASB 16 for the relevant disclosures.

21. The right of use asset can be presented on the face of the Statement of Financial Position (as illustrated by Nonquestus) or as a separate class of assets within the underlying asset (likely to be property, plant and equipment).

22. This disclosure is not mandatory but is recommended as best practice as many NFP entities believe that this disclosure is useful to users to highlight committed funds. Committed funds include funds raised for a specific purpose as well as unspent grants that have been taken directly into revenue as they are non-reciprocal in nature.

23. A complete list of standards issued not yet effective can be found in the table of standards on aasb.gov.au/pronouncements/current-standards.aspx.

24. The term '"director" could be replaced with "responsible person" or "trustee(s) of the trust" or, if the trustee is a body corporate, "director(s) of the trustee".

25. The format and content of the Auditors Report is based on the Australian Auditing Standards at September 2019. Entities should obtain the auditor's report from their auditors.

    The purpose of this document is not to provide guidance to the auditors on the Auditors Report, however we note that GS019 *Auditing Fundraising Revenue of Not-for-Profit Entities* may be useful to auditors when forming their opinion.

26. The auditor's opinion is shown as unqualified as Nonquestus receives an immaterial portion of its fundraising revenue as cash donations. Controls over cash donations can be difficult to implement. Therefore, in performing engagements for charities that receive cash donations as part of fundraising revenue, the assurance practitioner needs to assess the risk that fundraising revenue may be materially understated and obtain sufficient appropriate audit evidence in order to conclude whether cash donations are complete. Guidance statement GS 019 *Auditing Fundraising Revenue of Not-for-Profit Entities* provides guidance for auditors performing such engagements, including guidance on when it may be appropriate to include an emphasis of matter in, or to modify, the auditor's opinion on the financial report.

27. The information that is shaded is able to be omitted and referenced to the Australian Auditing and Assurance Standards Board website (auasb.gov.au/Home.aspx) which includes a specific responsibility statement relevant to a single non-listed entity as statement 4. If this is the chosen format option the follow should replace the shaded wording and replace it with:

    "A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report."

    The auditor's report needs to be signed in one or more or the following ways as appropriate:

    - Name of the audit firm.
    - Name of the audit company.
    - Personal name of the registered company auditor. (In this case, the author of the report should be referred to in singular form, i.e. I/my rather than we/our.)

Appendix 1: Example transition disclosures for AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of NFP Entities*, AASB 16 *Leases and associated amending standards*

The example financial report of Nonquestus has fully adopted AASB 15, AASB 1058 and AASB 16 and therefore the body of the financial report does not include any transition disclosures.

Two transition methods are permitted by the standards:

- Modified retrospective transition method, under which the current year is prepared under the new standard and the prior year under the old standards – ie the comparatives are not restated.
- Full retrospective adoption, under which both the current year and prior year are prepared under the new standards – ie the comparatives are restated.

This appendix:

- sets out the change in accounting policy notes in the year of adoption of these standards (i.e. for Nonquestus this would be 31 December 2019 financial year)
- applies the modified retrospective transition method as this is the most common approach being adopted by NFPs. Comparatives are therefore not restated in the example disclosures in this appendix.

If an entity chooses to restate comparatives on adoption of AASB 15, AASB 1058 or AASB 16 then refer to the transition disclosures in the relevant accounting standard.

Overall comments on transition applying modified retrospective approach

- Under the modified retrospective approach, comparatives are not restated. Current year accounting policies and disclosures apply the new standards, and comparative year accounting policies and disclosures are presented as they were in the prior year, based on the adopted at that time.
- Adjustments to accumulated funds due to changes in adoption of new accounting standards occur at the opening balance sheet (statement of financial position) date i.e. the beginning of the current year (for Nonquestus this would be 1 January 2019).
- It should be clear in the financial report, by a footnote under the primary statements and relevant notes, or otherwise, that the comparatives have not been restated and have been prepared in accordance with the previous accounting standards.
- Additional disclosure is required with this approach, as the current year disclosures under the new standards must be reconciled to what they would have been under the old standards, where material. This effectively means maintaining records under the new standards and the old standards for the current year.

Example disclosures

AASB 15 and AASB 1058 – change in accounting policy (refer Appendix C of AASB 15 and AASB 1058)

AASB 108.28(a) The Company has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 January 2019.

AASB 15.C5 The key changes to Company's accounting policies and the impact on the financial report from applying AASB 15 and AASB 1058 are described below.

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. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to accumulated funds at 1 January 2019.

The following practical expedients have been applied on transition to AASB 15 and AASB 1058:

- For contracts modified prior to 1 January 2019, the company has elected not to restate the contract for the modifications and has instead reflected the aggregate effect of all the modifications that occur before the transition date on 1 January 2019.

AASB 108.28(c) **Nature of change in accounting policy from adoption of AASB 15 and AASB 1058**

The information provided below is for illustrative purposes only and the NFP needs to consider its revenue streams carefully and tailor these disclosures to suit – these disclosures are not exhaustive.

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

Costs incurred in fulfilling customer contracts

Prior to adopting AASB 15 the company recognised direct costs associated with fulfilling customer contracts, as expenses when incurred as they did not qualify for recognition as assets under any other accounting standards.

Under AASB 15, as these costs relate directly to the contracts, generate resources used in satisfying the contracts and are expected to be recovered, they are capitalised as "costs to fulfil a contract" asset and released through profit and loss on the same basis as the revenue is recognised.

This includes costs to set up a program, employ relevant staff, prepare educational material and information portals.

Upfront fees – Healthcare facility

Prior to adopting AASB 15, the Company recognised initial admission fees on receipt. Under AASB 15, since the fees do not relate to a performance obligation, they are combined with other goods and services transferred to the customer and therefore they are now spread over the expected life of the contract with the patient (i.e. the time that the patient is expected to remain at the facility).

Grants – operating

Under AASB 1004, most grant income was recognised as revenue on receipt. Under AASB 1058 and AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed or recognised at the point in time that the control of the services pass to the customer.

Having reviewed the grants received, there are some which fall into AASB 1058 and others which falls into AASB 15 which has resulted in deferral of revenue in many cases.

Grants – capital

Under AASB 1004, most grant monies were recorded as revenue on receipt. Under AASB 1058, where Company has received assets (including cash) to acquire or construct a non-financial asset, the asset is to be controlled by Company and there is a refund liability if the terms and conditions of the grant are not met then the asset is recognised as a contract liability on receipt and recorded as revenue as the performance obligation to acquire or construct the asset is completed.

This has resulted in deferral of revenue and recognition of a contract liability for funds which have not been fully spent at transition date.

Changes in presentation

In addition to the above changes in accounting policies, the Company has also amended the presentation of certain items to align them with the requirements of AASB 15 and AASB 1058:

- Refund liabilities (other current liabilities) related to expected refunds to customers were previously presented within the provisions balance and are now shown as a separate class of liability.
- Movement of balances between receivables and contract assets.
- Additional line items of contract assets, contract cost assets and contract liabilities have been created.

AASB 108.28(f)

Comparison of financial report line items under AASB 15 compared to previous standards for the current year

The following tables show the impact of adopting AASB 15 and AASB 1058 on the Company's financial report for the year ended 31 December 2019.

[Note if the impacts are not material then considering disclosing this fact rather than immaterial information in these tables].

The Nonquestus Charity

(a company limited by guarantee and registered with the ACNC)

Statement of financial position as at 31 December 2019

	Carrying amount per Statement of financial position under AASB 15 and AASB 1058 $'000	Reclassification $'000	Remeasurement $'000	Carrying amount under previous revenue standards $'000	Note
Current assets					
Cash and cash equivalents	4,940				
Receivables	1,465				
Contract assets	300				a
Inventories	300				
Other current assets	203				b
Non-current assets					
Property, plant and equipment	5,500				
Financial investments	2,615				
Right of use assets	328				
Current liabilities					
Trade creditors and other payables	965				
Contract liabilities and other revenue received in advance	596				c
Lease liabilities	49				
Employee benefits	155				
Other current liabilities	70				
Non-current liabilities					
Contract liabilities and other revenue received in advance	425				
Lease liabilities	305				
Employee benefits	25				
Provisions	175				
Net assets	12,886				
Equity					
Accumulated funds	10,676				
Asset revaluation reserve	1,910				
Fair value through OCI reserve	300				
Total equity	12,886				

This disclosure reconciles figures per the primary statement back to the numbers which would have been reported if the new revenue standards had not been in place by showing the adjustments (reclassifications and remeasurement) in the year ended 31 December 2019

This column shows the numbers that would have been reported at 31 December 2019 if the new revenue standards had not been in place

The adjustments could be disclosed in one column rather than two. We recommend two columns if the adjustments are significant.

This column shows the numbers reported in the primary financial statement at 31 December 2019, applying the new revenue standards

a [Insert explanation for significant differences between previous standards and AASB 15 / AASB 1058]
b [Insert explanation for significant differences between previous standards and AASB 15 / AASB 1058]
c [Insert explanation for significant differences between previous standards and AASB 15 / AASB 1058]

Significant differences between the old and new revenue standards should be described here

The Nonquestus Charity

(a company limited by guarantee and registered with the ACNC)

Statement of profit or loss and other comprehensive income for the year ended 31 December 2019

	Income statement and comprehensive income under AASB 15 and AASB 1058 $'000	Reclassification $'000	Remeasurement $'000	Income statement and comprehensive income under previous revenue standards $'000	Note
Revenue					a
Donations and gifts	4,820				b
Capital grants	350				
Operating grant revenue	4,078				c
Healthcare revenue	3,323				
Sales of goods	540				
Other income	570				
Expenses					
Fundraising and appeal costs	235				
Cost of sales	270				
Health care expenses	3,010				
Research grants	1,500				
Child support and emergency costs	2,629				
Program costs	3,910				
Management and administration	311				
Interest expense	25				
Net surplus for the year	1,791				
Other comprehensive income	490				
Total comprehensive income	2,281				

This disclosure reconciles figures per the primary statement back to the numbers which would have been reported if the new revenue standards had not been in place by showing the adjustments (reclassifications and remeasurement) in the year ended 31 December 2019

This column shows the numbers that would have been reported at 31 December 2019 if the new revenue standards had not been in place

The adjustments could be disclosed in one column rather than two. We recommend two columns if the adjustments are significant.

This column shows the numbers reported in the primary financial statement at 31 December 2019, applying the new revenue standards

a [Insert explanation for significant differences between previous standards and AASB 15 / AASB 1058]
b [Insert explanation for significant differences between previous standards and AASB 15 / AASB 1058]
c [Insert explanation for significant differences between previous standards and AASB 15 / AASB 1058]

Significant differences between the old and new revenue standards should be described here

The Nonquestus Charity

(a company limited by guarantee and registered with the ACNC)

Statement of cash flows for the year ended 31 December 2019

	AASB 15 cash lows per Statement of cash flows $'000	Reclassification $'000	Remeasurement $'000	Cash flows under the previous revenue standards $'000	Note
Operating activities					
Cash receipts in the course of operations	13,543				a
Dividend income	130				
Interest income	250				
Payments to suppliers and employees	(11,340)				b
Lease payments from short-term leases	-				
Lease payments for leases of low-value assets	(60)				
Variable lese payments not included in the lease liability	(2)				
Net cash flows from operating activities	2,521				
Investing activities					
Proceeds from sales of property, plant and equipment	130				
Purchase of property, plant and equipment	(1,750)				
Purchase of investments	-				
Proceeds from disposal of investments	910				
Net cash flows from investing activities	(710)				
Financing activities					
Lease payments (principal and interest)	(71)				
Net cash flows from financing activities	(71)				
Movement in cash and cash equivalents during the year	1,740				

a [Insert explanation for significant differences between previous standards and AASB 15 / AASB 1058]

b [Insert explanation for significant differences between previous standards and AASB 15 / AASB 1058]

This disclosure reconciles figures per the primary statement back to the numbers which would have been reported if the new revenue standards had not been in place by showing the adjustments (reclassifications and remeasurement) in the year ended 31 December 2019

This column shows the numbers that would have been reported at 31 December 2019 if the new revenue standards had not been in place

The adjustments could be disclosed in one column rather than two. We recommend two columns if the adjustments are significant.

This column shows the numbers reported in the primary financial statement at 31 December 2019, applying the new revenue standards

Significant differences between the old and new revenue standards should be described here

AASB 16 – change in accounting policy [refer Appendix C of AASB 16]

AASB 108.28(a) The company has elected to adopt AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 January 2019 and therefore the comparative information for the year ended 31 December 2019 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

AASB 108.28(c) **Nature of change in accounting policy from adoption of AASB 16**

The impact of adopting AASB 16 is described below.

The company as a lessee

Under AASB 117, the company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the lessee or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except where an exemption election is used).

The leases identified by the company (including building leases, motor vehicle leases and certain office equipment) have been recognised as a right of use asset with a corresponding lease liability on the balance sheet.

The company has elected to use the exception to lease accounting for leases of low value assets (for Nonquestus this is most of the office equipment leases) and the lease expense relating to these leases are recognised in the statement of profit or loss and other comprehensive income on a straight line basis. The company has also elected to record concessionary leases at cost rather than fair value.

AASB 16.C3 *Practical expedients used on transition*

AASB 16 includes several practical expedients which can be used on transition, the company has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 and associated Accounting Interpretations were not re-assessed on transition to AASB 16
- lease liabilities have been discounted using the company's incremental borrowing rate at 1 January 2019;
- right of use assets at 1 January 2019 have been measured at an amount equal to the lease liability adjustment by the any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- leases with an expiry date prior to 31 December 2019 were excluded from the statement of financial position and the lease expenses for these leases have been recorded on a straight-line basis over the remaining term
- hindsight was used when determining the lease term where the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 are the same value as the leased asset and liability on 31 December 2018.

AASB 16.C12 **Financial report impact of adoption of AASB 16**

The company has recognised right of use assets of $xx and lease liabilities of $xx at 1 January 2019 for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 January 2019 was xx%.

	$'000
Operating lease commitments at 31 December 2018	
Discounted using the incremental borrowing rate at 1 January 2019	
Add:	
Finance lease liabilities	
Extension options reasonably certain to be exercised not included in the commitments note	
Variable lease payments linked to an index	
[Other reconciling items]	
Less:	
Short-term leases included in commitments note	
Leases for low value assets included in commitments note	
[Other reconciling items]	
Lease liabilities recognised at 1 January 2019	

Significant differences between the old and new revenue standards should be described here Significant differences between the old and new revenue standards should be described here

Appendix 2: Example disclosures for a company limited by guarantee that is not a charity and reports under the Corporations Act

This section outlines the different disclosures that would be required in the Nonquestus financial report assuming it is a company limited by guarantee and **not** registered with the ACNC. This differs from the example financial report above which assumes it is registered with the ACNC. For the purpose of this example, we refer to Nonquestus NFP (rather than Charity).

> If an entity is under different legislation, they should confirm the required format of the declaration required by the specific legislation under which they operate.

1. Directors' report

A Directors' report must be prepared in accordance with the *Corporations Act 2001, s300B.* This applies for all companies limited by guarantee, regardless of size. An example Directors' report for Nonquestus NFP under the Corporations Act is included below.

2. Notes to the financial statements

Note 1 Corporate information

The Directors' report in accordance with the Corporations Act describes the principal activities of the NFP. Therefore, this information does not need to be repeated in the financial report, and the principal activity information within Note 1 Corporate Information can be deleted.

Summary of significant accounting policies

- The basis of preparation needs to refer to the specific legislation under which the accounts are prepared – in this case, the *Corporations Act 2001.*
- The rounding legislative instrument under the *Corporations Act 2001* requires particular disclosures to be made in the notes to the financial report, where the financial report is rounded. These disclosures are also in the example below.

3. Directors' declaration

A Directors' declaration required by the Corporations Act 2001 must be prepared: an example is illustrated on the following pages.

4. Auditor's report

The Auditors' report for entities will vary depending on the relevant legislation. The illustration below is for a company limited by guarantee in accordance with the Corporations Act 2001.

The Nonquestus NFP
(a company limited by guarantee)

Director's report for the year ended 31 December 2019

Corp 300B(2)

Your directors present this report to the members of The Nonquestus NFP (the Company) for the year ended 31 December 2019.

Corp 300B(3)(a)
Corp 300B (3)(c)

Directors

The names of each person who has been a director during the year and to the date of this report are:

	Date Appointed	Date of Cessation	Board A	Board B
A Borodin (Chair)	15 Dec 12	-	11	11
B Britten	31 Oct 14	-	10	11
M Bruch	19 Jun 13	-	11	11
B Lees	19 Jun 11	-	8	11
A Shankar	30 May 15	-	9	11
E Elgar	10 Dec 16	-	9	11
E Greig	31 May 14	-	7	11
H Purcell	27 Jul 17	-	9	10
F Schubert	27 Sep 17	-	8	8
R Wagner	16 Feb 14	27 Jul 17	–	1
R V Williams	17 May 15	27 Jul 17	–	–1

A – Number of meetings attended

B – Number of meetings held during the time the director held office during the year

Corp 300B (3)(b)

Details of directors' qualifications, experience and special responsibilities can be found on page x of this report.

Corp 300B (1)(a) & (b)

Short-term and long-term objectives and strategy

The Company's short-term and long-term objectives are to:

- alleviate the disease 'malaise' in Australia
- alleviate 'malaise' in children experiencing famine or war overseas
- find a cure for 'malaise'.

The Company's strategy for achieving these objectives includes:

- the provision of residential, day and respite care to sufferers of 'malaise' in Australia
- the provision of emergency overseas aid to children suffering 'malaise' in areas experiencing famine or war
- funding of disease research
- providing an advocacy and information service to improve outcomes for Australian
- 'malaise' sufferers and for child 'malaise' sufferers' subject to famine or war overseas.

The Nonquestus NFP

(a company limited by guarantee)

Director's report for the year ended 31 December 2019

Corp 300B(1)(c) & (d)

Principal activities

The Company's principal activities during the year were:

- fundraising through gifts, donations, legacies, philanthropic grants, annual appeals and regular giving programmes (providing revenue of $4,8200,000 for 2019 and $4,676,000 for 2018)
- the provision of long-term residential, day and respite facilities partly funded by the government and partly on a fee per resident and user basis (providing revenue of $6,939,000 for 2019 and $5,203,000 for 2018)
- the provision of emergency overseas aid (supported by government funding of ($812,000 in 2019 and $627,000 in 2018)
- operating a trading enterprise (commercial) that comprises a mail order operation and a number of 'op-shops' which are staffed by volunteers (providing revenue of $540,000 for 2019 and $340,000 for 2018).

These activities have assisted the Company in achieving its objectives by enabling it to:

- fund research into a cure for 'malaise' ($1,500,000 for 2019 and $750,000 for 2018)
- provide specialised long-term residential, day and respite care to sufferers of 'malaise' ($3,010,000 for 2019 and $3,159,000 for 2018)
- raise $1.3 million over the 2019 and 2018 years for the building fund that has allowed planning and design to commence for a new residential care facility for Australian 'malaise' sufferers
- target its overseas aid to 'malaise' suffering children in areas experiencing famine or war ($2,629,000 for 2019 and $2,575,000 for 2018)
- maintain a website providing information about 'malaise' and support to sufferers of 'malaise'
- advocate on behalf of the sufferers of 'malaise'
- provide employment to some 'malaise' sufferers through the trading enterprise.

Corp 300B(1)(e)

Performance measures

The Company measures performance through the establishment and monitoring of benchmarks:

- to assess the cost effectiveness of fundraising activities
- to assess control over the company's administrative and other indirect costs
- to ensure that revenue derived is effectively being directed towards assisting 'malaise' patients' treatment in Australia and towards aiding child 'malaise' sufferers in famine and war zones overseas
- to assess the effectiveness of overseas emergency aid
- to assess the effectiveness of Australian residential care.

The Nonquestus NFP
(a company limited by guarantee)

Director's report for the year ended 31 December 2019

The performance against these key performance indicators is as follows:

	2019		2018	
	Benchmark	Actual	Benchmark	Actual
Cost as % of activity revenues:				
Fundraising	8.0%	8.4%	8.0%	9.8%
Commercial	25.0%	31.5%	25.0%	27.5%
Care	110%	116%	105%	105%
Childcare and emergency aid	100%	103%	110%	137%
Overhead (support, management, administration and other) cost as % of total expenditure	8.0%	8.39%	9.0%	10.16%
Expenditure on activities as % of total income:				
Care	25%	22.6%	25%	28.0%
Childcare and emergency aid	50.0%	36.1%	50.0%	44.0%
Number of overseas aid projects:				
Initiated	100	95	100	75
Completed	100	110	100	80
Number of Australian care patients:				
New admissions	60	60	50	45
Long-term residencies	50	55	60	60
Successful discharges	70	65	60	65

Corp 300B(3)(d) & (e)

Members' guarantee

In accordance with the Company's constitution, each member is liable to contribute $20 in the event that the Company is wound up. The total amount members would contribute is $2,500.

Corp 307C

Auditors' independence

The auditors' declaration of independence appears on page 71 and forms part of the Director's report for the year ended 31 December 2019.

ASIC LI 2016/191

Rounding

Corp 298(2)

The company is of a kind referred to in ASIC Legislative Instrument 2016/191 dated 1 April 2016 and, in accordance with that Legislative Instrument, amounts in the financial report and director's report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the directors:

A Borodin

Melbourne, **24 March 2020**

The Nonquestus NFP

(a company limited by guarantee)

Auditor's Declaraton of Independence

Corp 307C(3)(c)

To the directors of The Nonquestus NFP Limited

I declare that, to the best of my knowledge and belief, for the year ended 31 December 2019, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit

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

Auditor & Co

Chartered Accountants

Gary Goodfellow

Partner

Melbourne, **24 March 2020**

The Nonquestus NFP

(a company limited by guarantee)

Directors' Qualifications, Experience and Special Responsibilities

Corp300B(3)(b)

Name	Qualifications	Experience	Special responsibilities
Albert Borodin	BSc	Chairman of MultiNatio Limited; Director of Tabula Arts Limited and Pecunia Bank Limited. Albert has worked with a number of organisations in many industries and is able to apply this commercial knowledge to the company.	Chair
Maxine Bruch	BComm, FCA	Partner, Propter Chartered Accountants for 10 years. Maxine has spent many years preparing and auditing financial statements of not-for-profit entities.	Finance, Audit and Risk Committee
Ben Lees	BBus (Marketing)	Director, Mancipo Advertising Limited. Ben has significant experience in marketing and promotional campaigns for not-for-profit entities.	Marketing and communications
Brenda Britten	BArts, Grad Dip Health Services Management	Executive Director of the Federal Department of Communities. Brenda has experience in analysing grant applications and identifying grant opportunities.	Finance and Audit Committee, Quality of Care Committee
Alini Shankar	BComm LLB, Solicitor	Partner, LexLegis Lawyers. Specialising in corporate and contract law, Alini has worked with not-for- profit entities for a number of years and is aware of the legal issues faced by the industry.	Finance and Audit Committee
Elaine Elgar	BArts	Malaise survivor. Elaine is one of the community members on the Board and has experience of dealing with the medical system and improvements that need to be made.	Quality of Care Committee
Eric Greig	MD, FRACS	Retired medical practitioner specialising in the care of 'malaise; sufferers. Eric has great knowledge of the medical issues and related services in the industries in which we operate.	
Herbert Purcell		Retired Director of Externus Care UK, an organisation that delivered care to children in Bosnia-Herzegovina during the conflict in that country.	
Francis Schubert	BArts, Grad Dip Marketing	Founding Director of FrigusVestis Apparel. Francis has significant experience in media liaison and effective communication tools.	Marketing and communications
Richard Wagner	BSc	Richard is a research scientist and has provided information and guidance to the medical centre operations through his prior employment at a number of medical research centres.	
Renae Williams	Grad Dip Marketing	Renae has worked as a marketing executive at Exp Limited for 20 years and applied this experience to assist the company in attracting additional government funding.	

The Nonquestus NFP

(a company limited by guarantee)

Notes to and forming part of the financial report

Summary of significant accounting policies

Basis of preparation

(a) This general purpose financial report has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards – Reduced Disclosure Requirements, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

ASIC LI 2016/191 **Rounding of amounts**

The financial statements are presented in Australian dollars, which is the company's functional and presentation currency. The company is an entity to which ASIC Legislative Instrument 2016/191 applies. Under the option available to the company under that Instrument, all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

Directors' Declaration for the year ended 31 December 2019

The directors declare that, in their opinion:

Corp 295(1), (4) a) the attached financial statements and notes thereto comply with Australian Accounting Standards – Reduced Disclosure Requirements

Corp 295(4)(d) b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Company

Corp 295(4)(d) c) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001* and the Corporations Regulations 2001

Corp 295(4)(c) d) there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

Corp 295(5)(a) Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the directors:

A Borodin

Melbourne, 24 March 2020

The Nonquestus NFP
(a company limited by guarantee)

Auditor's report for the year ending 31 December 2019

INDEPENDENT AUDITOR'S REPORT
To the members of The Nonquestus NFP

Opinion
We have audited the financial report of The Nonquestus NFP, a company limited by guarantee (the Company), which comprises the statement of financial position as at 31 December 2019, the statement of profit and loss and other comprehensive income[1], statement of changes in funds 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 accompanying financial report of The Nonquestus NFP is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Company's financial position as at 31 December 2019 and of its financial performance and cash flows for the year then ended and

b complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis for opinion
We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and 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 audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's report.

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

Other Information
The Directors are responsible for other information. The other information comprises the information included in the Company's annual report[2] for the year ended 31 December 2019 but does not include the financial statement and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 for such internal control as the Directors determine is necessary to enable the preparation of the financial report free from material misstatement, whether due to fraud or error.

In preparing the financial report, the responsible persons' are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible persons' either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statement

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

[3]As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement 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 Company'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 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 Company'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 statement 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

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

[Signature required]

Auditor & Co
Chartered Accountants

Gary Goodfellow
Partner

Melbourne, 23 March 2019

Notes:

1. The titles of the primary statements should be consistent with those used in the financial statements.
2. This should be edited as appropriate to the document. For reference, "other information" is described in AUASB 720 A3.
3. The information that is shaded is able to be omitted and referenced to the Australian Auditing and Assurance Standards Board website (wo a single non-listed entity as statement 4. If this is the chosen format option the follow should replace the shaded wording and replace it with:
   "A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report."